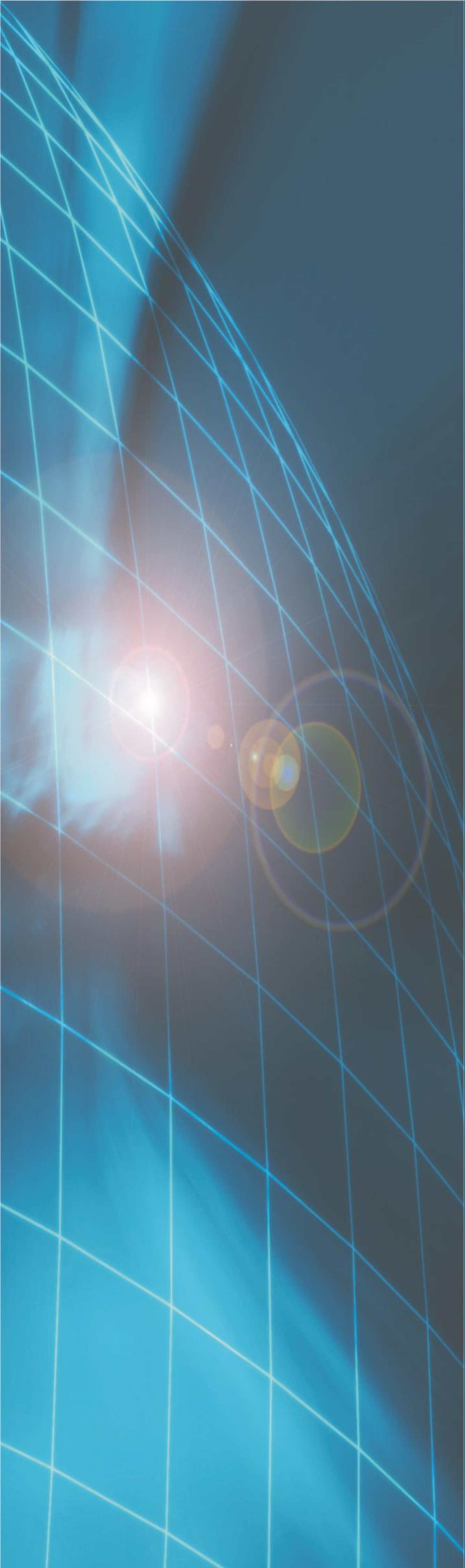


Individual Report of Board of Directors for 2018

1. Chairman of the Board's message to the shareholders

Dear shareholders,

Your vote from the previous year and the choice you have made, has completed the company's operational team so that the premises have been created, through the management team's competitiveness, all key personnel and other employees, to build together the most advanced and most complex investment and retail financial services company in Romania.

The management team performs and is in the process of repositioning and re-evaluating the services and investment activities by separately identifying and segmenting them, in order to achieve a more efficient management of the financial and human resources and the alignment at the level of the most increased international financial standards.

Financial services will be based on a simplified, fast and efficient structure of intermediation, a service in which access to the market and to S.S.I.F. systems to be at a click away from account opening by informing as much as possible of all internal processes. In the high sphere of services, we aim at structuring a competitive portfolios management service with a customization and customization framework for customer investment in full compliance with European directives.

Investment activities will continue to remain diversified and the main investment targets will remain high. The performance of 2018, to be the largest issuer of structured products on the Bucharest Stock Exchange, forces us to become the first financial institution in Romania to "export" these financial instruments to other regional exchanges. Another foundation of the company's investment will remain the search for and support for start-up investments by financing and transferring managerial expertise to them.

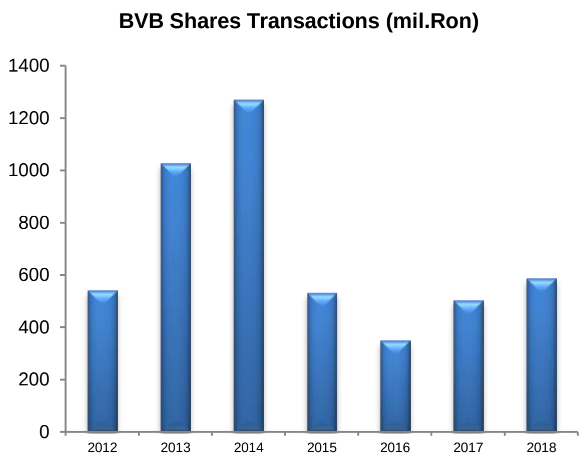
In terms of staff, the Board of Directors aims at streamlining the staffing structure, permanently professionalizing and raising its level of competence, training to the highest standards, and linking its earnings to the company's financial performance as closely as possible.

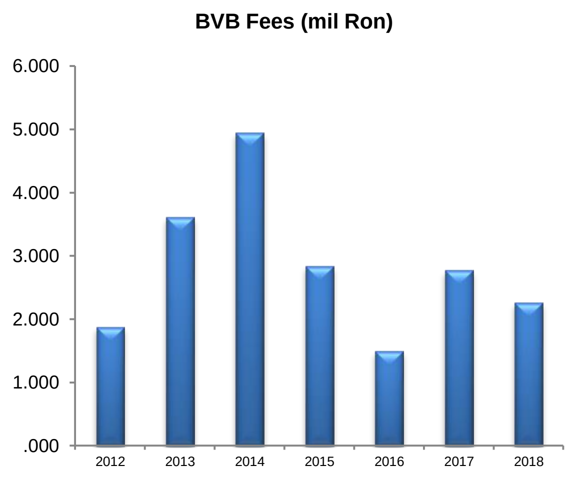
Chairman of the Board of Directors

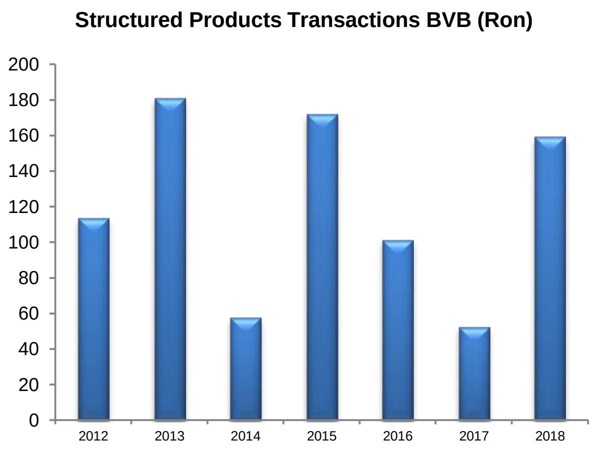
Nicolae Gherguș

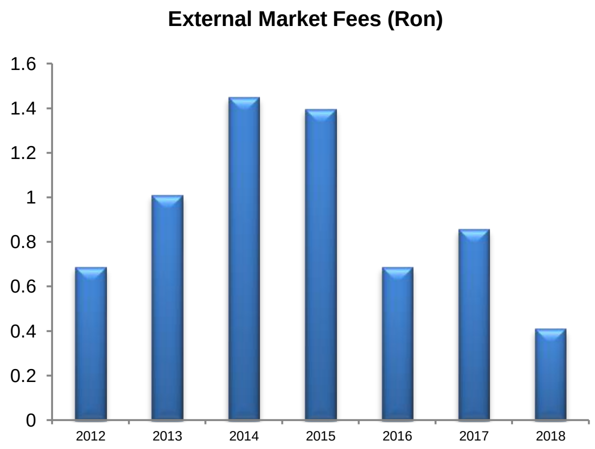
2. Key Indicators

Indicators	31-Dec-18	31-Dec-17	Evolution
Income statement and other items of comprehensive income (Ron)			
Income from continuing activities	7,757,230	10,205,674	-23.99%
The result of continuous activity	-2,804,699	-4,654,398	-39.74%
The result of the period	-2,804,699	-4,654,398	-39.74%
Total global result for the period	-2,804,699	-3,603,628	-22.17%
Individual Balance Sheet (Ron)			
Equity	56,260,407	59,296,533	-5.12%
Total equity and liabilities	106,549,699	99,024,275	7.60%
KPIs			
Net profit per share (Ron / share)	-0.0083	-0.0138	-39.86%
Net Asset Accounting (Ron / Action)	0.1666	0.1756	-5.13%
Segment results (Ron)			
Net result of brokerage activity	-167.705	849,348	N.A.
The Gross Profit of Own Portfolio Management	-577,771	-3,493,373	-83.46%
General administrative expenses not allocated	2.059.223	2,010,373	2.43%
BRK Share Price (Ron / Share)			
Opening price (closing price previous year)	0,0754	0,0684	10,23%
Maximum (intraday)	0,0896	0,1070	-16,26%
Minimum (intraday)	0,0712	0,0700	1,71%
Closing price (December 31)	0,0732	0,0754	-2,92%









3. About the Company

Legal name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Security and commodity contracts brokerage
NACE Cod	6612
Tax Identification Number	6738423
Registered in the Trade	
Reg. under no.	J12/3038/1994
Address	Headquarters: 119 Motilor Street, Cluj-Napoca
Telephone, Fax	0364-401709, 0364-401710
Email	office@brk.ro
Webpage	www.brk.ro
Symbol	BRK
ISIN	ROBRKOACNOR0

SSIF BRK Financial Group S.A was established as a joint-stock company on the 26th 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'a activity to other 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 complete 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 Bucharest Stock Exchange, the Romanian Commodities Exchange and the Investor Compensation Fund.

The main activity of the company is the security and commodities contracts brokerage. 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.

In the past, BRK was involved in listing some of the most prestigious companies in Romania on the Bucharest Stock Exchange and listed 11 out of 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 our customers, the management of its own financial assets portfolio contributes to the results of SSIF BRK Financial Group S.A. The investment are made both in Romania and in international markets, both in premium companies listed on the regulated market 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, th 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 Bucharest Stock Exchange on February 5, 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, while its presence across Romania is ensured through its agencies in Bucharest, Timișoara, Iași and Suceava.

4. Corporate Governance

The corporate governance of SSIF BRK Financial Group is the set of principles underlying the management framework by which the company is managend and controlled. Provided in internal regulations and procedures, these principles determine the effectiveness of the control mechanisms adopted to protect and harmonize the interests of all categories of participants in the company's activity – shareholders, administrators, directors, managers of various company structures, employees, customers, third-party business and collaborators, central and local authorities, etc.

4.1. Shareholders

In accordance with corporate governance principles, SSIF BRK Financial Group respects the rights of its shareholders, in the sense of conducting the activities of the company in their interest. The company is constantly concerned with improving the communication and relashionship with the shareholders, aiming at ensuring fair treatment. Through the company's Articles of Incorporantion, the rights of shareholders with regard to the shares held and their exercise through participation in the Genral and Extraordinary Shareholders Meeting are regulated. Also, the company's Articles of Incorporation regulates the company's gevrning body and the way it is managed.

The relationship with shareholders is ensured at the level of executive management and the Board of Directors. The company's website provides complete and detailed information on the organization of the company, the conduct of business (products and servises offered), financial statetments in accordance with the applicable standards, Ordinary and

Extraordinary General Meetings, disputes involving the company and other relevant events for shareholders and investors, as well as for collaborators and/or clients. The company's wbsite also includes information about Board members, audit reports and the company presentation document. Most of the information for shareholders and investors is available in the „Investor Relations" and „About us" sections, which are also available in English. The company also made available to its shareholders an email address (actionariat@brk.ro), to which they can submit questions, suggestions or opinions to the representatives of the company.

Along with the informations available on the company's website, shareholders and investors can also view the reports and reports provided by BRK Financial Group to Bucharest Stock Exchange. The company provides the BSE annually the financial reporting and reporting schedule, the OGMS and EGMS convene and their decisions, current reports according to BSE code and in accordance with the corporate governance applicable to listed companies on the BSE regulated market.

4.2. The Board of Directors

The management of BRK Financial Group was ensured in 2018 for most of the time by a Board of Directors consisting of four members (their normal number being 5), elected at the General Meeting of Shareholders.

On April 4, 2018, Mr. But Cristian Vasile was authorized as administrator of the company, and on April 10, 2018, Mr. Aurelian Madem presented his resignation as administrator of BRK Financial Group.

Following the elections held at the OGMS on April 24, 2018, a new Board of Directors was elected, consisting in five members: Mr. Darie Moldovan, Mr. Cătălin Mancaș, Ms. Monica Ivan, Mr. Nicolae Gherguș and Mr. Grigore Chiș. For the latter three, the necessary documents for authorization were sent to the Financial Supervisory Authority. They received the FSA approval in November 2018, with the exception of Mr. Grigore Chiș.

During the year 2018, the Board of Directors of BRK Financial Group SA met 26 times, either through participation in the company's headquarters or through the means of remote communication, and its activity complied with legal and statutory provisions. Discussions were held on important topics and projects, relevant to the company's activity and decisions were made which looked at the many functional aspects of society. Among the subjects found on the Board of Directors' agenda, with a particular impact on the current activity, were the approvals of internal norms and procedures that were updated to reflect changes made at the company.

The Board of Directors operates under its own operating regulation, which sets out how the Board works, how they convene and meet, the staff of the company that has to provide activity reports (managers, representatives of internat control, internal auditor and economic director). In order to avoid potential conflicts of interest, the members of the Board of Directors through their submitted and published CVs, inform both the Board and the shareholders and prospective investors about any professional engagements, including executive and non-executive positions in the Board of Companies and/or non-profit institutions and all information relating to direct or indirect holdings or as a result of the concerted action with third parties are disclosed by the statements provided to the Financial Supervisory Authority.

The remuneration of the members of the Board of Directors is approved by the General Meeting of Shareholders. The members of the Board of Directors does not carry out related activities that are directly or indirectly influenced by the activity of BRK Financial Group SA.

4.3. Board of Directors Committees

There are four committees in the Board of Directors of the BRK Financial Group: the Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee. Committees set up at the level of the Board of Directors function as Board working groups, their role being determined and established in accordance with the applicable legal provisions and to meet the needs of the company. The composition of the Council's committees has been based on the expertise of its members and the need to make the most of the experience they have gained in different areas of activity. According to the OGMS Resolution of April 2018, the members of the BOD revoked on the OGMS, were mandated to complete the Company's management documents until the validity of the new Board of Directors by the Financial Supervisory Authority. As a result, the composition of the committees was ensured by the date of authorization of the new Board of Directors by the revoked members

In 2018, the Risk Committee consisted of: Mr. Darie Moldovan, Mr. Cristian But and Mr. Dan Gherghelaș, until the authorization of the new members of the Board. Starting with November 2018, the Risck Committee is consist of: Mr. Darie Moldovan, Mr. Nicolae Ghergus și and Ms. Monica Ivan. The role of this committee is mainly to monitor the risks that may impact the company and to analyze and evaluate the reports submitted by the person designated for risk management at the company. The Risk Committee is informed on a monthly basis by the risk manager by a full activity report, the company's situation with respect to liquidity indicators and other risk indicators that are calculated in accordance with the Financial Supervisory Authority's regulations..

The Audit Committee was composed of Mr. Darie Moldovan, Mr. Cristian But and Mr. Dan Gherghelaș, until the authorization of the new members of the Board. Starting with November 2018, the Audit Committee is composed of three members of the Board of Directors: Mr. Darie Moldovan, Mr. Nicolae Ghergus și and Ms. Monica Ivan, its role being to analyze and audit the financial statements of the company. The Audit Committee evaluates the company's periodic financial statements, the fairness of their preparation and the auditors' views on the financial statements.

Comitetul de Remunerare a fost format din dl Darie Moldovan, dl Cristian But și dl Dan Gherghelaș, până la autorizarea noilor membrii ai Consiliului. Începând cu noiembrie 2018, Comitetul de Remunerare este format din: dl Darie Moldovan, dl Nicolae Ghergus și dna Monica Ivan, acesta având drept sarcină evaluarea politicilor de remunerare în cadrul societății și propune spre avizare Consiliului de Administrație modificarea și actualizarea acestora.

The Remuneration Committee consisted of: Mr. Darie Moldovan, Mr. Cristian But and Mr. Dan Gherghelaș, until the authorization of the new members of the Board. Starting with November 2018, the Remuneration Committee is consists of: Mr. Darie Moldovan, Mr. Nicolae Ghergus și and Ms. Monica Ivan, it's role consists of evaluating the persons proposed for the management functions and the key functions within the company, and also to analyze the proposals for persons who can represent the company on the Board of Directors of other entities.

4.4. External Auditor

According to the legal provisions, the financial-accounting statements and operations of the BRK Financial Group are audited by an independent financial auditor who meets both the criteria established by the Financial Supervisory Authority and the Financial Audit Chamber of Romania.

The election of the financial auditor Deloitte Audit SRL for years 2017 and 2018 was approved on the OGMS held on 05.10.2017, and throughout 2018, the external audit of the company was carried out by Deloitte Audit SRL.

4.5. Internal Auditor

Throughout 2018, internal audit was provided Business Alliance Spot, which operates independently, in line with corporate governance recommendations. The internal audit reports were submitted to the Board of Directors of the company and the measures proposed in the audit reports were implemented by decisions of the Board of Directors. Internal audit reports aim at verifying the correlation of customer balances with analytical records, verifying capital adequacy reports, verifying the cash availability of customers and other relevant aspects of the company's activity.

4.6. Internal Control and Compliance

In accordance with the legal provisions, the Company has organized an Internal Control and Compliance Compartment (CCI) composed, throughout 2018, of personnel authorized by FSA. The company also took steps to authorize additional staff within CCI.

The Internal Control and Compliance Compartment reports monthly to the Board of Directors of the company, its directors and the internal auditor on the work carried out and the issues observed, if any. The CCI proposes to the management of the company measures to remedy the problematic issues, and the decision on the application of the proposed measures will be taken by the members of the Board of Directors and / or the executive management. The decision is to be brought to the attention of those involved by the representatives of the executive management.

Also, the CCI verifies the transmission to the capital market institutions of mandatory reporting according to the legislation in force, including the current reports deriving from the obligations assumed as an issuer traded on the Bucharest Stock Exchange - the Premium category. During 2018, the Internal Control and Compliance Compartment compiled 52 control reports that were conducted in accordance with the Annual Control Plan or at the request of the management. Control reports developed by the Internal Control and Compliance Compartment of BRK Financial Group S.A. were brought to the attention of the Board of Directors, executive management and internal auditor. As a result of the proposals made in the control reports drawn up in 2018, the management of the company took remedial measures by modifying certain procedures, adopting decisions.

4.7. Risk Management

Within the BRK Financial Group, in accordance with the legal provisions in force, a risk manager, employee with specific responsibilities for risk monitoring at the company level, was appointed. Activity-specific risk monitoring is conducted in accordance with the Risk Management Policies – Risk Assessment and Risk Management Rules and Mechanisms, approved by the Board of Directors. In the process of identifying and assessing the financial risks, as well as the indicators used in risk management, the EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms was taken into consideration, as required by the European legislator, as well as the regulations and legislation of the Financial Supervisory Authority.

Regarding the evaluation of the operational risk generated by IT systems, it was taken into consideration aspects stipulated in the FSA Norm no. 6/2015 on the management of operational risks generated by informatic systems used by regulated entities, authorized/approved and/or supervised by the Financial Supervisory Authority.

The risk management system, built according to the above regulations, includes a set of appropriate risk analysis and risk management mechanisms and procedures, as well as the presentation of the results of the financial risk identification and evaluation activity, as well as proposals for appropriate management and the diminishing of the effects of the risks related to the investment and general activity of the company

In this respect, the following categories of potential or existing risks to which SSIF BRK Financial Group SA is exposed, are analyzed and evaluated:

1. Liquidity risks, with the following sub-categories: the risk of not meeting the current liquidity requirement, the risk of long-term assets financing from non-permanent resources and the liquidity risk of the financial asset portfolio held by SSIF BRK Financial Group SA;
2. Market risks, with the following sub-categories: position risk, foreign exchange risk, commodity risk and long-term interest rate risk;
3. Credit risks, with the following sub-categories: credit risk (related to the financial soundness dynamics of issuers of the financial assets held by SSIF BRK Financial Group SA and equity and debt securities), the counterparty credit risk from the loans granted by the company as a creditor, to the companies in which it holds qualifying holdings, the legal risk;

4. Operational risks analyzed from the perspective of the quantitative approach. Within this category are analyzed all the operational risks generated by the processes, systems and human resources that SSIF BRK Financial Group SA uses in the current activity;
5. The concentration risk, with the following sub-categories: high exposures to a debtor / issuer and high exposures to an economic sector. At the same time, the concentration risk is analyzed also by the exposures registered by the BRK Financial Group on different categories of financial assets and operations in the light of the requirements of the legislation in force;
6. Currency Risks, dealing with the positions held by the BRK Financial Group on cash and foreign currency deposits, foreign currency financial instruments, derivatives with foreign currency assets;
7. Position valuation and inclusion of BRK Financial Group's portfolio instruments.

At SSIF BRK Financial Group SA, the financial, investment and operational risks were evaluated / quantified, monitored and treated in order to reduce their impact according to the above classification. When establishing this risk classification structure, the size of the impact of that risk was taken into account when it materialized on the levels of own funds held by SSIF BRK Financial Group SA.

The following principles and issues have been taken into account when establishing the quantitative limits for financial risks:

- Principles:
  - As a general principle, the risk profile of SSIF BRK Financial Group SA, the current structure of the portfolio, the possible dynamic of the assets, as well as the prudent liquidity and adequacy levels were taken into account in establishing the current quantitative levels of financial risks of the capital so as to include shock absorbers for possible crisis situations established by the European regulator;
- Aspects to be considered:
  - The level of liquidity needs, has been set so as to be prudent and able to cope at any time with any net cash outflow in the event of a crisis situation;
  - The liquidity level of the assets in the portfolio has been set according to the characteristics of the portfolio, as well as ensuring a minimum level of liquidity to meet any need to reorient business policy;
  - In determining the levels for market, credit, counterparty and operational risk, the solvency ratio determined as a ratio between the capital requirements of these financial risks and the equity (financial resources) of SSIF BRK Financial Group SA was at least three times the minimum required (existence of reserves), as stipulated in the EU Regulation no. 575/2013);
  - The level of leverage was taken into account when establishing the current quantitative limits.

Thus, on 31.12.2018 the level of own funds of SSIF BRK Financial Group amounted 49.166.921,90 lei. Also, the value of the risk-weighted exposures at 31.12.2018 amounted 169.536.883,41lei.

4.8. Transparency and Financial Reporting

In order to ensure transparency of the activity and the financial statements, the SSIF BRK Financial Group makes available to all interested persons, by means of statements sent to BSE and through its own website, the annual, half-yearly and quarterly reports prepared in accordance with the applicable accounting standards (IFRS). The annual financial reports are presented both individually and consolidated, both preliminary and audited, together with the explanatory notes. Quarterly and semi-annual results are only presented in individual and unaudited reports. The company also publishes other current reports on all major events that have or may have an impact on society's image and activity. The company has published on its website the company's articles of incorporation and the name of the members of the Board of Directors.

4.9. Avoiding conflicts of interest

In order to avoid conflicts of interest, the company applies clear procedures that regulates the execution of client orders, priority in relation to the company's own orders. The priority of execution orders is contained in the company's internal procedures.

The company reports all transactions made by individuals initiated with the BRK Financial Group to the Bucharest Stock Exchange, in order to inform shareholders and other shareholders. Under the regulations and rules in force, the company reports the necessary transactions to the Financial Supervisory Authority.

BRK Financial Group has taken the necessary measuresc to avoid conflicts of interest and to segregate and separate operational activities where appropriate.

4.10. Social Responsibility

BRK Financial Group, through the Board of Directors and executive manangement, contributes to financial education among studends in Cluj-Napoca, giving theam the opportunity to conduct free of charge interships and documentation in the Romanian capital market.

4.11. Financial Calendar

February 15th 2019	Preliminary Annual Financial Reports for 2018
April 24-25th 2019	General Meeting of Shareholders for the approval of the Individual Financial Results for 2018
April 25th 2019	Annual Activity Report for 2018
May 15th 2019	Financial Results for Q1 2019
August 14th 2019	Financial Results for H1 2019
November 14th 2019	Financial Results for Q3 2019

5. The BRK stock

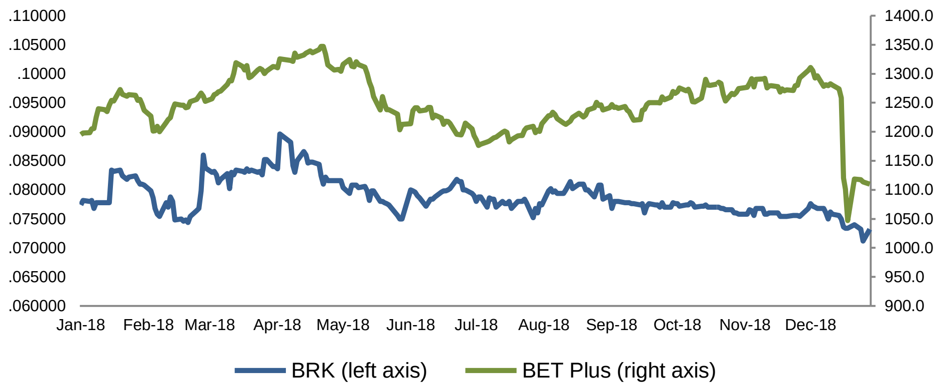
BRK Financial Group's shares are issued in dematerialized, ordinary, indivisible and freely negotiable from the date of admission to trading on the Bucharest Stock Exchange (BSE). BRK Financial Group shares were admitted to trading on the principal market administered by the Bucharest Stock Exchange on 5 February 2005 under the BRK symbol. BRK shares are listed in the Premium category of the Bucharest Stock Exchange and are included in the BET Plus index.

The company is subject to capital market legislation, namely Law no. 297/2004 on the capital market, Law no. 24/2017 on issuers of financial instruments and market operations and the secondary regulations issued by the Financial Supervisory Authority (FSA) and BSE.

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

During 2018, the average price of the BRK share was 0,0788 RON/share, down 7,49% compared to the average price recorded in 2017 (0,0852 RON/share). The closing price of BRK share on December 31, 2018, the last trading day of the year, was 0,0732 RON/share, down 2,92% compared to the previous year's closing.

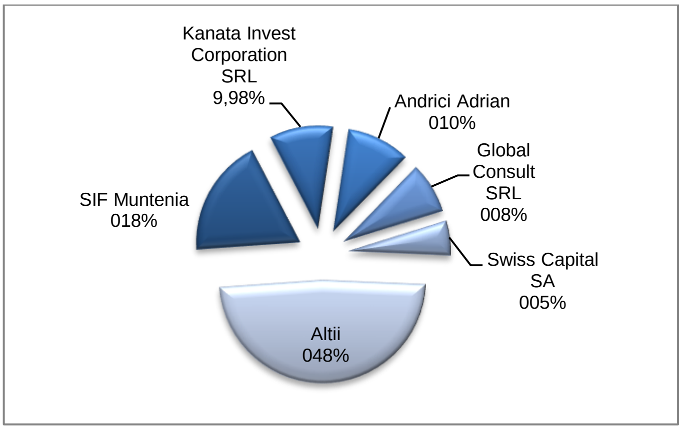
Evolution of the BRK share vs. BETPlus in 2018



Source: Bloomberg

Ownership structure

On December 31, 2018, the ownership structure of BRK Financial Group was as follows:



Source: Shareholder Registry of financial instruments issued by SSIF BRK Financial Group SA, on 31st December 2018.

6. The stock market context

6.1. Retrospective of global stock market developments

In 2018, the international financial markets had mixed evolutions. The US Stock Exchange index Dow Jones Industrial Average index recovered significantly in the third quarter of the year from losses in the half of the year, up 7.04% after the first nine months of the year. The end of the 4th quarter, however, found the DJIA index at -5,63% compared to the end of the previous year. The S&P 500 index grew by 8,99% in the first nine months of 2018, but it also recorded a significant fall of 6,24% by the end of the year. The European stock exchanges were also affected by the declines in the last quarter of 2018. Thus, the German Ttock Exchange index DAX-30 depreciated by 18,26%, Paris Stock Exchange index depreciated by 10,95% and the London Stock Exchange index depreciated by 12,48% in 2018.

Index	Country	% 18/17	% 17/16	(%) 16/15	(%) 15/14
Dow Jones	USA	-5.63%	25.08%	13.42%	-2.23%
S&P 500	USA	-6.24%	19.42%	9.54%	-0.73%
DAX-30	Germany	-18.26%	12.51%	6.87%	9.56%
CAC-40	France	-10.95%	9.26%	4.86%	8.53%
FTSE-100	England	-12.48%	7.63%	14.43%	-4.93%
NIKKEI-225	Japan	-12.08%	19.10%	0.42%	9.07%
ATX	Austria	-19.72%	30.62%	9.24%	10.97%
Shanghai Composite	China	-24.59%	6.56%	-12.31%	9.41%
WIG-20	Poland	-7.50%	26.35%	4.77%	-19.72%
PX	Czech Republic	-8.50%	16.98%	-3.63%	1.01%
RTS	Rusia	-7.42%	0.80%	52.21%	-4.25%
SOFIX	Bulgaria	-12.25%	15.52%	27.23%	-11.72%
BUX	Hungary	-0.61%	23.04%	33.78%	43.80%

Sursa: www.1stock1.com, Bloomberg

One of the most important events in the United States in the first half of 2018 consisted of implementing new tariffs for imports of aluminum (10%) and steel (30%) from Canada, Mexico and the European Union. In response of the implementation of this tariffs by USA, Mexico and Canada, they have also increased the import tariffs for various USA products. Similarly, representatives of European Union have said that it will be introduce new taxes on imports from the USA. These events have generated some fear in financial markets around the world, with the main indices of the various stock exchanges falling to reach new highs.

On the other hand, the Federal Reserve (FED) increased its benchmark interest rate on September 26, 2018 to 2,25% from 2,00%, on the backdrop of solid economic growth and the favorable labor market situation and on December 19, 2018 it was increased to 2,50%.

6.2. Retrospective of the local stock market developments

The Romanian capital market registered substantial increases in the first quarter of 2018, whih were drastically corrected in the second quarter, but the third quarter brought back the growth in the local market. Nevertheless, in the last quarter of the year we were able to see significant decreases in all mational indices, which led to a mixed evolution until the end of the year. All stock indices of Bucharest Stock Exchange recorded significant declines by the end of 2018, with the exception of the BET-TR and BET-XT-TR indices. The largest depreciation belongs to the BET-FI index, which lost in 2018, 12,63% of its value since the beginning of the year.

Index	Q1	Q2	Q3	Q4	'18/'17
BET	12.39%	-7.20%	4.03%	-12.23%	-4.77%
BETPlus	11.97%	-6.90%	3.29%	-11.56%	-4.77%
BET-FI	2.79%	-7.49%	-2.62%	-5.61%	-12.63%
BET-XT	10.34%	-7.20%	1.90%	-11.47%	-7.62%
BET-NG	11.12%	-6.40%	2.90%	-13.49%	-7.41%
BET-TR	12.43%	-1.23%	5.88%	-11.29%	4.30%
BET-XT-TR	10.35%	-2.01%	3.78%	-10.45%	0.48%
ROTX	12.48%	-6.99%	4.36%	-11.96%	-3.89%

Source: Bloomberg

In the first quarter of 2018, BSE indices registered significant increases. A factor of influence was the dynamics and trends of international financial markets, but also 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.

Nevertheless, the second quarter of the year brought fairly significant corrections to all national indices, with the largest depreciation between April and June 2018 belonging to the BET index (-7,20%). At the end of the first half, 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 February 1, 2018 on the AeRO market following a technical listing. On February 15, 2018, Purcari Wineries (WINE) traded on the BSE's main market after a successful IPO of about 40 million euros.

The municipal bonds issued by Bucharest Minicipal (maturity 10 years, the interest rate of 5,6% per year), worth 555 million lei, entered into trading in April and in May 2018 Globalworth corporate bonds were issued, the value with a total of € 550 million.

At the end of the first half of 2018, 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.

In the third quarter of July, Transilvania Bank issued the first issue of bonds that was admitted to trading on the regulated spot market of BSE, its value rising to 285 million euros, the maturity being set at 10 years, and the variable interest rate at Eurobor 6M +3,75%.

In August 2018, BVB expanded the number of companies that may be part of the BET and BET-TR index from 15 to 20 companies. At the end of September, the market capitalization of Romanian companies reached 20,5 billion euros, and the capitalization of all companies listed on the regulated BSE market exceeded 36 billion euros.

In October 2018, trading value increased by 20% on all segments of the Bucharest Stock Exchange, with the stock market capitalization of Romanian companies reaching 20,8 billion euros at the end of this month. In November 2018, the BET index still recovered, with an advance of 11,76%, thus managing to keep away from the international turmoil that affected most of Europe's markets, but in December it had massive declines at all national indices, so the BET index decreased by 4,77% compared to its value at the beginning of 2018, and the stock market capitalization of the Romanian companies reached 18 billion euros at the end of the year

The National Bank of Romania's monetary policy rate stood at 1,75% at the beginning of 2018. The NBR changed the reference interest rate by 3 times during 2018, thus:

- On January 9, 2018, NBR changed the reference rate to 2%.
- On February 8, 2018, NBR changed the reference rate to 2,25%.
- On May 8, 2018, NBR changed the reference rate to 2,50%.

7. Presentation of the company’s core business

BRK Financial Group's core business is structured on two business lines, namely the brokerage segment and the trading segment. On the trading segment, the company operates transactions on its own account, market-making operations and operations with structured products, and in the brokerage segment, the company operates customer transactions and corporate operations, respectively.

7.1 The brokerage segment

The financial intermediation activity refers to all the intermediation services of the transactions offered to the individual investors and the companies, as well as to the specialized services offered to the institutional clients**.** Intermediation services refer to the following:

A. Brokerage Services for Investors:

- Intermediation of transactions for sale and purchase of securities traded on the Bucharest Stock Exchange (BSE). For this type of services, customers can choose to be assisted by a broker in making transactions, or they can choose the option of online trading, on their own. Within this segment, BRK also offers customers the possibility to trade in margin (based on a credit line granted by the company to the client), liquid shares listed on the Bucharest Stock Exchange.
- Intermediation of transactions on international markets, with clients of the company having access to more than 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very diversified (shares, bonds, structured products, ETFs, CFDs, futures, etc.), and the costs involved in trading on international markets through the BRK Financial Group are among the most attractive in the market.
- Intermediation of transactions with corporate, municipal and state bonds on BSE and OTC, respectively the intermediation of transactions with products structured on the dedicated market segment of the Bucharest Stock Exchange.
- Intermediation of transactions on the domestic and international market for institutional clients.

Over the past 5 years, BRK Financial Group has been ranked annually among the top SSIFs of the BSE, customer and self-traded transactions generating a market share of 1,5 - 5% of the annual total share trades

In 2018, BRK Financial Group ranked 9th in the top of BSE intermediaries, the value of the intermediated transactions on the main segment/shares and fund units amounted 561,5 milioane de lei, increasing compared to the level of 475,05 milioane lei traded in 2017. The market share reached 2,45% after the total value traded in 2018 (1,99% market share in 2017).

Trading on international markets is one of the future directions for the developments of the company's activity, aimed to increase revenues from international markets, by increasing the number of active retail and institutional clients.

B. Corporate investors specialized services:

- Funding on the capital market through public issues of shares and bonds.
- Intermediation of IPO's and M&A for companies trading on the BSE.
- Listing of companies and investment funds on the capital market through initial public offerings or listing admissions to trading.
- Consultancy for financing by shares and bonds issues or promotion on the capital market.

In the first quarter of 2018, BRK Financial Group brokered:

- Redemption bid of 6% of Bermas S.A. Suceava shares,
- Equity increase of Fimaro S.A. Cluj
- Establishment o the Memorandum for obtaining the trading agreement on AeRO market for Remat Maramureş S.A. Baia Mare and Confectii Vaslui S.A

In the second quarter of 2018, BRK Financial Group brokered:

- Establishment of the Memorandum for obtaining the trading agreement on the AeRO market for Albapam S.A. Alba Iulia
- Finalization of the equity increase of Fimaro S.A. Cluj.

In the third quarter of the year, BRK Financial Group brokered:

- Finalization of the equity increase of Foraj Sonde S.A. Craiova (FOSB).

In the fourth quarter of the year, BRK Financial Group started:

- Public offer for mandatory takeover of Conted S.A. Dorohoi (CNTE), completed in the first quarter of 2019

7.1.2. Market-making an luquidity providing operations

Starting with 2010, the company carries out market-maker activities (displaying and maintaining firm buying / selling quotations) on various financial instruments. The benefit of this kind of operations is the spread (difference) of purchase and sale quotations.

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

In 2018, the company acted as a market-maker for BTF fund units until September 26, 2018 as a liquidity provider for all issued certificates.

7.1.3. Structured products issuance

In 2018, BRK Financial Group expanded its segment of "Market Making and Structured Products" by diversifying product typology and expanding the range of underlying assets. Otherwise, in May, structured products with Romanian-backed shares were listed (Banca Transilvania and OMV Petrom), and at the end of 2018, the issuer of BRD-Groupe Societe Generale was included on the list of issuers that are the asset support for structured products. The appetite of investors for certificates with financial support from companies in the financial industry has been a reason for listing some of the products whose European Banks support is - a first step being Deutche Bank support assets. In other news, the issue of certificates with protected capital continued by listing the BKDAICPL1 product, supported by Daimler AG’s share.

The year 2018 was a very good one for BRK Financial Group in terms of structured product market activity, the company being the leader in this segment, with a market share of 25,1%, followed closely by Erste Group Bank with a market share of 24,9%. For the first time, BRK has surpassed its main competitor, and this performance was awarded by the Bucharest Stock Exchange at the "Inauguration of the 2019 Stock Market Year" gala, by offering the title **"The most active intermediary on the structured products segment in 2018".**

In 2018, BRK Financial Group issued a total of 69 structured products, these efforts yielding the desired results: the market share at the end of 2018 was 25,1% on this segment, more than double compared to 2017 (10,51%). Performance is all the more remarkable as the evolution has been achieved in a growing market (the Structured Products segment grew from 259 million lei in 2017 to 332 million in 2018), the absolute turnover of BRK Financial Group rising more than three times, from 55,5 million to 168,9 million lei.

7.2. Trading segment

Together with the brokerage segment, **managing our own portfolio** is another important branch of the BRK Financial Group's activity, which contributes significantly to the company's results. On the other hand, this is also a major risk factor, given that BRK Financial Group is required to reassess all positions in its own portfolio at the end of each year, and the value adjustments of the securities affect the outcome of the exercise 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 mark 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 main categories:

- **Strategic placements:** shares held at affiliated entities and participating interests. Participation 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 activities of the entity. Holdings of shares may be held either in closed companies or listed companies. At present, only the participation in SAI Broker (99,8% of the share capital) is in the category of strategic placements.
- **Portfolio placements:** shares of companies to which BRK cannot / does not wish to exercise significant influence in the management of the company. Also included in this category are placements held in closed-end (non-listed) companies that do not meet the conditions to be incorporated in "Strategic Placements", 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 to current sales and purchases by the company. This section does not include the shares of closed or unlisted companies.

Starting with July 1, 2018, the structure of the company’s own portfolio is the following:

- Marketable portfolio
- Non-marketable portfolio
- Margin loans.

8. Activity in 2018

8.1. Important events in the reporting period

- January 4th 2018 – The Board of Directors of BRK Financial Group decided to extend the repayment term of the loans granted to Romlogic Technology S.A., until 29.01.2018.
- January 26th 2018 – The Board of Directors of BRK Financial Group has approved the structured products issue program. BRK has published the financial calendar for the current year.
- Febrary 15th 2018 – The company published the individual IFRS preliminary financial results as at December 31, 2017, according to financial calendar. Also, BRK Financial Group informed the investors about the Financial Supervisory Authority’s decision to reject the appointment of Mr. Chiș Grigore.
- Febrary 19th 2018 – The Auditor's Report was published.
- February 21st 2018 – The company informed the general public that on February 20, 2018, the Board of Directors appointed Deputy General Manager Mr. Cătălin Mancaş, who will work at the company's headquarters in Bucharest.
- February 23rd 2018 – The company informed the general public about the conclusion of an addendum to the contract dated 20.11.2017 through which it finances SC Facos SA. Loan amount granted: 360,000 lei, annual interest: 6%, repayment term of the loan 19.11.2018.
- February 28th 2018 – The company informed the general public that on February 27, 2018, the Board of Directors appointed Deputy General Manager Mr. Răzvan Raţ.

- March 8th 2018 – The Society announced the general public about the decision of Ms Monica Ivan to resign from the post of Deputy General Manager.
- March 16th 2018 – The Company convened the Ordinary General Meeting of Shareholders, respectively the Extraordinary General Meeting of Shareholders for April 24/25, 2018.
- March 23rd 2018 – The EGMS convene was modified by inserting a new item on the agenda.
- April 4th 2018 – Mr. But Cristian Vasile 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 5th 2018 – Completion of the Ordinary General Meeting of Shareholders convened on April 24/25, 2018, with the inclusion of a new item on the agenda: Approval of the revenue and expenditure budget proposed by the shareholder Global Colsult SRL.
- April 10th 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 19th 2018 – SSIF BRK Financial Group informed investors about the approval by the Financial Supervisory Authority on April 17, 2018 of the base prospectus in connection with the Structured Products Issuance Program.
- April 24th 2018 – Conduct of the Extraordinary General Meeting of Shareholders at 12.00 and of the Ordinary General Meeting of Shareholders at 12.30 at the registered office of the Company.
- April 25th 2018 – The publication of the EGMS and OGMS decisions held on April 24, 2018, respectively the Annual Report for 2017.
- May 2nd 2018 – BRK Financial Group informed shareholders and investors that two pre-sale agreements were concluded Minesa IPCM SA, a company with a 38,1% shareholding in the BRK Financial Group, the total amount of the pre-contracts being of EUR 1.100.234,43, and the receipt of the consideration will be made in installments, with the entire operation ending, in principle, by December 2018.
- May 15th 2018 – BRK Financial Group has published the Quarterly Report of the Administrators for the first quarter of the year.
- May 17th 2018 – The Company informed shareholders and investors about the authorization of Mr. Raţ Răzvan - Legian as the Leader (Deputy General Manager) following the decision of the Financial Supervisory Authority of May 16, 2018.
- June 4th 2018 – The company informed shareholders and investors of the decision of the Board of Directors dated May 31, 2018 to hold a competition for the position of Director General of the BRK Financial Group.
- June 26th 2018 – The Company informed shareholders and investors that on June 25, 2018, at the initiative of the Borrower, it terminated a borrowing contract with SAI Broker S.A., the company to which the BRK Financial Group has holdings. The Subordinated Loan Agreement, through which BRK Financial Group S.A. Grants a loan of ROL 676.000 to SAI Broker S.A. with a fixed annual interest rate of 3,5%, was concluded on November 10, 2016, and set a deadline of December 31, 2021 for repayment. Early repayment of the loan was made on June 25, 2018. The amount received was 676.000 lei, representing the loan granted, plus interest for June in the amount of 1.361,26 lei.

- July 5th 2018 - BRK Financial Group informed shareholders and investors about the authorization of Mr. Cătălin Mancaş as the Leader (Deputy General Manager) following the decision of the Financial Supervisory Authority on July 4, 2018.
- July 25th 2018 – The selection process for the position of General Manager of SSIF BRK Financial Group has been completed. The Board of Directors appointed Mr. Nascu Şerban as General Manager of BRK Financial Group. He is expected to work in the BRK Financial Group after obtaining the approval from the Financial Supervisory Authority.
- August 10th 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 of 23.393 shares of Minesa IPCM SA, representing 9% of the share capital at the price of 11,11 euro / thus the value of the contract being 259.896,23 euros.
- August 14th 2018 – BRK Financial Group has published the Half-Year Report of the Administrators.
- August 28th 2018 – BRK Financial Group convened the OGMS on October 4/5, 2018.
- August 29th 2018 – BRK Financial Group has published the Auditor's Report.
- September 5th 2018 – BRK Financial Group informed investors about the conclusion of a financing contract for S.C. Romlogic Technology SA, with an amount of 1 million lei, an interest rate of Robor 3M +5% and maturity until 31.03.2019.
- October 4th 2018 – The OGMS decisions of the BRK Financial Group were published on 04.10.2018
- October 5th 2018 – The consolidated annual financial results for the year 2017 have been published.
- November 15th 2018 – The Quarterly Report of the Board of Directors was published on September 30, 2018.
- November 21st 2018 – BRK Financial Group informed the general public about the extension of the repayment term of the loan granted to S.C. Facos S.A., until 19.11.2019, the annual interest rate being changed to ROBOR 3M +5%, all other characteristics of the loan agreement remaining unchanged.
- November 21st 2018 – SSIF BRK Financial Group SA informed shareholders and investors that through the ASF Authorization no. 250 / 19.11.2018, 251 / 19.11.2018 and 252 / 19.11.2018 were authorized as members of the Board of Directors of the company Mrs. Monica Ivan, Mr. Darie Moldovan and Mr. Nicolae Ghergus.
- November 21st 2018 – The Company informed investors that during the Board meeting held on 21.11.2018 the following decisions were taken:

  1. Mr. Darie Moldovan was elected Chairman of the Board of Directors;
  2. Mr. Nicolae Gherguş was elected Vice-Chairman of the Board of Directors;
  3. The four committees of the Board of Directors were set up, with the following composition: Audit Committee: Mr. Darie Moldovan, Mr. Nicolae Gherguş, Mrs. Monica Ivan; Risk Committee: Mr. Darie Moldovan, Mr. Nicolae Gherguş, Mrs. Monica Ivan; Nominating Committee: Mr. Darie Moldovan, Mr. Nicolae Gherguş, Mrs. Monica Ivan; Remuneration Committee: Mr. Darie Moldovan, Mr. Nicolae Gherguş, Ms Monica Ivan.
- November 29th 2018 – SSIF BRK Financial Group S.A. has concluded a loan agreement with S.C. Romlogic Technology S.A., a company to which BRK Financial Group S.A. has participated. The value of the loan was 235.000 lei, the annual interest: ROBOR 3M +5%, and the repayment term of the loan was set for 28.02.2019.

- December 3rd 2018 – SSIF BRK Financial Group SA informed shareholders and investors that through the ASF Authorization no. 257 / 29.11.2018 was authorized, as a member of the Board of Directors of the company, Mr. Mancaş Cătălin. Starting with this date, Cătălin Mancaş is a member of the committees set up at the level of the Board of Directors with the other three previously appointed members.
- December 4th 2018 – BRK Financial Group informed the general public about the conclusion on 4 December 2018 of an addendum to the credit agreement with Libra Internet Bank S.A, which modified the following contractual provisions:
  - the final maturity of the credit agreement: 14.12.2019;
  - annual interest: ROBOR 3M plus a margin of 3,28%;
  - the guarantee is secured by a mortgage.
- December 14th 2018 – BRK Financial Group informed the general public about the authorization of Mr. Şerban Naşcu as General Manager following the decision of the Financial Supervisory Authority of December 13, 2018.

8.2. Structure and dynamics of total income and global result

			Weight (%)	
Dynamics and Total Income Structure (Ron)	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Total income	**7,757,231**	**10,205,674**	**100.00%**	**100.00%**
Income from commissions	**3,145,940**	**4,564,637**	**40.55%**	**44.73%**
Revenue from domestic spot market fees	2,230,910	1,903,717	28.76%	18.65%
Income from external market fees	768,930	862,569	9.91%	8.45%
Revenue from related activities	146,100	1,798,351	1.88%	17.62%
Other operating income	**17,006**	**32,584**	**0.22%**	**0.32%**
Income from rents	11,652	16,543	0.15%	0.16%
Income from insurance intermediation	0	10,317	0.00%	0.10%
Income from Distribution Fund Units	5,354	5,724	0.07%	0.06%
Other operating revenues	0	0	0.00%	0.00%
Financial income	**3,979,842**	**5,493,001**	**51.30%**	**53.82%**
Revenue from dividends	338,370	318,222	4.36%	3.12%
Net financial gains other than dividends	3,641,472	5,174,779	46.94%	50.70%
Other incomes	**614,443**	**115,452**	**7.92%**	**1.13%**
Income from the write-off of provisions for risks and expenses	300,933	0	0.00%	0.00%
Revenue from valuation of real estate investments	0	0	0.00%	0.00%
Income from adjustments for impairment of current assets	10,896	115,452	0.14%	1.13%
Other incomes	302,614	0	3.90%	0.00%

At the end of 2018, the total revenues of BRK Financial Group decreased by 24% compared to the previous year, mainly due to the decrease of the financial revenues on average by 27.55%, respectively the decrease of the commission income by 31.08%. The share of financial revenue in total revenue declined slightly from 53.82% in 2017 to 51.30% in 2018 as a result of a 6.33% increase in dividend income over that period of declining net financial gains other than dividends with 29.63% over the same period.

Income from commissions declined in 2018 by 31.08% compared to the company's earnings in 2017, largely due to the decrease in revenues from related activities. In fact, the share of commission income in total company revenues declined in 2018 to 40.55%, from 44.73% in 2017.

The evolution of the overall result (Ron)	31-Dec-18	31-Dec-17
The result of brokering	-167,705	849,348
The Gross Profit of Own Portfolio Management	-577,771	-3,493,373
General administrative expenses not allocated	-2,059,223	-1,010,373
Base recurrent result (1 + 2 + 3)	**-2,804,699**	**-4,654,398**
Other elements of the overall result	0	1,050,770
Overall result for the period	**0**	**-3,603,628**
Earnings per share for the period	**-0.0083**	**-0.0138**

The result of the brokerage activity was negative in 2018 (-167,705 lei) and the gross result of the portfolio management activity (-577,771 lei) decreased its loss from 3,4 million lei in 2017 to 0,57 millions of lei in 2018. There is an increase in the general administrative expenses, this increase causing a current base loss of - 2,804,699 lei.

8.2. Analysis of results by activity segments

8.2.1. Ongoing Operations

Included in the ongoing operations are two segments: the brokerage and trading activities.

Continuous activity (Ron)	31-Dec-18	31-Dec-17	Evolution
Total revenue from intermediation	3,151,295	4,566,717	-30.99%
Total spending with intermediation	3,319,000	3,717,369	-10.72%
Result of intermediation	**-167,705**	**849,348**	-119.75%
Total earnings from trading activity	4,746,004	5,503,478	-13.76%
Total expenses related to the trading activity	5,323,775	8,996,851	-40.83%
Result of trading activity	**-577,771**	**-3,493,373**	-83.46%
The result of continuous activity	**-745,476**	**-2,644,025**	**-71.81%**

On the intermediary services segment, the company saw a negative result of -167,705 lei and in the segment of trading activity in 2018 resulted a loss of 577,771 lei, decreasing compared to the loss of 3,49 million lei in 2017, this as a result of the slight decrease of the total trading income (-13.76% versus 2017), respectively of the decrease of the total expenses related to the trading activity (-40.83% as against 2017). Thus, the result of the brokerage activity (brokerage + trading) is a loss of 745,476 lei, much lower (-71.81%) compared to that recorded in 2017.

Evolution of the income from brokerage activity

The brokerage activity is comprised of trading at Bucharest Stock Exchange and on international markets, and the income derives from the commissions collected from clients involved in trading activities on these markets.

Intermediation Activity (Ron)	31-Dec-18	31-Dec-17	Evolution
Revenues from commission fees	3,145,940	4,550,676	-30.87%
Other incomes	5,354	16,041	-66.62%
Total income from intermediation	**3,151,295**	**4,566,717**	**-30.99%**
Expenditure on commissions	1,139,777	998,425	14.16%
Other expenses	2,179,223	2,718,944	-19.85%
Total variable expenses on intermediation	**3,319,000**	**3,717,369**	**-10.72%**
RESULT OF INTERMEDIATE SEGMENT	**-167,705**	**849,348**	**N.A.**

Total revenues generated by financial intermediation services declined by 30.99% in 2018 to 3.15 million lei as a result of lower commission income by 30.87% in the same period. Other earnings include part of the revenue generated by the BSE margin trading service.

Expenses related to the brokerage segment decreased by 10.72% in 2018. The decrease in this segment's spending at a slower pace than the decrease in revenues recorded on this segment led to a negative result as compared to 2017. Thus, the result of the intermediation segment was a loss of 167,705 lei.

Evolution and structure of the income from commissions

Income from commissions (Ron)	31-Dec-18	31-Dec-17	Evolution
Income from BSE fees	2.230.910	1.899.694	17,44%
Income from external market fees	768.930	857.327	-10,31%
Income from commissions Sibex	0	4.023	-100,00%
Income from other commissions	146.100	1.789.632	-91,84%
Total commission income	**3.145.940**	**4.550.676**	**-30,87%**

Income from commissions decrease by 30,87% in 2018. The largest loss incurred in this segment was from income generated by commission on Sibex exchange (-100%), given that in 2017 Sibex exchange was closed. Revenues generated from trading on the BSE increased by 17,44%, from approximately 1,89 million Ron to approximately 2,23 million Ron. The increase was determined by rising trading values and by the company's strategy to get closer to its clients.

On international markets, the company has earned commission income but it has been declining.

Evolution of income from trading activities

Trading Activity (Ron)	31-Dec-18	31-Dec-17	Evolution
Revenue from transactions	3,575,600	5,151,841	-30.60%
Other incomes	1,170,404	351,637	232.84%
Total trading income	**4,746,004**	**5,503,478**	**-13.76%**
Losses in transactions	325,199	4,516,946	-92.80%
Other variable costs	4,998,576	4,479,905	11.58%
Total trading expenses	**5,323,775**	**8,996,851**	**-40.83%**
RESULT OF THE TRANSACTION SEGMENT	**-577,771**	**-3,493,373**	**-83.46%**

The total revenues related to the trading activity recorded a slight decrease of 13.76% in 2018 compared to those obtained in 2017. The transaction revenues decreased by 30.6% and thus reached 3.57 million lei, keeping the very large share of over 75.3% of the total trading income.

The Market Making and distribution of structured products activity was integrated in the trading segment. In 2018, the BRK Financial Group issued 69 structured products, thus responding more to the needs of investors. BRK Financial Group's efforts were not delayed, so the company received the prize for the **"*Most Active Intermediary on Products Structured in 2018*"** at the inauguration of the 2019 stock market.

8.3. The Structure and dynamic of the company clients

BRK Financial Group offers its services at national and international levels, to both natural and legal persons, on the retail and institutional segments.

On the Romanian capital market, 2.689 customers were active in 2018, up from 2017 when the number stood at 2.455. Approximately 88% of the active clients on the Romanian market opted for an online trading account and the remaining 12% are accounts that benefit from the assistance of a broker.

Clients structure in 2018 by account type

In the foreign market segment, the number of accounts in this segment rose to 113, from 93 to the end of 2017. Out of the total number of active clients on the international market, 95,6% traded online without requesting assistance a broker.

In the segment of institutional clients, their activity on the domestic market expanded, the generated turnover reaching 218,12 million leva, from 36,5 million lei in 2017, while the turnover determined by the institutional clients' activity on the international markets through BRK Financial Group amounted to 7,8 million lei in 2018, from 10,5 million lei in 2017.

8.4. . Managing our own asset portfolio

Evolution of results from the management of our own financial assets portfolio

The gross asset management portfolio recorded a loss of 379.980 lei, due to the depreciation of portfolio securities (with large exposures to the financial-banking and energy sector) in the last month of 2018 due to the 114 ordinance, respectively its impact on quotations of the securities in the portfolio.

Analysis of the structure of our asset portfolio

In line with the objectives stated in the investment strategy approved by the Board of Directors, in 2017 the management's efforts were directed towards continuing the process of restructuring its own financial assets portfolio, which focused on the following: quantitative and qualitative portfolio adjustment and portfolio diversification classes of financial assets, the alienation of holdings due to either too small size or the lack of growth prospects and the use of the amounts obtained in support of the working capital of brokerage activities that bring high value added.

The evolution and structure of the financial instruments portfolio in the domestic market	Number of issuers		Market value	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Listed Companies	16	8	7.072.947	3.079.495
Unlisted Companies	17	20	13.189.243	12.633.866
Shares of OCP / AOPC	7	9	6.766.028	11.319.254
Other securities	7	2	17.856.267	12.892.050
Total portfolio	**47**	**39**	**44.884.485**	**39.924.665**

BRK Financial Group's asset portfolio includes both listed companies on the Bucharest Stock Exchange and unlisted companies. The portfolio also includes strategic holdings in which BRK is actively involved, respectively long-term investments where BRK does not exercise control and influence, but also short-term investments that are part of the speculative portfolio.

At December 31, 2018, BRK's listed shares were valued at approximately 7,07 million Ron, up approximately 130% over the value at the end of 2017. This is due to the fact that during 2018, stock packages were acquired in companies such as Banca Transilvania, OMV Petrom, BRD - Groupe Societe Generale, Bucharest Stock Exchange, etc.

Under the listed stock portfolio, substantial holdings of strategic or long-term investments were sold throughout the year, in line with the Board of Directors' strategy. The stake held by the company at Minesa IPCM S.A. was sold in 2018, the value of the contract being 840.338,2 euros, and the transfer of ownership was concluded on February 18, 2019.

Regarding the portfolio of assets quoted on the BSE, held for the short term, during 2018, it was predominantly exposed to the financial-banking sector and the energy sector, somewhat specific to the Romanian capital market.

The largest short-term purchases (> 100,000 Ron) in the energy sector were made on the following headings:

- OMV Petrom S.A. (SNP 8,4 million Ron cumulative/year),
- Romgaz S.A. (SNG 0,6 million Ron cumulative/year),
- Transgaz S.A. (TGN 0,5 million Ron cumulative/year).
- Nuclearelectrica (SNN 0,5 million Ron cumulative/year),

Exposures to the banking financial sector were due to the following acquisitions (> 100,000 Ron):

- Banca Transilvania (TLV 11 million Ron cumulative/year),
- BRD (BRD 6 mil. million Ron cumulative/year),
- Bucharest Stock Exchange (BSE 4,1 million Ron cumulative/year),
- SIF Oltenia (SIF5 0,5 million Ron cumulative/year),
- STK Emergent (STK 0,3 million Ron cumulative/year),

Exposures to other business sectors were given by the following acquisitions (> 100,000 Ron):

- Alro Slatina (ALR 1,3 million Ron cumulative/year),
- Mecanica Rotes (METY 0,6 million Ron cumulative/year),
- Fondul Închis de Investiții BET-FI Index Invest (BTF 1,2 million Ron cumulative/year).

The sale of shares during the year 2018 also produced significant changes in the structure of placements in the tradable portfolio by activity sectors. Compared to 2017, exposure to the financial and banking sector has increased considerably, from 15,8% to 77,61% as a result of the reorientation of the investments towards it

Sector exposure of the equity portfolio as at 31 December 2018

At the end of 2018, the value of non-listed companies in their own portfolio stood at 13,19 million lei, slightly higher than in the previous year. We mention that the shares of Minesa IPCM S.A. were part of the BRK Financial Group's portfolio at the end of 2018, the actual transfer of ownership being made only on February 18, 2019.

As far as the portfolio of fund units of the company, it decreased by 34% in 2018, the number decreasing. In 2018, BTF and Fdi TehnoGlobinvest and Fdi Translvania funds were withdrawn.

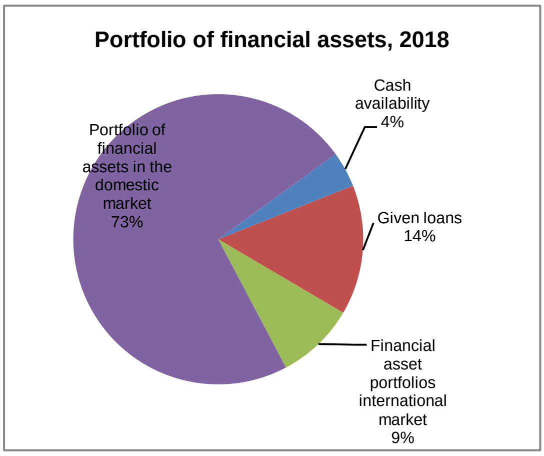
Other securities include bonds held by Impact Developer & Contractor (IMP) and Chronostyle International, worth 12,7 million lei. Besides these were also included the structured products purchased by the company in the year 2018 with underlying assets of OMV Petrom, Banca Transilvania and BRD - Societe Generale.

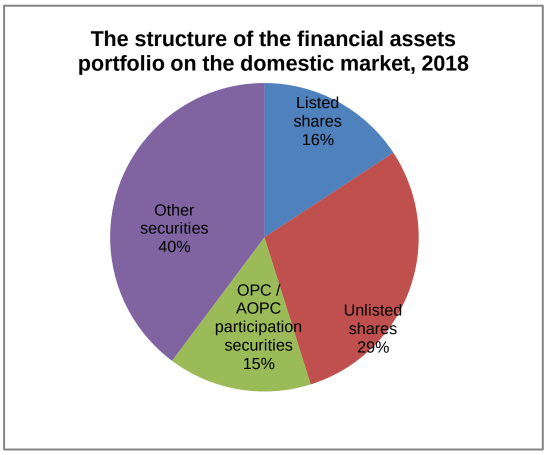
In addition to financial investments in listed companies, closed-end companies, fund units or other securities, the company's portfolio of financial assets also includes cash, loans, market and structured financial assets, and tradables on international markets.

Thus, at the end of 2018, the total assets portfolio of BRK Financial Group amounted to RON 59,69 million, up 20,54% compared to the level recorded in 2017. The portfolio valuation of the shares was made by marking market position of all positions in the trading book market, at the fair value determined in accordance with international valuation standards for all holdings classified as long-term investments and the non-marketable portfolio.

The evolution of the portfolio of financial assets	Structure		Absolute values	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Cash availability	4,00%	3,06%	2.191.875	1.515.211
Loans granted, out of which:	14,10%	16,10%	7.730.511	7.971.985
Customer Loan - Margin Trading	*9,88%*	*12,65%*	*5.416.511*	*6.265.408*
Loans to other companies	*4,22%*	*3,45%*	*2.314.000*	*1.706.577*
Financial asset portfolios international market	8,86%	0,22%	4.856.066	107.642
Domestic stock market portfolio	73,05%	80,62%	40.061.266	39.924.665
Total	**100%**	**100,00%**	**54.830718**	**49.519.503**

Loans granted by the BRK Financial Group, totaling RON 7.73 million, include both loans to customers for margin trading on the BSE and loans to third parties. Loans to customers for margin transactions amounted to almost 5.4 million Ron at the end of 2018, down from 2017. Loans granted to third parties by BRK Financial Group increased from 2018 to 2.3 Ron Ron, from 1.7 million Ron in 2017.





Regarding the changes in the structure of the company's total financial assets portfolio, it is noted that the value of its own equity portfolio on the domestic market, as well as the international one, of loans granted to third parties.

9. Operational infrastructure

9.1. Territorial network of subunits

In 2018, the territorial network of SSIF BRK Financial Group SA did not change, including a number of 4 agencies: Bucharest, Iasi, Suceava and Timisoara. Along with these agencies, a number of 17 BRK Financial Group (Delegated Agents) employees ensure the presence of the company and its services at national level.

The head office of BRK Financial Group is located in Cluj-Napoca, Calea Moţilor no. 119.

9.2. The staff of the company

In 2018, the average number of employees reached 39, slightly lower than the end of 2017 when the average number of employees was 42 people. At the end of 2018, the company's actual number of employees was 41, down slightly compared to 2017 when it totals 42 people.

The number of employees in the category of financial investment services agents decreased in 2018 to 25 persons, compared to 27 persons authorized in 2017. The administrative staff was maintained at the same level - 15 people employed as in 2017. At the end of 2018, The BRK Financial Group had 17 mandate contracts terminated.

The company's development strategy implies the expansion of the activity, respectively the increase of the number of employees in the future, both in administrative and support roles, as well as in direct productive segments (expansion of sales force). The company continuously encourages and supports the professional development and specialization of the personnel employed in the area of competence specific to each of them through participation in vocational training programs and continuous professional training.

The decrease of the number of employees is also due to the difficulties encountered in the recruitment of staff taking into account the niche our company operates and the conditions in the labor market.

9.3. Research & Development activity

R & D activities of the company are geared towards improving software and developing new investment products, such as structured products.

BRK Financial Group has implemented a new on-line trading platform so that it can offer customers easier access to portfolio management. The new platform (Arena XT) provides customers with multiple accessibility (web connection, smartphone app).

In order to align the company to Mifid II, the company has made strong efforts in 2018 to update its internal IT programs.

10. Objectives for 2019

The objectives for 2019 are in line with both corporate and group strategy.

Financial environment and business affairs

In a national economic context characterized by poor financial intermediation, BRK Financial Group aims at building a real investment supermarket that combines its own investments, especially in the fintech area and startup, with attracting funds from investors professional and retail companies to jointly render them jointly, either directly or through funds managed by SAI Broker SA, and last but not least, the offering of the whole range of financial services from "execution only" platforms to sophisticated portfolio management and consulting services.

The courageous vision is in line with the trust that the company's shareholders have, with extensive experience and high potential in the financial field, as well as high-skilled staff and experienced management team. The leadership heterogeneity and the balance between optimism and prudence are key factors in the company's strategy.

The Investment Company

The only listed brokerage company in Romania is determined to use in the near future all the advantages deriving from this quality and to share the interests of the shareholders with their own and the clients, in finding competitive returns and creating diversified and attractive investment instruments.

Issuer of financial instruments

A young, ambitious and dedicated team has already shown creatively that it can conquer the national market and that the objective of the next three years is closely linked to a significant share of the regional structured products market.

Investment funds

SAI Broker has the vocation of the vehicle that manages and coagulates diversification products addressed to customers with portfolios that do not allow a reasonable degree of diversification, but also to professional and institutional clients who take risks associated with significant gains.

Investment in technology

The BRK Financial Group will continue to seek financial and investment support, as well as managerial know-how, startups or ambitious entrepreneurial teams, analyzing the opportunities offered by them and coordinating their work and initiating the governance system. Medium-term objectives focus on increasing the two startups in the group and capitalizing on their potential as profitable.

Intermediary services

The immediate objective is to create a simplified and robust service offering access to the national and external markets by increasing speed using automated operating procedures and a transfer of customer operations to the Internet.

Portfolio management services

The appropriateness of services and investments to customer profiles and alignment to the highest MIFID II standards is an immediate objective of this year. The investment selection experience, which will be correlated with an efficient allocation of asset classes and diversified, monetary and financial exposures globally, will be the basis of the individual portfolio management mechanism.

Structure and staff policy

The crystallization of an experienced, qualified and professionalized management and control team, as well as a team of young and enthusiastic staff, will be the combination of success in a dynamic sector at both investment and legislative level. The strategic objective for the next and next year is the recruitment of young staff and the close correlation of staff revenues with the overall performance of the team and the company.

Policies of good governance

The company is in the process of organizational repositioning and procedural reassessment and aims at finalizing within a short time the appropriate corporate framework for the strategy and the objectives assumed. The medium-term objective is that the Policy and General Framework of Corporate Governance be implemented methodically and appropriately across all entities in the group by transferring know-how and managerial experience. Another priority corporate objective is to enhance the communication and transparency of the decision-making process, both within the internal institutional framework of the group and at the shareholders level.

Last but not least, **the confidence** in the company's ability to achieve its goals and meet the commitments made to its customers and shareholders, the confidence it has to bring to the stability of the financial markets, the trust that must be inspired by all the investors in the market capital, and the trust it has to convey to other competing, partner or supervisory institutions, will be the foundation of our business.

11. Important events after the end of the financial year

- January 4th 2019 – BRK Financial Group informed the general public about the resignation of Mr. Cătălin Mancaş from the position of Deputy Manager / Deputy General Manager, who continued to be a member of the Board of Directors of SSIF BRK Financial Group and was appointed to committees established at the level The Board of Directors, together with the other members.
- Jnauary 15th 2019 – The company informed the general public of the rejection of the authorization of Mr. Grigore Chiş as a member of the Board of Directors of the BRK Financial Group following the decision of the Financial Supervisory Authority dated January 14, 2019.
- January 16th 2019 – The company published the financial communication calendar for 2019.
- January 17th 2019 – The company informed the general public about the conclusion of a loan agreement granted to S.C. Romlogic Technology SA, in the amount of RON 1.170.550, with an annual interest rate of ROBOR 3M +5%, and the repayment term was set on 16.04.2019.
- January 31st 2019 – The company informed the general public about the conclusion of a loan agreement granted on November 2, 2018 to S.C. Firebyte Games S.A. in the amount of 100.000 lei at an annual interest rate of ROBOR 3M +7%, and the repayment term was set at 30.04.2019.
- February 1st 2019 – The Company informed the shareholders and investors that at the meeting held on 31.01.2019 Mr. Darie Moldovan has resigned as Chairman of the Board, maintaining the position of member of the Board of Directors. At the same meeting Mr. Nicolae Gherguş was elected Chairman and Mrs. Monica Ivan was elected as Vice-chairman of the Board of Directors of BRK Financial Group.
- February 8th 2019 – The company announced that it has concluded two additional documents related to two loan agreements with S.C. Firebyte Games S.R.L. for granting a loan of 78.439,73 lei and 87.409,59 respectively, with an annual interest rate of ROBOR +7% and a repayment term of the loan: 01.07.2019, for both of them.
- February 13rd 2019 – The Independent Auditor's Report has been published on the information included in the Company's current reports.
- February 15th 2019 – BRK Financial Group published the preliminary financial results as at December 31, 2018.
- February 18th 2019 – The company informed shareholders, investors and the general public that on February 15, 2019 a Minesa sale and purchase agreement was concluded. The object of the contract was the sale of 75.638 shares of Minesa IPCM S.A., representing 29,1% of the share capital, at the price of 11,11 euro / share, the value of the contract being thus 840.338,2 euros.
- March 4th 2019 – The company has concluded an addendum to the loan agreement with S.C. Romlogic Technology S.A. through which for the loan granted on 28.11.2018 the refund period was extended until 01.09.2019, and the annual interest rate was fixed at 10%, the amount of the loan being of 235.000 lei.
- March 14th 2019 – The sale transaction of an aggregate volume of 2.855.855 BRK shares at the price of 0,075 RON / share, belonging to Mrs. Mancaş Simona Gabriela, a person with close links with Mancaş Cătălin, administrator, was notified.
- March 14th 2019 – The company informed the general public about the conclusion of a loan agreement granted to S.C. Romlogic Technology S.A. in the amount of 2.000.000 lei, with an annual interest rate of ROBOR 3M +5%, and the repayment term was set on September 15, 2019, the loan being guaranteed with a stock of 2.700 equinoq Equinoq units.

- March 18th 2019 – The transaction for the sale of an aggregate volume of 14.145 BRK shares at the price of 0,0724 RON / share, belonging to Mrs. Mancaş Simona Gabriela, a person with close links with Mancaş Cătălin, administrator, was notified.
- March 18th 2019 – The OGMS and EGMS were convened for April 24/25, 2019.

12. Financial and accounting statements

12.1. Financial position

Individual situation of the financial position at 31 December 2018

In Ron		**31.12.2018**	**31.12.2017**
Assets			
Intangible assets	8	1.858.723	2.494.273
Tangible assets	9	6.160.916	6.190.220
Real estate investments	10	918.186	1.030.143
Financial assets available for sale	11	-	21.758.384
Financial assets measured at fair value through profit or loss	11	44.718.868	18.033.358
Financial assets at amortized cost	11	-	240.565
Loans and advances granted	15	5.416.511	7.971.985
Commercial receivables and other receivables	15	722.343	589.079
Other financial assets		12.267.062	12.304.536
Account in the bank related to the clients	17	31.750.494	26.367.367
Cash and cash equivalents	17	2.191.875	1.499.645
Assets classified as held for sale	14	544.721	544.721
Total assets		**106.549.699**	**99.024.275**
Equity			
Social capital	18	54.039.987	54.039.987
Adjustment of share capital	18	4.071.591	4.071.591
Own shares	18	(24.047)	(24.047)
Prime-linked capital	18	5.355	5.355
Reserves from revaluation of available-for-sale financial assets		-	3.623.734
Other reservations	19	10.860.687	10.860.687
Total Reserves	19	10.860.687	14.484.421
The current result	20	(2.804.699)	(4.654.398)
Reported result	20	(9.888.466)	(8.626.375)
Total equity attributable to the Company's shareholders		**56.260.407**	**59.296.533**
Liability			
Debts on financial leasing	26	37.176	74.234
Provisions		0	0
Total long-term debt		**37.176**	**74.234**
Short term bank debt	22	4.991.870	5.006.087
The current part of debts on financial leasing	22	37.125	48.087
Amounts due to customers (customer availability)	22	35.942.908	30.938.001
Trade and other debt	21	9.130.964	3.211.150
Provisions	23	149.249	450.182
Total current liabilities		**50.252.115**	**39.653.507**
Total debt		**50.289.292**	**39.727.742**
Total equity and liabilities		**106.549.699**	**99.024.275**

Chairman of BOD,
Nicolae Gherguș

Chief accountant,
Sandu Pali

12.2. Financial Performance

Individual statement of the overall result
Report on 31.12.2018

In Ron		**2018**	**2017**
Continuous activities			
Income from commissions and related activities	25	3.151.295	4.566.717
Net financial gains other than dividends	22	2.162.486	4.552.836
Net financial losses from transactions with shares and bonds	29	(1.604.123)	4.073.935
Net financial gain from transactions with Turbo products	29	1.761.567	478.902
Net gains from the measurement of financial assets measured at fair value through the unrealized gain and loss	29	2.005.042	0
Financial income from dividends	29	338.370	318.222
Financial interest income	29	1.478.985	621.943
Income from rentals	25	11.652	16.543
Income from valuation of real estate investments and available assets for sale		-	96.301
Other incomes	26	302.614	13.961
Income from the write-off of provisions for risks and expenses		300.933	0
Income from adjustments for impairment of current assets		10.896	19.151
Total income from continuing operations		**7.757.230**	**10.205.674**
Expenses with staff and collaborators	27	(4.230.034)	(4.666.621)
Other operating expenses	28	(411.027)	(412.453)
Expenditure on raw materials, materials		(111.934)	(134.534)
Expenditure on energy and water		(109.187)	(110.627)
Expenses with taxes and fees		(189.905)	(167.291)
Expenditure on external benefits	29	(3.688.786)	(3.131.667)
Value adjustments of intangible and tangible assets		(1.052.256)	(1.115.327)
Expenses with provisions for risks and expenses		-	(58.702)
Interest charges		(194.491)	(14.430)
Net financial losses	30	-	(172.296)
Impairment losses		-	(4.539.884)
Net loss on disposal / disposal of fixed assets		(179)	(180.393)
Losses from impairment of receivables		(126.464)	0
Other expenses	30	(858.693)	(568.300)
Total expenses		**(10.561.931)**	**(14.860.073)**
Expenses with provisions for risks and expenses		-	-
Result of exploitation activities		**(2.804.699)**	**(4.654.398)**
Loss before tax		**(2.804.699)**	**(4.654.398)**
Profit tax expense	31	-	-
Loss of the period		**(2.804.699)**	**(4.654.398)**

Individual statement of comprehensive income (continued)

Report on 31.12.2018

In Ron		**2018**	**2017**
Other elements of the overall result			
Net change in the fair value of available-for-sale financial assets transferred to the income statement		0	(1.780.164)
Positions that can be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets		0	1.604.216
Free action received classified as available for sale		-	-
Changes in value of available-for-sale assets		-	-
Positions that can not be reclassified to profit or loss			
Value changes of the used assets			1.226.718
Changes in value of real estate investments		-	-
Creation / cancellation of profit reserves for free of charge to employees		-	-
Tax related to other elements of the overall result			
Total other comprehensive income for the period		**0**	**1.050.770**
Total income statement and other items of comprehensive income for the period		**(2.804.699)**	**(3.603.628)**
		2018	**2017**
Loss attributable:			
Shareholders of the Company		(2.804.699)	(4.654.398)
Interests without control		0	0
Loss of the period		(2.804.699)	(4.654.398)
Total Global Attributable Result:			
Shareholders of the Company		(2.804.699)	(3.603.628)
Interests without control		0	0
Total global result for the period		(2.804.699)	(3.603.628)
Result per share			
Basic earnings per share (RON)	24	(0,0083)	(0,0138)
The diluted earnings per share (lei)	24	(0,0083)	(0,0138)
Continuous activities			
Basic earnings per share (RON)		(0,0083)	(0,0138)
The diluted earnings per share (RON)		(0,0083)	(0,0138)

.

Chairman of BOD, Chief accountant,

Nicolae Gherguș Sandu Pali

12.3. State of cash flows

Individual situation of financial flows for 2018

	31.12.2018 RON	31.12.2017 RON
Operational activities:		
Gross profit	**(2.804.699)**	**(4.654.398)**
Adjustments to reconcile net result with net cash used in operating activities:		
Adjustment of tangible and intangible assets	1.052.256	1.115.327
Income from redemption own shares	-	-
Losses related to available-for-sale financial assets	-	4.539.884
Unrealized losses from the valuation of financial assets	(2.005.042)	(909.869)
Adjusting the value of short-term investments	-	-
Profit tax	-	-
Provisions for current and non-current assets	115.569	10.072
Provisions for risks and expenses	(300.933)	58.702
Interest Expenses	194.491	14.430
Interest income	(1.478.985)	(621.943)
Revenue from dividends	(338.370)	(318.222)
Relative earnings of turbo certificates	(1.761.567)	(478.902)
Gain / (loss) on the sale of property, plant and equipment	179	180.393
Income from exchange rate difference, related IB, IG	(215.592)	172.296
Increase / (decrease) in operating cash before changes in working capital	**(7.542.694)**	**(892.230)**
Changes in working capital:		
(Growth) / Decrease in balances of other receivables	(248.401)	4.594.080
Growth / (Decrease) in trade balances and other liabilities	11.355.738	(6.819.275)
Increase / (Decrease) in asset balances available for sale	-	-
Net cash flow generated by operational activities	**494.940**	**(4.277.613)**
Cash flows from operating activities:		
Profit tax paid	-	-
Interest receipts	449.466	704.154
Interest paid	(190.243)	(3)
Net cash flow generated by operating activities	***3.823.867***	***(2.413.274)***
Cash flows from investing activities:		
Cash payment for the acquisition of tangible and intangible assets and real estate investments	(272.445)	(1.038.433)
Payment / Cash Income for Purchase of Financial Instruments	499.073	(6.674.930)

Cash receipts from the sale of land and buildings, plant and equipment, intangible assets and other long-term assets		-	19.454
Dividends received		338.370	270.207
(Loans granted) / reimbursed affiliates		(706.867)	(1.699.620)
Net position of earnings from sales of turbo certificates and IG payments		1.646.186	2.333.106
Interest receivable on underwriting bonds		819.088	-
Effect of exchange rate fluctuations on loans and debts		-	-
Net cash flow generated by investment activities		**2.320.405**	**(6.790.216)**
Cash flows from financing activities:			
Payment for leasing		(54.697)	(69.397)
Receives / pays short-term bank credits		(14.217)	5.006.087
Net cash flow generated by financing activities		**(68.915)**	**4.936.690**
Cash flows - total		**6.075.356**	**(4.266.800)**
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		27.867.012	32.133.811
Increase / (decrease) in cash and cash equivalents		6.075.357	(4.266.800)
Effect of exchange rate fluctuation on the opening balance of cash and cash equivalents			
Cash and cash equivalents at the end of the period		**33.942.369**	**27.867.012**
Of which unavailable (under seizure)	24	4.980.780	4.980.780
From which :			
Cash held on behalf of clients		31.750.494	26.351.801
Cash held in the name of the company		2.191.875	1.515.211

Chairman of BOD, Chief accountant,

Nicolae Gherguș Sandu Pali

Separate financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") for the year ended

December 31, 2018

Separate financial statements

Separate statement of financial position as at December 31, 2018

In RON		December 31, 2018	December 31, 2017
Assets			
Intangible assets	**8**	1,858,723	2,494,273
Tangible assets	**9**	6,160,916	6,190,220
Investment property	**10**	918,186	1,030,143
Available-for-sale financial assets	**11**	-	21,758,384
Financial assets at fair value through other comprehensive income	**11**	44,718,868	18,033,358
Financial assets at amortised cost	**11**	-	240,565
Loans and advances granted	**15**	5,416,511	7,971,985
Trade and other receivables	**15**	722,343	589,079
Other financial assets		12,267,062	12,304,536
Bank account for clients	**17**	31,750,494	26,367,367
Cash and cash equivalents	**17**	2,191,875	1,499,645
Assets classified as held for sale	**14**	544,721	544,721
Total assets		**106,549,699**	**99,024,275**
Equity			
Share capital	**18**	54,039,987	54,039,987
Adjustment of share capital	**18**	4,071,591	4,071,591
Own shares	**18**	(24,047)	(24,047)
Share premiums	**18**	5,355	5,355
Reserves from the revaluation of available-for-sale financial assets		-	3,623,734
Other reserves	**19**	10,860,687	10,860,687
Total reserves	**19**	10,860,687	14,484,421
Current result	**20**	(2,804,699)	(4,654,398)
Retained earnings	**20**	(9,888,466)	(8,626,375)
Total equity attributable to Company's shareholders		**56,260,407**	**59,296,533**
Liabilities			
Financial lease liabilities	**22**	37,176	74,234
Provisions		-	-
Total non-current liabilities		**74,234**	**23,601**

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

Short-term bank liabilities	**22**	4,991,870	5,006,087
Current portion of finance lease liabilities	**22**	37,125	48,087
Amounts payable to clients (clients' available funds)	**22**	35,942,908	30,938,001
Trade and other payables	**21**	9,130,964	3,211,150
Provisions	**23**	149,249	450,182
Total current liabilities		**50,252,115**	**39,653,507**
Total liabilities		**50,289,292**	**39,727,742**
Total liabilities and equity		**106,549,699**	**99,024,275**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, Nicolae Ghergus

Serban Nascu, General Manager

Chief Accountant: Sandu Pali

Delegate: Alexandra Maxim

Separate statement of comprehensive income

Reporting as at December 31, 2018

In lei		**2018**	**2017**
Continued operations			
Revenues from commissions and related activities	**25**	3,151,295	4,566,717
Net finance gains other than dividends	**22**	2,162,486	4,552,836
Net finance losses on transactions with shares and bonds	**29**	(1,604,123)	4,073,935
Net finance gains on transactions with Turbo products	**29**	1,761,567	478,902
Net gains on financial assets measured at fair value through profit or loss, unrealised	**29**	2,005,042	-
Financial revenues from dividends	**29**	338,370	318,222
Financial interest revenues	**29**	1,478,985	621,943
Income from rentals	**25**	11,652	16,543
Income from the valuation of investment property and available-for-sale assets		-	96,301
Other revenues	**26**	302,614	13,961
Revenues from write-off of provisions for risks and charges		300,933	-
Income from impairments of current assets		10,896	19,151
Total revenues from continued operations		**7,757,230**	**10,205,674**
Expenses with employees and collaborators	**27**	(4,230,034)	(4,666,621)
Other operating expenses	**28**	(411,027)	(412,453)
Expenses with raw materials and consumables		(111,934)	(134,534)
Expenses with power and water		(109,187)	(110,627)
Expenses with taxes and levies		(189,905)	(167,291)
Expenses with suppliers' services	**29**	(3,688,786)	(3,131,667)
Value adjustments of intangible and tangible assets		(1,052,256)	(1,115,327)
Expenses with allowances for risks and charges		-	(58,702)
Expenses with interest		(194,491)	(14,430)
Net finance losses	**30**	-	(172,296)

Impairment of investments		-	(4,539,884)
Net loss on the disposal/decommissioning of non-current assets		(179)	(180,393)
Impairment of receivables		(126,464)	-
Other expenses	**30**	(858,693)	(568,300)
Total expenses		**(10,561,931)**	**(14,860,073)**
Expenses with provisions for risks and charges		-	-
Result of operating activities		**(2,804,699)**	**(4,654,398)**
Loss before tax		**(2,804,699)**	**(4,654,398)**
Expenses with income tax	31	-	-
Loss for the period		**(2,804,699)**	**(4,654,398)**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, Nicolae Ghergus

Serban Nascu, General Manager

Chief Accountant: Sandu Pali

Delegate: Alexandra Maxim

Separate statement of comprehensive income

Reporting as at December 31, 2018

In RON	**2018**	**2017**
Other comprehensive income		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	(1,780,164)
Lines that may be restated to profit or loss		
Net changes in the fair value of available-for-sale financial assets	-	1,604,216
Free shares collected, classified as available-for-sale	-	-
Changes in the value of available-for-sale assets	-	-
Items that cannot be restated to profit or loss		
Changes in the value of used non-current assets		1,226,718
Changes in the value of investment property	-	-
Set-up/write-off of profit for the allocation of free shares to employees	-	-
Tax on other comprehensive income		
Total other comprehensive income for the period	**-**	**1,050,770**
Total profit or loss and other comprehensive income for the period	**(2,804,699)**	**(3,603,628)**

	2018	**2017**
Loss attributable to:		
Company's owners	(2,804,699)	(4,654,398)
Non-controlling interests	-	-
Loss for the period	**(2,804,699)**	**(4,654,398)**

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

Total comprehensive income attributable to:			
Company's owners		(2,804,699)	(3,603,628)
Non-controlling interests		-	-
Total comprehensive income for the period		(2,804,699)	(3,603,628)
Earnings per share			
Basic earnings per share (lei)	24	(0,0083)	(0,0138)
Diluted earnings per share (lei)	24	(0,0083)	(0,0138)
Continued operations			
Basic earnings per share (lei)		(0,0083)	(0,0138)
Diluted earnings per share (lei)		(0,0083)	(0,0138)
December 31, 2018			
Weighted average number of outstanding shares		337,749,919	337,749,919

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,	**Serban Nascu,**	**Chief Accountant: Sandu Pali**
Nicolae Ghergus	**General Manager**	**Delegate: Alexandra Maxim**

Separate statement of changes in shareholders' equity as at December 31, 2017

In RON	Share capital	Own shares	Revaluation differences	Legal and statutory reserves	Fair value reserves	Other reserves	Losses on own shares	Retained earnings	Retained earnings from adoption of IFRS	Total equity
Balance as at January 1, 2017, restated	**54,039,987**	**(24,047)**	**2,297,334**	**4,587,875**	**3,799,682**	**2,748,760**	**4,076,946**	**(4,533,091)**	**(4,166,868)**	**62,826,576**
Loss	-	-	-	-	-	-	-	(4,654,398)	-	(4,654,398)
Gains transferred to profit or loss	-	-	-	-	(1,780,164)	-	-	-	-	(1,780,164)
Net changes in the fair value of available-for-sale financial assets	-	-	-	-	1,604,216	-	-	-	-	1,604,216
Changes in the value of used non-current assets	-	-	1,226,718	-	-	-	-	73,584	-	1,300,302
Total other comprehensive income	**-**	**-**	**1,226,718**	**-**	**(175,948)**	**-**	**-**	**(4,580,814)**	**-**	**1,124,354**
Total comprehensive income for the period	**-**	**-**	**1,226,718**	**-**	**(175,948)**	**-**	**-**	**(4,580,814)**	**-**	**(3,530,044)**
Balance as at December 31, 2017	**54,039,986**	**(24,048)**	**3,524,052**	**4,587,874**	**3,623,733**	**2,748,759**	**4,076,945**	**(9,113,907)**	**(4,166,869)**	**59,296,533**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, **Serban Nascu,** **Chief Accountant: Sandu Pali**

Nicolae Ghergus **General Manager** **Delegate: Alexandra Maxim**

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

Separate statement of changes in shareholders' equity as at December 31, 2018

In RON	Share capital	Own shares	Revaluation differences	Legal and statutory reserves	Other reserves	Losses on own shares	Retained earnings from adoption of IFRS	Retained earnings	Total equity
Balance as at January 1, 2018	**54,039,986**	**(24,048)**	**3,524,052**	**4,587,874**	**2,748,759**	**4,076,945**	**(4,166,869)**	**(9,113,907)**	**59,296,533**
Changes further to the adoption of IFRS 9 (please see Note 3(a))	-	-	-	-	-	-	3,392,306	-	(231,427)
Balance as at January 1, 2018, restated	**54,039,986**	**(24,048)**	**3,524,052**	**4,587,874**	**2,748,759**	**4,076,945**	**(774,562)**	**(9,113,907)**	**59,065,106**
Profit for the period	-	-	-	-	-	-	-	(2,804,699)	(2,804,699)
Other comprehensive income	-	-	-	-	-	-	0	-	-
Gains transferred to profit or loss	-	-	-	-	-	-	-	-	-
Changes in the value of available-for-sale non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of used non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of investment property	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
Deferred income tax on non-current assets	-	-	-	-	-	-	-	-	-
Changes in profit or loss	-	-	-	-	-	-	-	-	-
Decrease of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold to reserves	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-

Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,804,699)	(2,804,699)
Operations with own shares									
Own shares redeemed		-							-
Total operations with own shares		-	-	-	-	-		-	-
Balance as at December 31, 2018	**54,039,986**	**(24,048)**	**3,524,052**	**4,587,874**	**2,748,759**	**4,076,945**	**(774,562)**	**(11,918,603)**	**56,260,407**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,

Nicolae Ghergus

Serban Nascu,

General Manager

Chief Accountant: Sandu Pali

Delegate: Alexandra Maxim

Separate statement of cash flows as at December 31, 2018

	December 31, 2018	December 31, 2017
	RON	RON
Operating activities		
Gross profit	**(2.804.699)**	**(4.654.398)**
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	1,052,256	1,115,327
Income from own shares redeemed	-	-
Impairment of available-for-sale financial assets	-	4,539,884
Unrealised gains (-)/(+)losses of the measurement of financial assets	(2,005,042)	(909,869)
Value adjustments of short-term investments	-	-
Income tax	-	-
Provisions for current and non-current assets	115,569	10,072
Provisions for risks and charges	(300,933)	58,702
Expenses with interest	194,491	14,430
Interest income	(1,478,985)	(621,943)
Dividend income	(338,370)	(318,222)
Relative gains from Turbo certificates and IG	(1,761,567)	(478,902)
Gain/(loss) on sale of tangible assets	179	180,393
Income from foreign exchange differences for IB, IG	(215,592)	172,296
Increase/(Decrease) of operating cash before changes to working capital	**(7,542,694)**	**(892,230)**
Changes in working capital:		
(Increase)/Decrease in balances of other receivables	(248,401)	4,594,080
Increase/(Decrease) in balances of trade and other payables	11,355,738	(6,819,275)
Increase/(Decrease) in balances of available-for-sale assets	-	-
Cash flows generated by operating activities	**3,564,643**	**(3,117,425)**

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

Cash flows from operating activities		
Income tax paid	-	-
Proceeds from interest	449,466	704,154
Interest paid	(190,243)	(3)
Net cash flows generated by operating activities	***3,823,867***	***(2,413,274)***
Cash flows from investing activities		
Cash payment for purchase of tangible and intangible assets and investment property	(275,445)	(1,038,433)
Cash payment for purchase of financial instruments	499,073	(6,674,930)
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	-	19,454
Dividends received	338,370	270,207
(Loans granted)/reimbursed to related parties and client margin	(706,867)	(1,699,620)
Net position on collections from sale of turbo certificates and IG payments	1,646,186	2,333,106
Interest received on subscribed bonds	819,088	-
Effect of changes in exchange rate on loans and liabilities	-	-
Net cash flows generated by investing activities	**2,320,405**	**(6,790,216)**

	December 31, 2018	December 31, 2017
	RON	**RON**
Cash flows from financing activities:		
Lease payments	(54,697)	(69,397)
Collections/payments of short-term bank loans	(14,217)	5,006,087
Net cash flows generated by financing activities	**(68,915)**	**4,936,690**
Total cash flows	**6,075,356**	**(4,266,800)**

Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		27,867,012	32,133,811
Increase/(Decrease) in cash and cash equivalents		6,075,357	(4,266,800)
Effect of changes in exchange rate on the opening balance of cash and cash equivalents			
Cash and cash equivalents at the end of the period		**33,942,369**	**27,867,012**
of which blocked (attachment)	24	4,980,780	4,980,780
Of which:			
Cash on behalf of clients		**31,750,494**	**26,351,801**
Cash on behalf of the company		**2,191,875**	**1,515,211**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,	**Serban Nascu,**	**Chief Accountant: Sandu Pali**
Nicolae Ghergus	**General Manager**	**Delegate: Alexandra Maxim**

1. REPORTING ENTITY

SSIF BRK FINANCIAL GROUP SA („the Company") is a financial investment company headquartered in Romania. The address of the registered office is in Cluj-Napoca, str Motilor nr 119. The main activity of SSIF BRK FINANCIAL GROUP SA is intermediation of financial investment services.

The financial statements of SSIF BRK FINANCIAL GROUP SA are separate financial statements ("the financial statements") of the company and have been prepared according to Rule no. 39/2015 approving the accounting regulations compliant with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), applied by entities authorized, regulated and supervised by the Financial Supervisory Authority – Financial Instruments and Investments and are the Company's responsibility.

The annual separate financial statements for 2018 and 2017 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

SSIF BRK FINANCIAL GROUP SA issues financial statements for the financial year ended December 31, 2018 and consolidated financial statements in accordance with IFRS. The consolidated financial statements of SSIF BRK FINANCIAL GROUP SA as at December 31, 2018 will be prepared, approved and made public at a later date following the publication of these separate financial statements, and compliance with the legal provisions is the responsibility of the Company's management.

2. BASIS OF PREPARATION

a) Statement of compliance

The separate financial statements are prepared by the Company in accordance with IFRS. The Company has prepared these separate financial statements in order to comply with the requirements of Rule 39/2015, revised, approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (FSA).

Within the meaning of Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by (EC) Regulation no. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, as revised.

b) Basis of measurement

The financial statements were prepared at historical cost, except for the following significant items in the statement of financial position:

- financial assets held at fair value through profit or loss are stated at fair value;
- derivatives are stated at fair value;
- investment property is stated using the revaluation model in accordance with IAS 40;
- non-current assets representing buildings and related land are stated at revalued amount, in accordance with IAS 16;
- available-for-sale non-current assets are stated at fair value in accordance with IFRS 5;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

Under IAS 29, an economy is deemed hyperinflationary is, apart from other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continued fall in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect on the financial periods as of January 1, 2004. Therefore, IAS 29 was adopted in the preparation of the separate financial statements as at December 31, 2003.

2. BASIS OF PREPARATION (continued)

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

For the purpose of preparation of the separate financial statements, the Company adjusts the share capital so as to express the financial statements in the current measurement unit as at December 31, 2003.

Going concern

According to the management's assessments, the Company will continue to operate on a going concern basis in the foreseeable future. The Company's management estimates that the Company will continue to operate on a going concern for a period longer than 12 months as of the preparation of these financial statements.

Fair value

Certain accounting policies of the entity and disclosure requirements involve the determination of fair value both for financial assets and non-financial assets. Fair values have been determined for the purpose of evaluating and / or presenting information based on the methods described below. Where appropriate, additional information is provided on the assumptions used to determine fair values in the notes dedicated to such asset or liability.

i. Equity investments

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

1. The trading price: For investments quoted on the stock exchange, the Company looks for an active and liquid market, and uses as fair value the closing price in the last trading period at the end of the financial year.

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

3. The fair value determined by the asset-based method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset method.

4. Fair value resulting from the application of the comparative method – similar transactions: If in the last year on the local stock market there were significant transactions (>10% of the capital) involving the shares of companies operating in the same field of activity as the company under scrutiny, the evaluation price is considered to be the intrinsic value determined by applying the comparative method (using the evaluation multiples such as: P / E, P / B, P / S as reference at which the respective transactions were made compared to the results published by the companies in the previous financial year).

ii. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the effective interest rate. This fair value is determined for disclosure purposes.

iii. Derivatives

The fair value of derivative products closed at the end of the period is calculated as the minimum of the number of short and long positions multiplied by the difference between the average sale price and the purchase price and further multiplied by the number of contracts of the package. The resulting value affects the results account.

2. BASIS OF PREPARATION (continued)

The fair value of derivative products open at the end of the period is calculated if, at the end of the period, there are more sale contracts than purchase contracts as follows: the number of open positions calculated as number of short positions less long positions, multiplied by the difference of the average sale price and the quotation price at the end of the period. The calculation is the same when there are more purchase contracts than sale contracts at the end of the period. The resulting value adjusts the initial value of the security generated by the set margin.

iv. Financial liabilities

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

v. Loans granted

Loans granted to related parties are registered at fair value. Loan impairments are calculated according to the stage they are classified in according to the criteria described in Note 3 to these financial statements.

c) Functional and presentation currency

These financial statements are presented in lei (RON), which is also the functional currency of the Company. All financial information is presented in lei (RON), rounded to the nearest unit, unless otherwise specified.

d) Foreign currency

Operations denominated in foreign currencies are recorded in RON at the official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RON at the exchange rate of that date. Foreign exchange differences are recognized directly to other comprehensive income.

The exchange rates of the main foreign currencies published by the national Bank of Romania as at December 31, 2018 are the following: 4.6639 RON/EUR; 4.0736 RON/USD and 5.1931 RON/GBP (December 31, 2017: 4.6597 RON/EUR, 3.8915 RON/USD, and 5.2530 RON/GBP).

e) Use of estimates and professional judgments

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

The judgments and assumptions underlying the financial statements are revised periodically by the Company. The revisions of accounting estimates are recognized when the estimate is revised and in the future affected periods.

Information on critical professional judgments of accounting policies that materially affect the amounts recognized in the financial statements is included in the following notes:

- Note 11 *Financial instruments* – classification of financial instruments
- Note 26 *Financial income and expenses* – losses on impairment of available-for-sale securities, which are reclassified from equity to financial expenses
- Note 16 – Deferred tax assets and liabilities
- Note 24 – Contingent assets and liabilities
- Note 33 – Fair value hierarchy

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company will be presented below. These separate financial statements have prepared in accordance with IFRS and the Company's accounting policies as presented herein below. The responsibility for these financial statements lies with the management of BRK Financial Group SA.

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

a) Adoption of IFRS 9

The adoption of IFRS 9 "Financial Instruments" replaces the existing provisions of IAS 39 "Financial Instruments: Recognition and measurement" and includes new principles as regards the classifications and measurement of financial instruments, a new model of credit risk to calculate the impairment of financial assets and new general requirements on hedge accounting. Also, it keeps similar principles to IAS 39 on the recognition and derecognition of financial instruments.

SSIF BRK FINANCIAL GROUP SA adopted IFRS 9 as of its initial application, i.e., January 1, 2018. The Company holds the following types of financial instruments: investments, bonds, cash and current accounts, fund units in closed funds, financial derivatives, other financial assets and liabilities. Further to the analysis made, as of the initial application of IFRS 9, BRK decided to state all investments at fair value through profit or loss (implicit option as per IFRS 9). Such approach is in line with the business model of the Company of managing the performance of its portfolio at fair value, with the intended purpose of maximising the returns for shareholders and increasing the net asset value per share through investments made, mainly in Romanian shares and securities.

There were no changes in the carrying amount of financial assets and liabilities upon transition to IFRS 9 as at January 1, 2018 compared to their previous amount under IAS 39, except those presented herein below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The classification and carrying amount of financial assets and liabilities under IAS 39 and IFRS 9 as at 1 January 2018 are presented in the table below:

IAS 39 (December 31, 2017)		IFRS 9 (January 1, 2018)		Impact from adoption of IFRS 9
Classification	**Carrying amount**	**Classification**	**Carrying amount**	
Available-for-sale financial assets - la cost, estimated at fair value	463,380	Financial assets at fair value through profit or loss	463,380	-
Available-for-sale financial assets at fair value	21,998,949	Financial assets at fair value through profit or loss	21,998,949	3,623,734
Financial assets at fair value through profit or loss	18,033,358	Financial assets at fair value through profit or loss	18,033,358	-
Other financial assets	12,304,536	Other financial assets (Sundry debtors from trading financial instruments)	12,304,536	-
Loans granted to affiliates and customers	8,245,483	Loans and advances granted – at fair value through profit or loss	8,014,056	(231,428)
TOTAL	**61,045,707**		**57,190,545**	**3,392,306**

As a result of the adoption of IFRS 9, with the date of initial application 1 January 2018, the fair value reserve for available-for-sale financial assets in amount of RON 3,392,306 was reclassified to retained earnings and the negative fair value difference between December 31, 2017 and the time of transition, in amount of RON 231,428 for loans granted to affiliates and customers was also reclassified to retained earnings.

In accordance with the transient provisions of IFRS 9, the Company decided not to restate the previous periods.

b) Financial instruments

i. Financial instruments

The company initially recognizes the loans, receivables and deposits at the date they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized at the date when the entity becomes part of the contractual terms of the instrument.

The entity derecognizes a financial asset when the contractual rights on the cash flows generated by the asset expire.

The entity has the following significant non-derivatives: financial assets at fair value through profit or loss, loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Financial assets or financial liabilities at fair value through profit or loss*

Further to the adoption of IFRS 9, as at January 1, 2018 the Company classified all of the investments at fair value through profit or loss (implicit option under IFRS 9). A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the entity manages those investments and makes purchase or sale decisions based on fair value in accordance with the investment and risk management strategy. Upon initial recognition, attributable trading costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes are stated to profit or loss. Financial assets at fair value through profit or loss are not subject to impairment testing. Loans to affiliates are tested for impairment depending on the fulfillment of the established scenarios that take into account probabilities of repaying such loans on term.

- *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable trading costs. Subsequent to initial recognition, loans and receivables are measured at fair value, loans granted to affiliates and customers, and other receivables at amortized cost.

Cash and cash equivalents comprise cash balances and sight deposits with original maturities of up to three months.

- *Financial assets and liabilities at amortised cost*

Financial assets at amortized cost are tested for impairment in accordance with IFRS 9.

For this purpose, these instruments are classified in Stage 1, Stage 2 or Stage 3, depending on their absolute or relative credit quality in terms of initial payments. Thus:

Stage 1: includes (i) newly recognized exposures; (ii) exposures for which credit risk has not materially deteriorated since initial recognition; (iii) low credit risk exposures (reduced credit risk exemption).

Stage 2: includes exposures that, although performing, have experienced a significant deterioration in credit risk since initial recognition.

Stage 3: includes impaired credit exposures.

For Stage 1 exposures, impairment is equal to the expected loss calculated over a time horizon of up to one year. For Stage 2 or 3 exposures, impairment is equal to the expected loss calculated over a time horizon corresponding to the full duration of the exposure.

As regards bank deposits and amortized cost bonds, the Company has opted to apply the low credit risk exemption in full compliance with IFRS 9.

Adjustments for impairment of receivables are based on the present value of the expected cash flows of the principal. To determine the present value of future cash flows, the basic requirement is to identify estimated collections, the payment schedule and the discount rate used.

The Company defined as "non-performing" exposures the receivables that meet one or both of the criteria:

- exposures for which the Company estimates that it is unlikely that the debtor will fully pay its obligations regardless of the exposure value and the number of days for which the exposure is delayed;
- unpaid amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Derivatives

Derivatives are initially recognized at fair value; attributable trading costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and subsequent changes are recognized immediately to profit or loss.

i. Financial assets (including receivables)

A financial asset that is not carried at fair value through profit or loss is tested at each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered impaired if there is objective evidence to suggest that after the initial recognition there was an event that caused a loss, and this event had an adverse impact on the expected future cash flows of the asset and the loss can be reliably estimated.

The objective evidence that the financial assets (including equity instruments) are impaired may include a debtor's failure to meet the payment obligations, the restructuring of an amount owed to the entity under terms that the entity would otherwise not accept, indication that a borrower or an issuer will go bankrupt, the disappearance of an active market for an instrument.

In addition, for a capital investment, a significant and long-term decline in fair value is objective evidence of impairment under IAS 39 for available-for-sale financial assets, a criterion that no longer applies after the transition to IFRS 9 because the Company has opted to measure equity and debt instruments at fair value through profit or loss.

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 evidence of impairment. If such evidence exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount of an asset or a cash-generating unit is the maximum of the value in use and fair value less costs to sell. In determining the value in use, expected future cash flows are updated to determine the present value, by using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks.

c) Property, plant and equipment

i. Recognition and measurement

Items included in property, plant and equipment are measured at the cost date and subsequently at revalued amount less accumulated depreciation and accumulated impairment losses.

Gains or losses on the disposal of a tangible asset are determined by comparing the proceeds from disposal of the asset with the carrying amount of the tangible asset and are recognized at net value under other revenues in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The revaluation reserve is reduced in each financial year by the amount corresponding to the amortization and transferred to retained earnings.

ii. Reclassification as investment property

Investment property is defined below in *Investment property (letter e)* section.
When the use of a property changes from real estate used by the owner to investment property, the property is revalued at fair value and reclassified as investment property.

iii. Subsequent costs

The cost of replacing a tangible asset component is recognized in the carrying amount of the asset if it is probable that the future economic benefits embedded in that component will flow to the entity and its cost

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

can be measured reliably. The accounting value of the replaced component is derecognized. Expenses with the current maintenance of the tangible asset are recognized in profit or loss as they are incurred.

iv. Depreciation of property, plant and equipment

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that substitutes cost, less the residual value.

Depreciation is recognized in profit or loss on the straight-line basis for the useful life estimated for each component of a tangible asset. Leased assets are depreciated over the shortest of the lease term and the useful life, unless it is reasonably certain that the entity will acquire the ownership right at the end of the lease. Land is not depreciated.

The useful lives for the current period and comparative periods are as follows:
- buildings - 40 years
- plant and equipment - 2-10 years; 5 years total average value
- vehicles - 5 years
- other plant, fixture and furniture - 3-10 years; 5 years total average value

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

d) Intangible assets

i. Goodwill

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. It is measured at cost less accumulated impairment losses.

ii. Subsequent expenses

Subsequent expenses are capitalized only when they increase the amount of future economic benefits embedded in the asset for which they are intended. All other expenses, including goodwill, are recognized in profit or loss when incurred.

iii. Amortization of intangible assets

Amortization is calculated for the cost of the asset or another value that replaces cost, less the residual value.

Amortization is recognized in profit or loss on a straight-line basis for the useful life estimated for intangible assets other than goodwill from the date they are available for use, this way reflecting the most accurately the expected pattern of consumption of the economic benefits embedded by the asset.

Estimated useful lives for the current and comparative periods are as follows: 3 years for all intangible assets, except goodwill.

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

e) Investment property

Investment property means property owned either to be leased or to increase the value of the capital or both, but not for sale in the ordinary course of business, use in production, supply of goods or services, or for administrative purposes. Investment property is valued as assets used, at fair value. Any appreciation or depreciation in their value is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Leased assets

Leases by which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. At the time of initial recognition, the asset subject to the lease is measured at the minimum of the 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 the asset.

Other lease contracts are classified as operating leases.

g) Lease payments

Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term. The operating lease facilities received are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments under finance leases are divided on a pro rata basis between lease interest expenses and reduction of lease debt. The lease interest expense is allocated to each lease term so as to generate a constant interest rate for the remaining lease debt.

Determining the extent to which an arrangement contains a lease: When initiating an arrangement, the entity determines whether the arrangement is or contains a lease operation.

h) Property, plant and equipment held for sale

Tangible assets or disposal groups containing assets or liabilities whose carrying amount is expected to be recovered principally through a sale operation and not through continuing use are classified as held for sale.

Prior to reclassification to tangible assets held for sale, the assets or components of a disposal group are revalued in accordance with the entity's accounting policies. Generally, assets or components of disposal groups are subsequently valued at the minimum of the carrying amount and the fair value less costs to sell.

Impairment losses related to a sales group are first allocated to goodwill and then pro rata to the remaining amount of assets and liabilities, except that no impairment will be allocated to inventories, financial assets, deferred tax assets, employee benefits and investment property, which continue to be valued in accordance with the entity's accounting policies. Impairment losses arising on initial classification as held for sale and subsequent gains or losses as a result of revaluation are recognized to profit or loss. Gains that exceed accumulated impairment losses are not recognized.

i) Non-derivative financial liabilities

Liabilities are recognized on the date when the entity becomes part of the instrument's contractual terms.

The entity derecognizes a financial liability when the contractual obligations are paid, cancelled or expire.

The entity has the following non-derivative financial liabilities: trade payables, debts to customers on their deposits and other liabilities.

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

j) Share capital

Ordinary shares

Ordinary shares are classified as part of equity. Additional direct costs attributable to the issue of ordinary shares are recognized as a reduction in equity at net book value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Buy-back of shares (treasury shares)

When the share capital recognized as part of equity is bought back, the amount of the consideration paid, which includes other directly attributable costs, net of tax effects, is recognized as a decrease in equity. Redeemed shares are classified as treasury shares and presented as a reduction in equity. When treasury shares are subsequently sold or re-issued, the amount received is recognized as an increase in equity and the surplus or deficit arising from the transaction is transferred to or from the retained earnings.

k) Employee benefits

i. Short-term benefits

Employees' short-term benefits are assessed without being updated, and the expense is recognized as the related services are rendered.

A liability is recognized at the amount that is expected to be paid under short-term cash-premium or profit-sharing plans if the entity has a legal or constructive obligation to pay that amount for services previously provided by employees, and the obligation can be estimated reliably.

ii. Share-based transactions

The fair value of the share-based payment allowance granted to employees is recognized as a payroll expense, together with an increase in equity, during the time when employees become unconditionally entitled to these premiums.

l) Provisions

A provision is recognized if, as a result of a prior event, the entity has a present legal or constructive 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 expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and debt-specific risks. The amortized discount is recognized as financial expense.

m) Sale of goods and provision of services

Income from sales during the current period is measured at the fair value of the consideration received or receivable. Income is recognized when the risks and rewards resulting from ownership of the goods are transferred significantly and the amount of income can be measured reliably. The moment when the transfer of risks and rewards varies depending on the individual terms in the sales contracts.

In the case of intermediation activity, commission income is recognized on the transaction date. Dividend income is recognized when the right to receive them arises.

n) Rental income

Rental income from investment property is recognized in the income statement on a straight-line basis over the lease.

o) Financial revenues and expenses

Financial revenues include:
- revenues from interest on bank deposits,
- dividend revenues,
- gains on sales of:
  - assets at fair value through profit or loss,
- changes in the fair value of assets at fair value through profit or loss.

Interest income is recognized in profit or loss on accrual basis using the effective interest method.

Dividend income is recognized in profit or loss at the date when the entity is entitled to receive the dividends, which in the case of the quoted instruments is the ex-dividend date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Financial revenues and expenses (continued)

Financial expenses comprise impairment losses on financial assets at fair value through profit or loss.

Gains and losses from foreign exchanges are reported on net basis.

p) Income tax

Expenses with income tax include current tax and deferred tax. Current and deferred tax is recognized in profit or loss, unless they are attributable to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in the current year using tax rates adopted or substantially adopted at the reporting date and any adjustment to tax liability on profits for previous years.

Deferred tax is recognized for the temporary differences that arise between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

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

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax liabilities and receivables and are related to taxes levied by the same tax authority for the same taxable entity or for different tax entities, but which intends to settle receivables and debts with current tax on a net basis, or whose tax assets and liabilities will be simultaneously incurred.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits may be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that the related tax benefit is no longer probable. The Note on *deferred tax assets and liabilities* includes cases where deferred tax assets have not been recognized as assets.

q) Earnings per share

The entity discloses basic and diluted earnings per share for its ordinary shares. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average of ordinary shares outstanding during the period, adjusted by the amount of own shares held. The diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with the dilutive effects of all ordinary potential shares that comprise share options granted to employees.

r) Segment reporting

An operating segment is a component of the entity that engages in activities that can generate revenues and expenses, including revenues and expenses related to transactions with any of the entity's other components.

Operating results of an operating segment are reviewed periodically by the Company's management to make decisions about the resources to be assigned to the segment and to analyse its performance and for which distinct financial information is available.

Standards and interpretations in force in the current year

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU") effective for the current reporting period, are applicable to the Company:

- **IFRS 9 "Financial Instruments"** – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and interpretations in force in the current year (continued)

- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Except for IFRS 9, the Company considers that the adoption of these new standards, amendments and interpretation has not led to any material changes in its annual financial statements.

The Company adopted IFRS 9 as of its initial application as of 1 January 2018. There were no changes in the book value of financial assets further to the transition to IFRS 9 (see note 3 for further details).

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

At the reporting date of these financial statements, the following standards, amendments to existing standards and new interpretations also applicable to the Company were in issue by IASB, but not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation - adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

- **IFRIC 23 "Uncertainty over Income Tax Treatments**" - adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company has analysed the impact of adoption of IFRS 16 and the other standards mentioned above and anticipates that they will not have any significant impact on the annual financial statements if applied for the first time. The Company will apply such standards as of their effectiveness.

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

As at the reporting date of such financial statements, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following new standards, amendments and interpretations, which are also applicable to the Company and which were not endorsed for use in EU as at the date of authorisation of these financial statements:

- **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 further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

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

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

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the Company's annual financial statements in the year of initial application.

4. FINANCIAL RISK MANAGEMENT

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

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

The explanations provide information on the exposure of the company to each risk category, the objectives, policies, processes and procedures used for risk and capital assessment and management.

General risk management setting

The Board of Administration of BRK Financial Group is responsible for establishing, monitoring and supervising the risk management setting at company level.

The Company's complex activity requires active risk management and, in order to ensure such management, the company has established a risk management system by developing internal risk management policies and procedures, in line with current regulations and legislation. Risk management principles include risk identification and awareness, assumption, management and monitoring or risk, 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.

Regularly, verification and follow-up missions are carried out to observe the provisions of the internal procedures and regulations in force and reports are drafted to the executive management of the Company and to the Board of Administration.

In this way an orderly and constructive control environment is developed so that, through the proactive activity of risk management (basic activity within the company), all the risks faced by BRK Financial Group may be measured.

Categories of risk

Credit risk

Credit risk is the risk of financial loss or unrealized profit for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and this risk arises mainly from customers' incapacity to meet their payment obligations regarding risk assets, either from balance sheet or off-balance sheet.

For securities intermediation activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Administration, clients can record debts to BRK Financial Group only on the basis of analyses and approvals and only on the short term.

4. FINANCIAL RISK MANAGEMENT (continued)

Exposure to credit risk

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

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

a) bankruptcy of the debtor / issuer - also called bankruptcy risk of the debtor (long-term credit risk). This risk concerns the long-term financial assets, which are implicitly affected by the solvency dynamics of the issuer of those securities.

b) the bad faith of the debtor (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 relates are the following:

   1. derivatives traded on OTC and credit derivatives;
   2. repurchase agreements, reverse repurchase agreements, securities/commodities lending or borrowing 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.

The types of exposures are as follows:

Exposures in current accounts and bank deposits

In RON	**December 31, 2018**	**December 31, 2017**
Banca Transilvania	5,610,360	5,111,883
BRD - Groupe Societe Generale	5,658,981	5,001,907
UniCredit Bank	25,559	8,287
First Bank	15,507,229	5,172,221
Idea Bank	5,057,957	-
Libra Bank	15,847	8,000,000
Intesa San Paolo Bank	2,060,794	-
Other commercial banks	3,439	4,080,598

Total bank deposits	-	-
Cash	2,203	4,949
Total current accounts and bank deposits	**33,942,369**	**27,379,846**

Exposures from fair value bonds

In RON	**December 31, 2018**	**December 31, 2017**
Cellini corporate bonds	3,630,241	3,630,386
Impact Developers corporate bonds	9,204,414	9,261,664
Total bonds	**12,834,656**	**12,892,050**

4. FINANCIAL RISK MANAGEMENT (continued)

Exposures from loans granted to affiliates at fair value

In RON	**December 31, 2018**	**December 31, 2017**
Romlogic Technology SA	1,243,412	566,851
Firebyte Games SA	268,466	-
Facos SA	833,808	461,716
Confident Broker Asigurari	-	20,355
Total loans granted	**2,345,687**	**1,048,922**

Liquidity risk

Liquidity risk is the risk that the entity has difficulty in meeting the obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of this report, BRK Financial Group has outstanding loans.

In terms of brokerage activity, liquidity in customer relationships is ensured by the fact that investment firms have the obligation to keep their clients' deposits in separate accounts without using them in any way.

Regarding the overall liquidity, the current sources of availability are represented by the results of the investment activity, commissions received from clients, and as extraordinary sources the capital increases.

The risk of liquidity takes two forms:

Liquidity risk of the portfolio of financial instruments - losses that can be recorded by BRK Financial Group due to the impossibility of finding a counterparty in financial transactions, thus making it difficult to close the positions on the financial instruments that record unfavorable price variations.

Risk of liquidity coverage - losses that can be recorded by BRK Financial Group due to the impossibility to finance net outflows (current liabilities) recorded over a 30-day horizon.

Determination:

Liquidity risk of the portfolio of financial instruments - The rate of high liquidity assets in the total portfolio - is calculated as the ratio between the value of high liquidity assets and the value of the total asset.

Liquidity coverage ratio (LCR) - is calculated as a ratio between the value of high liquidity assets (liquidity reserves) and the value of current liabilities (maturity band of up to 30 days)

The risk of long-term assets financing from non-permanent resources - is calculated as a ratio between the value of temporary resources (e.g. dividends not received, loans, issued bonds, etc.) and the value of the total asset.

The following holdings were classified as high liquidity:

- bank accounts (cash and deposits);
- shares' adjusted value;
- OPC adjusted value.

4. FINANCIAL RISK MANAGEMENT (continued)

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at December 31, 2018 were as follows:

În RON	**Carrying amount**	**Within 3 months**	**3 -12 months**	**More than 1 year**	**No pre-set maturity**
December 31, 2018					
Financial assets					
Cash and cash equivalents	33,942,369	33,645,076	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	31,884,212	-	-	-	31,884,212
Loans and advances granted	5,416,511	1,494,000	295,060	3,627,451	-
Bonds at fair value	12,834,656	40,106	-	12,794,549	-
Other financial assets	12,267,062	2,236,516	-	-	10,030,546
Total financial assets	**96,344,809**	**37,415,699**	**295,060**	**16,422,000**	**41,914,758**
Financial liabilities	4,991,870	-	4,991,870	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-

Total financial liabilities	**4,991,870**	**-**	**4,991,870**	**-**	**-**

In RON	Carrying amount				
		Within 3 months	**3 -12 months**	**More than 1 year**	**No pre-set maturity**
December 31, 2017					
Financial assets					
Cash and cash equivalents	27,867,012	27,867,012	-	-	-
Bank deposits	-	-	-	-	-
Available-for-sale financial assets	21,758,384	-	-	-	-
Financial assets at fair value through profit or loss	5,141,308	-	-	-	5,141,308
Loans and advances granted	7,971,985	535,000	1,171,577	6,265,408	-
Bonds at fair value	12,892,050	41,191	-	12,850,858	-
Financial assets at amortised cost	240,565	-	-	-	240,565
Other financial assets at fair value	12,304,536	2,326,176	-	-	9,978,360
Total financial assets	**88,175,839**	**30,769,379**	**1,171,577**	**19,116,266**	**15,360,233**
Financial liabilities	5,006,087	-	5,006,087	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**5,006,087**	**-**	**5,006,087**	**-**	**-**

4. FINANCIAL RISK MANAGEMENT (continued)

Market risk
Market risk is the risk that the variation in market prices, such as the price of equity instruments, the exchange rate and the interest rate, will affect the company's income or the value of the financial instruments held. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters and, at the same time, to optimize return on investments.

Investment opportunities are selected through:

- technical analysis;
- basic analyses – determining the issuer's capacity to generate profit;
- comparison – determining the relative value of an issuer compared to the market or other similar companies;
- statistics – determining trends and correlations using the pricing and trading volume history.

The Company is exposed to the following categories of market risk:

Price risk

Exposure to price risk is the possibility that the value of financial instruments fluctuates as a result of changes in market prices.

The Company is exposed to the risk associated with the change in the price of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 31% of the total shares traded on an active market held by the Company as at December 31, 2018 (December 31, 2017: 70%) represented investments in companies included in the BET index of the Bucharest Stock Exchange, a weighted index with stock capitalization created to reflect the overall trend of the ten most liquid shares traded on the Bucharest Stock Exchange.

A positive 10% change in the price of financial assets at fair value through profit or loss would result in a profit increase of RON 4,468,609 (December 31, 2017: RON 4,014,760), a negative change of 10% having an equal and opposite net impact.

The Company holds shares in companies operating in different sectors of activity as follows:

Sector of activity	2018	%	2017	%
Commerce	4,477,266	10.01%	4,545,173	11.32%
Constructions	13,428,510	30.03%	14,598,622	36.36%
Finance-banking	10,937,292	24.46%	13,836,935	34.47%
Consumer goods	4,999,229	11.18%	5,413,123	13.48%
Industry		0.00%	719,407	1.79%
Other	10,876,571	24.32%	1,034,343	2.58%
Total	**44,718,868**	**100.00%**	**40,147,603**	**100%**

As shown in the table above, at December 31, 2018 the Company holds shares mainly in finance-banking companies, accounting for 24.48% of its total portfolio, less than the 34.47% registered as at December 31, 2017.

Operational risk
Operational risk is the risk of direct or indirect losses arising from a wide range of factors associated with processes, personnel, technology and infrastructure of the company, as well as external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements, and generally accepted standards of organizational behavior.

4. FINANCIAL RISK MANAGEMENT (continued)

The objective of the Company is to identify, measure, monitor, manage and mitigate operational risk so as to strike a balance between avoiding direct or indirect financial losses that may occur as a result of procedural, human or systemic errors, or due to external events, which may jeopardize the reputation of the entity. At the same time, the operational risk at the company level is very low also due to the requirements imposed by the Financial Supervisory Authority (FSA) regarding the organization, the required reports and the internal control carried out.

The main responsibility for the development and implementation of operational risk controls lies with the management of each organizational unit. This responsibility is supported by the development of general corporate standards for operational risk management in the following areas:

- requirements for appropriate segregation of tasks and responsibilities
- requirements for reconciliation, monitoring and authorization of transactions;
- compliance with regulations and legislation;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures for identified risks;
- training and professional development;
- ethical and business standards;
- risk mitigation.

Compliance with company standards is ensured through a program of periodic reviews of internal procedures. The results of these reviews are discussed with management.

Interest rate risk

As at December 31, 2018, SSIF BRK FINANCIAL GROUP SA contracted a credit line granted for a period of 1 year to support the company's current activity. The interest on the credit line consists of ROBOR 3M plus fixed margin.

Interest rates used to determine fair value

For the determination of fair value or for impairment testing of financial instruments, no interest rates were used to discount cash flows as it was not the case for trade receivables or other financial instruments whose collection is significantly delayed over time.

For doubtful receivables (receivables whose recovery is uncertain), at the end of the reporting period, the Company registered impairments for the entire amount.

The company faces interest rate risk due to exposure to unfavorable fluctuations in interest rate. The change in market interest rate directly influences the income and expense of floating-rate financial assets and liabilities as well as the market value of fixed-rate assets and liabilities.

4. FINANCIAL RISK MANAGEMENT (continued)

The following tables present the Company's exposure to interest rate risk.

In RON	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	33,942,369	33,645,076	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	31,884,212	-	-	-	31,884,212
Loans and advances granted	5,416,511	1,494,000	295,060	3,627,451	-
Bonds at fair value	12,834,656	40,106	-	12,794,549	-
Other financial assets	12,267,062	2,236,516	-	-	10,030,546
Total financial assets	**96,344,809**	**37,415,699**	**295,060**	**16,422,000**	**41,914,758**
Financial liabilities	4,991,870	-	4,991,870	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4,991,870**	**-**	**4,991,870**	**-**	**-**

In RON	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2017					
Financial assets					
Cash and cash equivalents	27,867,012	27,867,012	-	-	-
Bank deposits	-	-	-	-	-

Available-for-sale financial assets	21,758,384	-	-	-	-
Financial assets at fair value through profit or loss	5,141,308	-	-	-	5,141,308
Loans and advances granted	7,971,985	535,000	1,171,577	6,265,408	-
Bonds at fair value	12,892,050	41,191	-	12,850,858	-
Financial assets at amortised cost	240,565	-	-	-	240,565
Other financial assets at fair value	12,304,536	2,326,176	-	-	9,978,360
Total financial assets	**88,175,839**	**30,769,379**	**1,171,577**	**19,116,266**	**15,360,233**
Financial liabilities	5,006,087	-	5,006,087	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**5,006,087**	**-**	**5,006,087**	**-**	**-**

Currency risk

BRK Financial Group is a financial institution regulated and authorized by the Financial Supervisory Authority and is subject to the European regulations and the CRD - CRR legislative package to the relevant Technical Standards.

The capital requirement related to the foreign exchange risk is determined according to the provisions of EU Regulation no. 575/2013 on capital adequacy for the standardized approach for that financial risk.

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

BRK Financial Group calculates the capital requirement for foreign exchange risk if exposures to this risk exceed 2% of total own funds.

4. FINANCIAL RISK MANAGEMENT (continued)

Exposures to foreign exchange risk comprise the following elements

- derivatives (CFD, futures, options, warrants);
- cash in accounts with external intermediaries;
- bank deposits in foreign currency;
- leases;
- guarantees at market institutions;
- bonds in foreign currency.

The methodology to determine capital exposure and requirement is as follows:

In RON

December 31, 2018

Financial assets	**RON**	**EUR**	**USD**	**Other**
Cash and cash equivalents	33,645,076	274,547	20,398	2,347
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	27,028,147	4,823,219	32,847	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	3,630,241	9,204,414	-	-
Loans and advances granted	5,416,511	-	-	-
Other financial assets	309,340	8,755,578	3,202,144	-
Total financial assets	**70,029,315**	**23,057,759**	**3,255,389**	**2,347**
Financial liabilities	4,991,870	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	**4,991,870**	**-**	**-**	**-**

4. FINANCIAL RISK MANAGEMENT (continued)

In RON

December 31, 2017

Financial assets	**RON**	**EUR**	**USD**	**Other**
Cash and cash equivalents	27,784,207	24,194	1,105	57,506
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	5,141,308	-	-	-
Available-for-sale financial assets	21,758,384	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	3,630,386	9,261,664	-	-
Loans and advances granted	7,971,985	-	-	-
Other financial assets at amortised cost	240,565	-	-	-
Other financial assets	276,775	9,312,919	2,714,842	-
Total financial assets	**66,803,610**	**18,598,776**	**2,715,947**	**57,506**
Financial liabilities	5,006,087			
Dividends payable	-			
Financial liabilities at amortised cost	-			
Total financial liabilities	**5,006,087**	**-**	**-**	**-**

5. CAPITAL MANAGEMENT

The Policy of the Board of Administration of BRK FINANCIAL GROUP SA is to maintain a sound capital base to maintain investor, creditor and market confidence and sustain the future development of the company. The Board of Administration monitors the profitability of all agencies in which trading is conducted on a monthly basis and the results of the analysis are discussed during the monthly meetings of the Board of Administration.

Also, during the monthly meetings of the Board of Administration, the report on the investment activity drawn up by the analysis department is discussed. Global results are thus monitored to maintain a high return on capital.

BRK FINANCIAL GROUP SA is subject to prudential regulations regarding minimum capital requirements and minimum own funds so as to hedge risks:

- risk-weighted exposures by class of exposures to which they are part are considered to hedge credit risk and the risk of receivables' value reduction;
- to hedge position risk and settlement / delivery risk, capital is required at the level of 16% of the exposure level;
- to hedge operational risk capital is required at the level of 15% of the average of the last three years of the

operating result.

Indicator	December 31, 2018	December 31, 2017
Total own funds	49,166,921.90	53,844,125
Total capital requirements	13,562,950.67	9,995,306
Risk exposures	169,536,883.56	124,941,331

The capital adequacy requirements do not imply own funds for liquidity risk.

Under the regulations in force, large exposures, which are defined as those gross exposures exceeding 10% of the eligible capital (own funds), are reported to the Financial Supervisory Authority (FSA). For institutions, large exposures cannot exceed the maximum of 25% of the eligible capital (own funds).

Also, qualifying holdings, representing the direct or indirect participation of at least 10% of the voting rights or of the capital of an entity, in a percentage higher than 15% of the company's own funds.

6. OPERATING SEGMENTS

The Company has two main segments that have different characteristics, and implicitly require separate disclosure: intermediation and trading. Strategic business units offer different services and products, being managed separately because they involve different know-how and marketing strategies. The Executive Director of the entity reviews at least monthly the activities related to the main segments. The two segments also have common expenses that cannot be separated without a very high degree of subjectivism.

a) The intermediation activity comprises intermediation transactions for spot clients.

The significant lines in the financial statements that are influenced by such operations are:

- revenues from commissions received from customers, expenses with commissions paid to market institutions;
- net receivables on the amounts receivable from the stock exchange for customers as a result of customer transactions;
- debt to customers representing clients' available funds for trading purposes.

b) The trading activity includes the operations of buying and selling of securities and derivatives. The significant positions in the financial statements that are affected by these operations are:

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

The information related to reportable segments is as follows:

6. OPERATING SEGMENTS (continued)

Information on reported segments

	December 2018				December 2017				2018	2017
	Total, of which:	Intermediation	Trading	Not allocated	Total, of which:	Intermediation	Trading	Not allocated	Total reportable segments	
Revenues from commissions and related activities	3,146,594	3,146,594	-	-	4,550,676	4,550,676	-	-	3,146,594	4,550,676
Rental income	11,652	-	-	11,652	16,543	-	-	16,543	11,652	16,543
Net finance gains on transactions	3,575,598	-	3,575,598	-	5,151,841	-	5,151,841	-	3,575,598	5,151,841
Finance dividend revenues	338,370	-	338,370	-	318,222	-	318,222	-	338,370	318,222
Revenues from insurance intermediation	-	-	-	-	10,317	10,317	-	-	-	10,317
Revenues from allocation of unit funds	4,701	4,701	-	-	5,724	5,724	-	-	4,701	5,724
Other income	832,036	-	832,036	-	33,415	-	33,415	-	832,036	33,415
Net finance losses	-	-	-	-	(186,726)	-	-	(186,726)	-	(186,726)
Employees and collaborators expenses	(4,230,034)	(1,685,443)	(2,538,360)	(6,232)	(4,666,621)	(2,112,788)	(2,546,179)	(7,654)	(4,230,034)	(4,666,621)
Impairment of intangible and tangible assets, excluding goodwill	(1,448,966)	-	(325,199)	(1,123,766)	(5,516,821)	-	(4,516,946)	(999,875)	(1,448,966)	(5,516,821)
Net expenses with provisions for risks and charges	-	-	-	-	(58,702)	-	-	(58,702)	-	(58,702)
Third party supplies, taxes and levies	(4,099,813)	(1,633,557)	(2,460,216)	(6,040)	(3,544,119)	(1,604,581)	(1,933,725)	(5,813)	(4,099,813)	(3,544,119)
Other expenses	(934,837)	-	-	(934,837)	(768,147)	-	-	(768,147)	(934,837)	(768,147)
Total	**(2,804,699)**	**(167,705)**	**(577,771)**	**(2,059,223)**	**(4,654,398)**	**849,348**	**(3,493,373)**	**(2,010,373)**	**(2,804,699)**	**(4,654,398)**

Profit of reported segment before tax										
Assets of reported segment, of which:	**97,067,153**	**46,053,179**	**50,559,628**	**454,346**	**99,424,924**	**-**	**-**	**99,424,924**	**97,067,153**	**99,424,924**
- financial investments	44,718,868	-	44,718,868	-	99,424,924	55,608,613	43,816,311	-	44,718,868	99,424,924
- trade and other receivables	18,405,916	14,300,483	3,651,088	454,346						
- available amounts	33,942,368	31,752,696	2,189,672	(0)						
Liabilities of reported segment, of which:	50,289,292	37,438,880	11,705,293	1,145,118	45,727,206	43,328,260	1,326,159	1,072,787	50,289,292	45,727,206
- client's amounts	35,942,908	35,942,908		-	38,013,416	38,013,416	-	-	35,942,908	38,013,416

7. RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS

In lei	December 2018	December 2017
Revenues		
Total revenues from reported segments	3,151,295	4,566,717
Revenues not allocated to segments	11,652	16,543
Write-off of discontinued operations	-	-
Consolidated revenues	**3,162,946**	**4,583,261**
Profit or loss		
Total profit on reported segments	(2,804,699)	(4,654,398)
Write-off of discontinued operations	-	-
Amounts not allocated	-	-
Consolidated loss before tax	**(2,804,699)**	**(4,654,398)**
Assets		
Total assets from reported segments	97,067,153	91,734,063
Assets from non-reported segments	9,482,546	7,290,212
Consolidation goodwill		
Total assets	**106,549,699**	**99,024,275**
Liabilities		
Total liabilities from reported segments	48,994,924	39,261,391
Provisions for risks and charges	149,249	450,182
Deferred tax liabilities	-	-
Liabilities from reported segments	1,145,118	16,168

Total consolidated liabilities	**50,289,292**	**39,727,742**

The intermediation segment registers revenues from commissions charged from the following products:

Revenues from intermediation segment	**December 2018**	**December 2017**
Spot commissions	2,230,910	1,913,978
Foreign stock exchange commissions	768,930	857,327
Commissions from derivatives	-	-
Related activities	146,100	1,779,371
Related commissions and activities	3,145,940	4,550,676
Insurance intermediation	653	10,317
Distribution of fund units	4,701	5,724
Total revenues	**3,151,295**	**4,566,717**

Transactions with clients are conducted both via brokers, and online.

7. RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS (continued)

Trading (RON)	**December 31, 2018**	**December 31, 2017**
Income from trading	3,575,600	5,151,841
Other income	1,170,404	351,637
Total income from trading	**4,746,004**	**5,503,478**
Losses on transactions	325,199	4,516,946
Other variable expenses	4,998,576	4,479,905
Total trading expenses	**5,323,775**	**8,996,851**
Result of trading segment	**(577,771)**	**(3,493,373)**

Detailed description of financial statements lines

8. INTANGIBLE ASSETS

In lei	**Licenses and software**	**Payments in advance**	**Total**
Cost			
Balance as at January 1, 2017	**4,359,987**	**283,523**	**4,643,510**
Inflows	371,330	452,142	823,472
of which, by transfer	366,551	-	366,551
Outflows	(143,962)	(520,743)	(664,705)
of which, by transfer	-	(366,551)	(366,551)
Balance as at December 31, 2017	**4,587,355**	**214,922**	**4,802,277**
Balance as at January 1, 2018	**4,587,355**	**214,922**	**4,802,277**
Inflows	274,045	-	274,045
of which, by transfer	-	-	-
Outflows	(1,165)	(187,103)	(188,268)
of which, by transfer	-	-	-
Balance as at December 31, 2018	**4,860,235**	**27,819**	**4,888,055**

Amortization and impairment	**Licenses and software**	**Payments in advance**	**Total**
Balance as at January 1, 2017	**1,695,666**	**-**	**1,695,666**
Amortization during the year	713,978	-	713,978
Amortization for disposals	(101,639)	-	(101,639)

Balance as at December 31, 2017	**2,308,005**	**-**	**2,308,005**
Balance as at January 1, 2018	2,308,005	-	2,308,005
Amortization during the year	722,493	-	722,493
Amortization for disposals	(1,165)	-	(1,165)
Balance as at December 31, 2018	**3,029,332**	**-**	**3,029,332**
Book values			
Balance as at January 1, 2017	**2,664,322**	**283,523**	**2,947,844**
Balance as at December 31, 2017	**2,279,350**	**214,922**	**2,494,273**
Balance as at January 1, 2018	**2,279,350**	**214,922**	**2,494,273**
Balance as at December 31, 2018	**1,830,903**	**27,819**	**1,858,723**

8. INTANGIBLE ASSETS (continued)

The balance of intangible assets comprises software and software licenses. The Tradis back office system accounts for the highest value in the total intangible assets.

In 2018, the bank purchased a new Customer Relationship Management (CRM) system.

The useful lives used for the calculation of intangible assets are on average 3 years, amortized on a straight-line basis.

Expenses with the amortization of intangible assets during the year are included in the statement of comprehensive income in the *Impairment of tangible and intangible assets* line.

9. PROPERTY, PLANT AND EQUIPMENT

In RON	**Land and buildings**	**Equipment and vehicles**	**Furniture, office equipment and other**	**Non-current assets in progress**	**Total**
Balance as at January 1, 2017	**4,168,402**	**1,455,413**	**301,021**	**-**	**5,924,836**
Purchases and upgrading	(3,600)	171,896	38,852	-	207,148
Advances for property, plant and equipment	-	-	-	-	-
Transfers to/from non-current assets in progress	-	-	-	-	-
Inflow from the enforcement of		-	-	-	-

guarantees received					
Revaluation of non-current assets:	(269,147)	-	-	-	(269,147)
compensation of depreciation against revaluation of assets	1,300,304	-	-	-	1,300,304
value increase registered	-	-	-	-	-
Transfers to assets held for sale	637,840	-	-	-	637,840
Transfers from investment property	-	-	-	-	-
Outflows of property, plant and equipment:					
- sale	-	-	(5,390)	-	(5,390)
- disposal	-	(125,600)	(37,945)	-	(163,545)
Balance as at December 31, 2017	**5,833,799**	**1,501,709**	**296,538**	**-**	**7,632,046**
Balance as at January 1, 2018	**5,833,799**	**1,501,709**	**296,538**	**-**	**7,632,046**
Purchases and upgrading	192,963	75,809	11,543	205,786	486,101
Transfers to/from non-current assets in progress	9,500	-	-	-	9,500
Inflow from the enforcement of guarantees received	-	-	-	-	-
Revaluation of non-current assets:	-	-	-	-	-
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows of property, plant and equipment:					
- sale	-	-	(2,615)	(192,963)	(195,577)
- disposal	-	-	-	-	-
Balance as at December 31, 2018	**6,036,262**	**1,577,518**	**305,467**	**12,823**	**7,932,070**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

In RON	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non-current assets in progress	Total
Depreciation and impairment					
Balance as at January 1, 2017	**134,574**	**1,217,762**	**229,460**	**-**	**1,581,796**
Depreciation during the year	134,573	132,441	26,678	-	293,692
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-129,889	-34,625	-	(164,514)
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	(269,147)
Balance as at December 31, 2017	**-**	**1,220,314**	**221,513**	**-**	**1,441,826**
Balance as at January 1, 2018	**-**	**1,220,314**	**221,513**	**-**	**1,441,826**
Depreciation during the year	196,817	105,307	27,639	-	329,763
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-	(436)	-	(436)
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at December 31, 2018	**196,817**	**1,325,621**	**248,716**	**-**	**1,771,154**
Book values					

Balance as at January 1, 2017	**4,033,828**	**237,651**	**71,561**	**-**	**4,343,040**
Balance as at December 31, 2017	**5,833,799**	**281,395**	**75,025**	**-**	**6,190,220**
Balance as at January 1, 2018	**5,833,799**	**281,395**	**75,025**	**-**	**6,190,220**
Balance as at December 31, 2018	**5,839,445**	**251,897**	**56,750**	**12,823**	**6,160,916**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

On December 31, 2018, the company uses its registered office in Cluj-Napoca, Str. Motilor nr. 119, as well as the real estate owned in Bucharest, Suceava and Iasi, where the brokerage agencies operate.

In April 2018, the Company received the final invoice for the rearrangement works done in the Bucharest agency, correcting the prepayment invoice in amount of RON 192,963. The acceptance protocol for the works was signed on April 30, 2018.

As at December 31, 2018, the Company does not own land, and the ones related to the buildings used are included in the value of the building.

Expenses with depreciation for the year are included in comprehensive income under the *Impairment of tangible and intangible assets* line.

Pledged or mortgaged property, plant and equipment

In December 2017, the Company contracted a credit line in amount of RON 5,340,000, and secured the loan with the Company's operating real estate. Details on such securities are available in note 22. The credit line was extended in 2018 for another 12 months until September 30, 2019.

Revaluation

Fixed assets representing buildings were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

In 2018, no significant variations occurred on the real estate market, therefore, no new valuations were necessary.

10. INVESTMENT PROPERTY

In lei	**December 2018**	**December 2017**
Balance as at January 1, 2018	**1,030,143**	**1,435,525**
Transfers to property, plant and equipment during the year	-	(578,684)
Inflow from enforcement of guarantees received	-	-
Purchases during the year (asset exchange)	-	417,624
Investment property in progress - inflows	-	47,072
Investment property in progress – outflows	-	(59,155)
Advances for investment property	-	(234,000)

Disposals of investment property (asset exchange)	-	-
Plus revaluation amount	-	11,431
Less revaluation amount	-	(9,670)
Balance as at December 31, 2018	**1,030,143**	**1,030,143**

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

Pledged or mortgaged investment property

In December 2017, the Company contracted a credit line in amount of RON 5,340,000, and secured the loan with the Company's investment property. Details on such securities are available in Note 22.**10. INVESTMENT PROPERTY (continued)**

Revaluation

Investment property representing buildings and land were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

In 2018, no significant increase were found in the value of investment property for operating activities. Therefore, the Company did not conduct new revaluations at the end of 2018.

11. FINANCIAL INVESTMENTS

In lei		**December 31, 2018**	**December 31, 2017**
Available-for-sale financial assets		**-**	**240,495**
Available-for-sale financial assets – at cost, estimated at fair value	unquoted shares	-	463,380
Provision for financial assets available for sale at cost, estimated at fair value		-	(222,818)

In lei			
Available-for-sale financial assets – at fair value, of which:		**-**	**9,918,074**
	quoted shares	-	2,196,612
	unquoted shares	-	544,944
	unquoted fund units	-	7,176,518
Available-for-sale financial assets at associates – at fair value, of which:		**-**	**11,840,380**
		-	11,840,380

	unquoted		
		-	**21,998,949**

In lei

Financial assets at fair value through profit or loss		**December 2018**	**December 2017**
Financial assets at fair value through profit or loss – held for trading			
	quoted shares	6,854,947	890,982
	quoted fund units	224,960	2,789,016
	unquoted fund units	6,759,068	1,353,720
	quoted bonds	9,204,414	9,261,664
	unquoted bonds	3,630,241	3,630,386
	unquoted shares	13,189,172	-
Other financial instruments	structured products	4,856,066	107,590
Total financial assets at fair value through profit or loss		**44,718,868**	**18,033,358**
Total financial investments		**44,718,868**	**40,032,307**

11. FINANCIAL INVESTMENTS (continued)

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of December 31, 2018 published by the Bucharest Stock Exchange.

Non-quoted fund units are evaluated at the value at the net unit asset, and non-quoted bonds at fair value determined according to the internal model of the Group in accordance with International Valuation Standards.

For the unit funds held with SmartMoney, impairment allowances were registered in amount of RON 885,147 relying on the valuation report prepared by an ANEVAR authorised valuer for the company's ownership in Romlogic Technology SA.

The structured products held are valued at the Bucharest Stock Exchange quotation or on other international markets as at December 31, 2018, and the price refers to a liquid market.

As at December 31, 2018, there were open positions on the House account on international markets for hedging operations in amount of RON 32,847.

Financial instruments traded on international markets are futures, options and contracts for difference (CFDs) and are used for speculative and hedging purposes for market maker operations. They are evaluated at the exchange rate of December 31, 2018.

12. LOANS AND ADVANCES GRANTED

In lei	December 2018	December 2017
Margin loans – gross value	3,627,451	6,265,408
Impairment of margin loans	-	-
Loans granted to affiliates	2,314,000	1,714,620
Interest on loans granted	31,687	7,219
impairment of loans to affiliates	(556,627)	(15,262)
Loans and advances granted – net value	**5,416,511**	**6,265,408**

In 2018, the Company granted loans to affiliates such as: Romlogic SA – RON 1,235,000, Facos – RON 360,000, FireByte – RON 259,000. In order to determine the fair value, the Company's management considered net future cash flows for such loans, which have a maturity of less than 1 year as at December 31, 2018. For each loan, 3 scenarios were established as to the recoverability of the amounts granted until the maturity date of the loan agreement.

The loans granted to affiliates fall under Stage 2 according to the policy described in Note 3 of these financial statements.

The loans granted to the company's clients in the form of margin loans fall under Stage 1 according to the policy described in Note 3.

For the loan granted to Facos SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 196,607.

For the loan granted to Romlogic Technology SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 279,768.

For the loan granted to FireByte SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 80,252.**12. LOANS AND ADVANCES GRANTED (continued)**

The Company kept the clients' possibility to carry out margin transactions. The fair value of margin loans granted to clients as at December 31, 2018 was RON 3,627,451. Clients secure margin loans with the securities purchased out of such loans.

13. INVESTMENTS IN ASSOCIATES

The affiliates and associates (where there is significant influence) are mentioned below. For those with a holding of less than 20%, the significant influence is due to the presence of the respective company on the board of administration.

The percentage of ownership and the amount of the RON holding in the associates are as follows:

Company	Holding in 2018	Value of holding in 2018	Holding in 2017	Value of holding in 2017
Facos SA	89.69%	4,785,875	89.69%	4,940,880
SAI Broker SA	99.98%	4,130,582	99.98%	1,798,413

Confident Broker SA	98.00%	-	98.00%	-
Anteco SA Ploiesti	19.93%	367,092	19.93%	367,092
Petal SA Husi	15.04%	1,036,900	15.04%	427,573
Minesa	29.10%	3,918,497	38.10%	5,101,087
Firebyte	30.00%	50,233	0.00%	-
Total		**14,289,178**		**12,635,044**

SSIF BRK FINANCIAL GROUP SA holds control over Facos (89.69%), SAI Broker SA (99.98%) and has a significant influence on Minesa SA (29.10%).

During 2017-2018, there were no dividends to be collected from the associated companies.

During 2018, transactions with affiliated entities are as follows:

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
SAI Broker	99.98%	Investment management	- net buy-backs of fund units at FDI Fix Invest managed by SAI Broker in amount of RON 129 thousand - net buy-backs of fund units at BET FImanaged by SAI Broker in amount of RON 3150 thousand - net buy-backs of unit funds at FII Smart Money managed by SAI Broker amount of RON 1299 thousand - net purchases of unit funds at Fortuna Gold managed by SAI Broker in amount of RON 30 thousand -revenues from distribution and intermediation commissions in amount of RON 5,371 - rental income in amount of RON 11,166 - income from interest on loans granted in amount of RON 11,149 - loan repayment in amount of RON 676 thousand

13. INVESTMENTS IN ASSOCIATES (continued)

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
Facos SA Suceava	89.69%	Production of meat products	- income from interest on loans granted in amount of RON 47,411 - loan granted in amount of RON 360 thousand
Anteco SA	19.93%	Manufacturing of furniture	No transactions with ANTE shares in 2018
Petal SA	15.04%		In S1 2018, acquisition of PETY shares in amount of RON 11,673
Minesa SA	29.10%		Concluded share sale contract in amount of RON 1,211,537. The amount was received in 2018. Concluded a second sale contract for the remaining ownership of 29.1%, of which an advance of RON 3,030,950 was received. The transaction was finalised in February 2019 through the transfer of the remaining shares to the buyer.
Romlogic Technology SA		SSIF BRK Financial Group SA is sole investor in FII Smart Money, which owns 37.1% of Romlogic Technology SA	- income from interest on loans granted in amount of RON 32,013 - loan repayment in amount of RON 563,620 - loan granted in amount of RON 1,235,000
Firebyte Games SA	30%	Game development for mobile devices	- loan granted in amount of RON 259,000

Related party transactions were conducted at arm's length.

As at December 31, 2018 and December 31, 2017 the balances of the Company's receivables against related parties were as follows:

In lei	**December 2018**	**December 2017**
SAI Broker	410	681,809
Facos SA Suceava	833,808	461,716
Firebyte Games SA	268,466	-
Confident Broker Asigurari SA	-	20,355
Romlogic Technology SA	1,243,412	566,851
Total	**2,346,097**	**1,730,731**

14. NON-CURRENT ASSETS HELD FOR SALE

In RON	December 2018	December 2017
Balance as at 1 January	**544,721**	**557,067**
Transfers to property, plant and equipment during the year	-	-
Inflow following the enforcement of guarantees received	-	-
Inflows during the year (exchange of assets)	-	-
Disposals	-	-
Excess further to revaluation	-	84,870
Deficit further to revaluation	-	(97,216)
Balance as at December 31, 2018	**544,721**	**544,721**

14. NON-CURRENT ASSETS HELD FOR SALE (continued)

Non-current assets held for sale are represented by a land in Cluj, Borhanci neighbourhood and 2 apartments in Botosani and Alba Iulia. Valuation reports were drawn up for such assets in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR by Napoca Business for the land and by Darian RS for the apartments.

The Company remains interested in selling such assets. As at the date of these financial statements, the price offers received have not met the expected requested price.

For the two apartments, the Company constituted in December 2017 a guarantee for the contracted credit line.

15. TRADE AND OTHER RECEIVABLES

In RON	December 2018	December 2017
Trade receivables	127,266	93,139
Amounts receivable from the State budget	-	-
Net receivables from debtors	63,608	79,084
	41,055	15,075
	22,553	64,009
Other debtors	531,469	137,598
Total trade and other receivables	**722,343**	**309,820**

Borrowers from the trading of the financial instruments of the company come from transactions concluded in December 2018 that have the first two days of January 2019 as settlement date.

Similarly, *Borrowers in financial instruments settled by clients* come from transactions concluded in December 2018 that have the first two days of January 2019 as settlement date.

In RON

	December 2018	December 2017
Borrowers from the trading of the financial instruments	1,586,344	1,465,849
Borrowers in financial instruments settled by clients	10,680,718	10,844,448
Other financial assets	**12,267,062**	**12,310,296**

The exposure of the entity to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables, are disclosed in note 4.

Debtors' gross balances and impairments are as follows:

In lei	December 2018	December 2017
Former employee and third party debtors – Stage 3	1,911,267	1,926,194
Impairment of former employee and third party debtors' liabilities	(1,888,714)	(1,847,109)
Former employee and third party debtors – net value	**22,553**	**79,084**

15. TRADE AND OTHER RECEIVABLES (continued)

Changes in the impairment of receivables against debtors (employees and third parties) during the year were as follows:

In lei	December 2018	December 2017
Balance as at 1 January	1,847,109	1,866,260
Additional provisions	-	-
Write-off of provisions	(10,896)	(19,151)
Balance as at 31 December	**1,836,213**	**1,847,109**

In 2018, the Company reversed to income adjustments for receivables recovered in amount of RON 10,896.

16. DEFERRED INCOME TAX ASSETS AND LIABILITIES
Deferred income tax assets not recognized

The deferred tax assets were not recognized for the following:

In lei	December 2018	December 2017
Loss for the period	(2,804,699)	(4,654,398)
Total income tax expense	-	-
Profit before tax (including on discontinued operations)	**(2,804,699)**	**(4,654,398)**
	16%	16%

Tax rate

There are still deferred tax assets not recognized in relation to financial instruments for which the impairment was not deductible in 2010.

Deferred income tax liabilities not recognized

	December 2018	December 2017
Differences from revaluation of fixed assets	3,524,052	3,524,052
	3,524,052	**3,524,052**
Tax rate	16%	16%
Deferred tax liabilities not recognized	**563,848**	**563,848**

Deferred income tax assets and liabilities recognized

The company has to recover a cumulative tax loss of RON 37,972 thousand. Tax losses can be recovered in a period of 7 years. As a result, no deferred tax assets and liabilities were recognized. As the Company registered losses, future profits are uncertain.

17. CASH AND CASH EQUIVALENTS

In RON	December 2018	December 2017
Account for clients	31,750,494	26,351,801
Cash and cash equivalents	2,191,875	1,515,211
Balance as at 31 December	**33,942,368**	**27,867,012**

The cash and cash equivalents position also includes short-term deposits.

Client balances in bank accounts are highlighted and managed separately from those of the company and can be used on the basis of clients' trading orders.

The Company performed an analysis of the impairment of cash and cash equivalents as per IFRS 9 and considers that the resulting impact is immaterial for the financial statements considered overall. This impact was not reflected in these financial statements.

The exposure of the entity to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 4.

18. CAPITAL AND RESERVES

The share capital and shares issued are as follows:

In lei	Value of share capital	No. of ordinary shares	Nominal value/share
January 1, 2017	54,039,987	54,039,987	0.16
December 31, 2017	54,039,987	54,039,987	0.16
January 1, 2018	54,039,987	54,039,987	0.16
December 31, 2018	54,039,987	54,039,987	0.16

In 2018, there were no changes in share capital or the number of shares issued.

As at December 31, 2018 the Company owns 319,967.

In RON	December 2018	December 2017
Share capital	54,039,987	54,039,987
Adjustment of share capital	4,071,591	4,071,591
Own shares	-24,047	-24,047
Premiums	5,355	5,355
Total	**58,092,886**	**58,092,886**

19. RESERVES AND REVALUATION DIFFERENCES

In RON	December 2018	December 2017
Differences from the revaluation of property, plant and equipment	3,524,052	3,524,052
Legal and statutory reserves	4,587,875	4,587,875
Fair value reserves	-	3,623,734
Other reserves	2,748,760	2,748,760
-of which from the application of IAS 29 (inflation adjustment)	2,748,760	2,748,760
Legal reserves related to own shares	-	-
Total reserves and revaluation differences	**10,860,687**	**14,484,421**

Revaluation differences

The revaluation differences did not change in 2018.

Legal reserves

Legal reserves represent the amounts created annually from the gross profit at a share of 5%, up to 20% of the share capital, recognized as a deduction in the profit tax calculation. This is a fiscal facility. The company has reached the 20% level required by law.

Fair value reserve

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

Further to the transition to IFRS 9, the fair value reserve was transferred to retained earnings.

Other reserves

Other reserves include adjustments to the historical cost of share capital in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Dividends and other distributions to shareholders

In 2018, no dividends were granted to shareholders

20. RETAINED EARNINGS

In RON	2018	2017
Profit carried forward from transition to IFRS	2,713,367	2,713,367
Retained earnings from application of IFRS 9	3,392,306	-
Retained earnings IAS 29	(6,880,234)	(6,880,234)
Retained earnings from recycling the current results of prior periods	(9,113,906)	(4,459,507)

Current result	(2,804,699)	(4,654,398)
Total retained earnings	**(12,693,166)**	**(13,280,773)**

Retained earnings by transition to IFRS

The retained earnings from the transition to IFRS dates back to 2008.

The retained earnings from the application of IFRS 9 dates back to 2018.

Retained earnings IAS 29

The financial statements and corresponding amounts of prior periods have been restated to reflect the change in the overall purchasing power of the functional currency and are therefore expressed in relation to the measuring unit existing at the end of the reporting period. This position of capital includes the influence of the share capital restatement on inflation for the period 1994 - 2002.

20. RETAINED EARNINGS (continued)

The applied inflation index recorded the following values during the updated period:

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

Further to the application of such discounts, the Company registered the following values:

Account	Debit	Credit
Share capital adjustments		4,071,591
Revaluation differences*		59,884
Other reserves**		2,748,760
Retained earnings from the first-time adoption of IAS 29	6,880,234	
Total	**6,880,234**	**6,880,234**

*Inclusion of revaluation reserves from 2011.

**Inclusion of revaluation reserves from 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

In lei	December 2018	December 2017
Trade payables	433,878	409,936
Debts to employees	296,115	292,609
State budget debts	193,453	274,940
Sundry creditors from house transactions	2,592,970	60,102
Sundry creditors from clients' transactions	4,526,922	1,197,656
Sundry creditors from structured products	1,087,626	975,907

Total trade and other payables	**9,130,964**	**3,211,150**

The entity's exposure to foreign currency risk and liquidity risk related to trade and other payables is presented in note 4.

Sundry creditors represent settlements with the Bucharest Stock Exchange, which are in progress, performed from the time of the transactions carried out on behalf of the entity and / or the clients. Also, sundry creditors include sundry creditors from trading and refer to the debt for products with protected capital and Turbo certificates issued by the Company and listed on the Bucharest Stock Exchange.

Starting with 2016, for customers who have opened accounts with external intermediaries, only their funds held by the intermediary mentioned above are reflected in the bookkeeping. The accounts held by these clients are Margin type, and RegTMargin type, meaning that they can use the margin call, case in which the external intermediary offers clients the possibility to contract margin loans. Clients also bring as collateral financial instruments from their own trading portfolio.

22. BORROWINGS

The loans contracted by the Company are as follows:

In RON	**December 2018**	**December 2017**
Long-term liabilities	37,176	74,234
Finance lease liabilities		
	37,176	**74,234**

22. BORROWINGS (continued)

In RON	December 2018	December 2017
Short-term liabilities		
Secured credit lines	4,991,870	5,006,087
Current portion of finance lease liabilities	37,125	48,087
Total short-term liabilities	**5,028,994**	**5,054,174**

In 2018, no new leases were contracted, and the credit line contracted in 2017 was extended for 12 months. The credit line was secured with the following buildings owned by the Company:

No.	Pledged property	Category	Value in EUR	Value in RON
1	Apartment in Suceava	Non-current assets in use	38,400	176,517
2	Property in Bucharest Bocsa	Non-current assets in use	157,000	721,698
3	Property in Cluj- Motilor	Non-current assets in use	1,032,700	4,747,115
4	Apartment in Iasi	Non-current assets in use	41,000	188,469
5	Property in Cluj - Eistein	Investment property	170,100	781,916
6	Apartment in Deva	Investment property	54,000	248,227
7	Teren Borhanci	Available-for-sale property	21,000	96,533
8	Apartment in Botosani	Available-for-sale property	31,500	144,799
9	Apartment in Alba Iulia	Available-for-sale property	66,000	303,389
	Total		**1,611,700**	**7,408,663**

The amounts owed to clients are in fact amounts paid in advance by them in the bank accounts on the domestic market or in the accounts held with external brokers, which are available either for trading, or for withdrawal, depending on client's future options. They originate in:

In lei	December 2018	December 2017
Amounts payable to clients		
Creditor clients from transactions on the domestic market	26,414,432	20,856,290
Creditor clients from transactions on the foreign markets	9,519,475	9,759,480
Creditor clients from corporate services	9,000	322,231
	35,942,908	**30,938,001**

23. PROVISIONS FOR RISKS AND CHARGES

In lei	**December 2018**	**December 2017**
Provisions		
Balance as at 1 January	**450,182**	**391,480**
Cancelled during the year	300,933	-
Established during the year	-	58,702
Balance as at 31 December	**149,249**	**450,182**

23. PROVISIONS FOR RISKS AND CHARGES (continued)

In 2018, the Company reversed to income litigation provisions in amount of RON 300,933, further to the completion of the lawsuit having as its subject matter the compensations claimed by the clients of Deva Branch.

As at December 31, 2018, SSIF BRK FINANCIAL GROUP SA is a defendant in the following disputes:

File no. 6282/211/2017 (6087/97/2009* reopened)

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

Defendant: SSIF BRK Financial Group SA

Subject matter: monetary claims in amount of RON 425,464

Out of the RON 425,464, only RON 258,583 should be paid to creditors if the challenge to execution is rejected without right to appeal, given that the money that the Company had to pay according to the court decision ruled under criminal law was registered at the creditors' disposal through the actual payment offer, and is available in the receiver's account for the creditors. The RON 135,832.29 was garnished and transferred from BRK's accounts to creditors. If the challenge to execution is admitted without right to appeal, the court will be requested to invalidate the forced execution and return the garnished amounts.

According to the estimates of the law firms with which the company has collaboration contracts for representation in these cases, the case above is the only case where there is a high risk that the company will bear the costs.

In 2018, the provision in amount of RON 58,702 representing expenses with the voluntary dissolution and liquidation of affiliate Confident Broker SA remained without an object, and was reversed to income. Confident Broker SA was dissolved in 2018.

24. CONTINGENT ASSETS AND LIABILITIES

The note on Provisions described the circumstances that led to the establishment of litigation provisions for events in previous years. There are legal disputes in which the probability of cash outflows is low or the amount of the debt cannot be approximated and for which no provision has been made.

As at December 31, 2018, the company has RON 4,980,780 blocked in the client account. This amount represents the turnover calculated for some clients who have traded through the company and are under criminal investigation and the precautionary attachment was enforced in 2016. As a result of the audits carried out by the company's internal auditor, the amount blocked was RON 4,980,780, amount already blocked by the company in a dedicated account opened with the settlement bank. The company is currently undertaking the necessary steps to clarify the amount in the client account affected by the precautionary attachment.

In addition to the disputes mentioned in the note on Provisions and in the previous paragraph, there are ongoing criminal lawsuits filed by SSIF BRK FINANCIAL GROUP SA against former employees, as well as lawsuits filed by SSIF BRK FINANCIAL GROUP SA for monetary claims. Not in all cases the amounts claimed can be determined with accuracy. There are lawsuits filed by SSIF BRK FINANCIAL GROUP SA, which were won, but where the chances to recover the amounts are low.

25. OPERATING REVENUES

	Continued operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
Revenues from commissions on the spot market	2,230,910	1,913,978	-	-	2,230,910	1,913,978
Revenues from commissions on the foreign market	768,930	857,327	-	-	768,930	857,327
Revenues from commissions on derivatives	-	-	-	-	-	-
Income from related activities	146,100	1,779,371	-	-	146,100	1,779,371
Revenues from insurance intermediation	-	10,317	653	-	653	10,317
Revenues from allocation of unit funds	4,701	5,724	-	-	4,701	5,724
Subtotal of revenues from commissions and related activities	**3,150,641**	**4,566,717**	**653**	**-**	**3,151,294**	**4,566,717**
Income from rental of non-current assets	11,652	16,543	-	-	11,652	16,543
Other operating income	302,614	-		-	302,614	-
Total revenues	**3,464,907**	**4,583,261**	**653**	**-**	**3,465,560**	**4,583,261**

The Company's revenue recognition policy is to reflect such revenues at gross value. Gross revenues include market costs, commissions charged by the Stock Exchange, and ASF respectively.

In order to diversify revenues from commissions, the Company sought to permanently extend the product range and the markets where the transactions are carried out. The level of commissions earned for the operations carried out by the Company also comprised commissions related to operations on foreign markets, as presented above.

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

Revenues from commissions also include transactions for other non-banking financial institutions, called contracts with custodians, for which SSIF BRK FINANCIAL GROUP SA collects transaction fees, but the funds related to sales and purchases do not pass through the accounts of the company, but are settled through the custodian's accounts.

26. OTHER REVENUES

As of July 2018, the Company chose to charge an additional commission to clients that did not register turnover in the last 3 months. Such amounts are registered as *Other operating income* in the table above.

27. EMPLOYEE-RELATED EXPENSES

In RON	December 2018	December 2017
Employees and contractors	(2,178,852)	(3,635,165)
Mandatory social contributions and insurance	(1,661,843)	(721,848)
Employee’s profit sharing	-	-
Remunerations for BoA members	(389,339)	(309,608)

BoA members' profit sharing	-	-
Total employee expenses in comprehensive income	**(4,230,034)**	**(4,666,621)**

The remuneration of the general managers is established by decision of the Company's Board of Administration and the other benefits granted are in accordance with the collective employment contract concluded at company level.

During 2018, the company's management was secured by Mrs. Monica-Adriana Ivan, Deputy General Manager, and in May – December 2018, by Deputy General Manager, through delegate Alexandra Maxim.

Also, the Financial Supervisory Authority authorized the members of the Board of Administration of the company: Ghergus Nicolae, Ivan Monica, Mancas Catalin and Moldovan Darie in November 2018.

During 2018, the remunerations granted to the BoA members amounted to RON 390 thousand.

28. OTHER OPERATING EXPENSES

Other operating expenses include raw materials and consumables, water and energy and taxes and levies:

In RON	**2018**	**2017**
Expenses with raw materials and consumables	(111,934)	(134,534)
Expenses with energy and water	(109,187)	(110,627)
Expenses with taxes and levies	(189,905)	(167,291)
Total	**(411,027)**	**(412,453)**

29. OTHER EXPENSES

In RON	**2018**	**2017**
Expenses with compensations, fines and penalties	(853,091)	(115,015)
Expenses with donations granted	(200)	(9,000)
Net expenses with tangible and intangible assets disposed	(179)	(180,393)
Other operating expenses	(79,367)	(444,285)
Total	**(932,837)**	**(748,693)**

Expenses with compensations, fines and penalties in 2018 comprise a significant amount, i.e. RON 852,000, which represents a compensation arising under Criminal Sentence no. 442/2018 issued by the Deva Tribunal, Criminal Decision no. 643/2018 issued by the Alba Iulia Court of Appeal in file 5182/221/2017 - Deva file that the Company paid to the plaintiffs based on the enforcement summons from September –November 2018.

The expenses for the external audit services for 2018 were in amount of approximately RON 149,264.

30. FINANCIAL REVENUES AND EXPENSES

In RON	December 2018	December 2017
Net gains on transactions with financial assets at fair value through profit or loss	(1,604,123)	834,189
Net gains on the valuation of financial assets at fair value through profit or loss	2,005,042	-
Net gains on transactions with derivatives - Futures	-	-
Net gains on transactions with derivatives – international markets	-	-
Net gains on transactions with Turbo products	1,761,567	478,902
Revenues from transactions with available-for-sale financial assets	-	1,730,813
Dividend revenues:	338,370	318,222
Related to available-for-sale financial assets	-	176,731
Related to financial assets at fair value through profit or loss	338,370	141,491
Total trading revenues	**2,500,856**	**3,362,126**
Total net changes in the fair value of financial assets at fair value through profit or loss, of which:	-	1,388,771
net changes in the fair value of financial assets at fair value through profit or loss	-	1,388,771
Revenues from interest on deposits	375,920	81,102
Revenues from interest on margin contracts and loan contracts	316,149	540,840
Net gains on interest/coupons related to bonds	786,916	-
Net gains on foreign exchange differences	-	(172,296)
Other net financial revenues	-	(3,893)

30. FINANCIAL REVENUES AND EXPENSES (continued)

In RON	December 2018	December 2017
Total financial revenues	**3,979,841**	**5,196,650**
Losses on transactions with derivatives – international markets	-	101,116
Total trading expenses	**-**	**101,116**

Expenses with definitive impairment of available-for-sale securities	-	(4,497,682)
Expenses with interest on financial liabilities carried at amortized cost	(194,491)	(14,430)
Total financial expenses	**(194,491)**	**(4,410,996)**
Net financial result carried to profit or loss	**3,785,350**	**785,655**

Recognized to other comprehensive income

In RON

Detailed on the following page	-	(175,948)

Recognized to other comprehensive income

In RON

Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	(1,780,164)
related to outstanding securities at the end of the period	-	1,604,216
Financial revenues recognized in other comprehensive income, after tax	**-**	**(175,948)**

Following the adoption of IFRS 9 as of 1 January 2018, BRK Financial Group amended its accounting policy by classifying all portfolio holdings at fair value through profit or loss, and as a result, in 2018, all fair value changes were recorded to profit or loss. Prior to 1 January 2018, only financial instruments held for trading, as well as interest in subsidiaries and associates, were classified and measured as financial assets at fair value through profit or loss, the remainder of the investments being classified as available-for-sale financial assets and measured at fair value through other comprehensive income.

30. FINANCIAL REVENUES AND EXPENSES (continued)

Unrealised net gains / (losses) from measuring investments at fair value to profit or loss for the year ended December 31, 2018 were mainly attributable to the net change in the fair value of financial instruments that are part of the trading book for which the Company analyzed the sales opportunities.

Gains/(Losses) on *trading in financial assets at fair value through profit or loss* means revenues from the disposal of securities less cost of those securities for transactions for which the difference is positive.

Dividend income is registered to profit or loss at net value. The taxation rates of dividends for the period ended December 31, 2018 were 5% and (2017: 5%).

In RON	**December 2018**	**December 2017**
Banca Transilvania	66,874	47,915
OMV Petrom	152,000	-
INCERTRANS	19	-
FONDUL INCHIS DE INVESTITII BET FI INDEX INVEST	47,642	53,043
PETAL	1,595	1,564
SIF OLTENIA	13,300	
UNIVERS	55,362	107,403
LEONTEQ	356	359
Romanian Commodities Exchange	1,193	1,149
STK EMERGENT	-	18,600
BITTNET SYSTEMS	-	3,150
TRANSILVANIA CONSTRUCTII	-	2,993
SNGN ROMGAZ	-	82,046
TOTAL	**338,341**	**318,222**

31. INCOME TAX EXPENSES

Reconciliation of effective tax rate

In RON	**December 2018**	**December 2017**
Loss for the period	(2,804,699)	(4,654,398)
Total income tax expenses	-	-
Profit before tax (including from discontinued operations)	**(2,804,699)**	**(4,654,398)**
Tax rate	16%	16%
Income tax calculated by applying the tax rate to book profit	(448,752)	(744,704)
Impact of non-deductible expenses	267,261	866,303
Impact of non-taxable revenues	(141,749)	(337,638)
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	-	-
Accumulated tax loss	37,972,924	36,839,612
Impact of tax losses from previous years	(6,075,668)	(5,894,338)
Total income tax expenses calculated as per the tax rate	31,574,017	30,729,236
Income tax expenses not registered for negative amounts	**(31,574,017)**	**(30,729,236)**
Final income tax expenses	-	-
Final tax rate	-	-

32. EARNINGS PER SHARE

Basic earnings per share

The calculation of earnings per share as at December 31, 2018 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,749,919. As at December 31, 2017, the average number of outstanding ordinary shares was the same 337,749,919.

Loss attributable to ordinary shareholders

	December 2018	**December 2017**
Loss attributable to:		
Company's owners	(2,804,701)	(4,654,398)
Non-controlling interests	-	-

Loss for the period	**(2,804,701)**	**(4,654,398)**

The result presented follows the calculation of income tax.

	December 2018	**December 2017**
Loss attributable to:		
Company's owners	(2,804,701)	(4,654,398)
Non-controlling interests	-	-
Loss for the period	**(2,804,701)**	**(4,654,398)**
Total comprehensive income attributable to:		
Company's owners	(2,804,701)	(3,603,628)
Non-controlling interests	-	-
Total comprehensive income for the period	**(2,804,701)**	**(3,603,628)**
Earnings per share		
Basic earnings per share (lei)	(0.0083)	(0.0138)
Diluted earnings per share (lei)	(0.0083)	(0.0138)
Continued operations		
Basic earnings per share (lei)	(0.0083)	(0.0138)
Diluted earnings per share (lei)	(0.0083)	(0.0138)

Weighted average number of ordinary shares

In 2015, the Company annulled 931,948 shares at a nominal value of RON 0.25 and no changes in the number of shares occurred since.

Year	**2017**	**2016**	**2015**	**2014**
Number of shares	337,749,919	337,749,919	337,749,919	338,681,867

33. FAIR VALUE HIERARCHY

The table below analyzes the financial instruments carried at fair value depending on the measurement method. The fair value levels have been defined as follows:

- **Level 1**: quoted prices (not adjusted) on active markets. For securities at fair value through profit or loss, the price is the one at the end of the period, on the last trading day.

33. FAIR VALUE HIERARCHY (continued)

- **Level 2**: inputs other than the quoted prices included in Level 1. This includes quoted securities for which valuation methods have been applied that contain observable values for assets or liabilities. If the asset or liability has a specific contractual term, the inputs related to Level 2 must have observable values for the entire asset or liability period. Examples: quoted prices for similar assets or liabilities on active markets, quoted prices for identical or similar products on markets that are not active, observable prices other than quoted prices such as interest rates, volatility, other corroborated input data on the market.

- **Level 3**: inputs other than the quoted prices included in Level 1 and Level 2. This includes unquoted securities for which valuation methods have been applied that contain observable values for assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices). The fair value of these securities was determined either by applying the Discounted Dividend Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting policies.

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets, of which:	**2,196,612**	**7,176,518**	**12,848,704**	**22,221,834**
quoted shares	2,196,612	-	-	2,196,612
unquoted shares	-	-	1,008,324	1,008,324
quoted fund units	-	7,176,518	-	7,176,518
shares held in associates	-	-	11,840,380	11,840,380
Financial assets at fair value through profit or loss, of which:	**12,941,662**	**1,353,720**	**3,630,386**	**17,925,768**
quoted shares	890,982	-	-	-
quoted fund units	2,789,016	-	-	-
unquoted fund units	-	1,353,720	-	-
quoted bonds	9,261,664	-	-	-
unquoted bonds	-	-	3,630,386	-
unquoted shares	-	-	-	-
Derivatives in the form of financial assets	-	-	-	-
Other financial instruments	107,590	-	-	107,590
	15,245,864	**8,530,238**	**16,479,090**	**40,255,192**

In RON

December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss, of which	**19,555,348**	**6,745,856**	**23,834,175**	**50,135,379**
quoted shares	3,996,161	2,858,786	-	6,854,947

quoted fund units	224,960	-	-	224,960
unquoted fund units	-	-	6,758,997	6,758,997
quoted bonds	9,204,414	-	-	9,204,414
unquoted bonds	-	-	3,630,241	3,630,241
unquoted shares	-	-	13,189,243	13,189,243
structured products	4,856,066	-	-	4,856,066
loans and advances granted	-	-	5,416,511	5,416,511
Derivatives in the form of financial assets	-	-	-	**-**
Other financial instruments	-	-	-	**-**
	18,281,601	**2,858,786**	**28,994,992**	**50,135,379**

33. FAIR VALUE HIERARCHY (continued)

The table below presents changes in the book value of investments classified to Level 3 of the fair value hierarchy in 2018 and 2017

Changes in Level 3 fair value

In RON

	2018	**2017**
As at January 1	**14,555,732**	**14,578,499**
Total gain/loss carried to profit or loss	3,205,416	-
Total gain/loss carried to other comprehensive income	-	(4,053,153)
Acquisitions during the period(*)	30,000	4,030,386
Sales during the period(**)	(2,984,054)	-
Transfers to Level 3 in the fair value hierarchy(***)	14,520,130	-
As at December 31	**28,994,992**	**14,555,732**

(*) Represents the acquisition of shares in Firebyte SA.

(**) Sales of shares in Minesa SA and fund units in Smart MONEY Fund.

In 2018, the Company sold and received 9% of the shares held in the share capital of Minesa SA, for which it received RON 1,211,537.

Also, in 2018, the Company concluded a contract for the sale of 21.9% in the share capital of Minesa ICPM for which it received a down payment of RON 3,030,950.

Control of the shares was transferred in February 2019.

(***)

- Due to the fact that the valuation of the fund units in Smart Money Fund was made on December 31, 2018 taking into account the evaluation report of Romlogic Technology. The Smart Money Fund has a 37% stake in Romlogic's share capital because of the transfer of Level 3 fair value hierarchy. In 2017, Smart Money Fund Units were at Level 2 within the hierarchy of fair value. The value of Smart Money's fund units amounted to RON 1,598,180.

- In Level 3 of the fair value hierarchy the Company also classified the credits granted to affiliates and clients that have margin loans, their value at December 31, 2018 was RON 5,416,511.

- The fair value measurement of financial investments presented at Level 3 of the fair value hierarchy was based on valuation models using available financial information as at December 31, 2018. These assessments were carried out internally as well as by independent external valuers employed by SSIF.

The evaluation methods used for Level 3 financial assets are presented below:

33. FAIR VALUE HIERARCHY (continued)

No.	Financial assets	Fair value as at December 31, 2018	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
1.	Unquoted majority interests	4,180,815	Income approach - discounted cash flow method	Weighted average cost of capital: 11.39%	The lower the weighted average cost of capital, the higher the fair value
				Long-term income growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value
2.	Unquoted minority interests	4,785,875	Income approach - discounted cash flow method	Weighted average cost of capital: 12.75%	The lower the weighted average cost of capital, the higher the fair value
				Discount for lack of liquidity: 15.60%	The lower the discount for the lack of liquidity, the higher the fair value
				Long-term income growth rate: 1.30%	The higher the long-term income growth rate, the higher the fair value
3.	Unquoted minority interests	67,462	Cost method - adjusted net asset method	Market value of equity by reference to their book value: 4	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value
4.	Unquoted minority interests	4,155,091	Income approach - discounted cash flow method	Weighted average cost of capital: 10.50%	The lower the weighted average cost of capital, the higher the fair value
				Discount for lack of control: 10%	The lower the discount for the lack of control, the higher the fair value
				Long-term income growth rate: 2%	The higher the long-term income growth rate, the higher the fair value

No.	Financial assets	Fair value as at December 31, 2018	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
5.	Unquoted equity instruments	3,630,241	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
6.	Loans and advances granted	5,416,511	Adjusted net asset method with probability of default	The value of loans granted adjusted with the probability of default	The lower the cash flow discount rate, the higher the fair value
7.	Unquoted fund units - Smart Money	1,598,180	Cost approach - adjusted net asset method	Market value of equity versus their book value:	In the balance sheet, the book value is identified by equity The lower the resulting price/accounting value, the lower the fair value
				Weighted average cost of capital: 14.00%	The lower the weighted average cost of capital, the higher the fair value
	Total	**23,834,175**			

33. FAIR VALUE HIERARCHY (continued)

No.	Financial assets	Fair value as at December 31, 2017	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
				Weighted average cost of capital: 11.39%	The lower the weighted average cost of capital, the higher the fair value.
1.	Unquoted majority interests	1,936,615	Income approach - discounted cash flow method	Long-term income growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value.
				Weighted average cost of capital: 10.50%	The lower the weighted average cost of capital, the higher the fair value.
				Discount for lack of liquidity: 15.60%	The lower the discount for the lack of liquidity, the higher the fair value.
2.	Unquoted majority interests	4,785,875	Income approach - discounted cash flow method	Long-term income growth rate: 1.30%	The higher the long-term income growth rate, the higher the fair value.
3.	Unquoted minority interests	4,940,880	Cost method - adjusted net asset method	Market value of equity by reference to their book value:	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
				Weighted average cost of capital: 10.50%	The lower the weighted average cost of capital, the higher the fair value.
				Discount for lack of control: 10%	The lower the discount for the lack of control, the higher the fair value.
4.	Unquoted minority interests	4,155,091	Income approach - discounted cash flow method	Long-term income growth rate: 2%	The higher the long-term income growth rate, the higher the fair value.

No.	Financial assets	Fair value as at December 31, 2017	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
5.	Unquoted bonds	3,630,241	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
	Total	**16,478,946**			

33. FAIR VALUE HIERARCHY (continued)

Price / Book value multiple: often expressed simply as "price-to-book", this multiple measures a company's market price based on its book value (net assets). It reflects how many times the book value per share investors are ready to pay for a share. The Price / Book value ratio multiple varies significantly based on the industry.

A company that requires more assets (e.g. a manufacturing company with factory space and machinery) will generally post a significantly lower price-to-book than a company whose earnings result from rendering services (e.g. a consulting firm).

Weighted average cost of capital: represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in the weighted average cost of capital calculation.

Discount for lack of control: represents the discount applied to reflect the absence of the power of control and it is used within the discounted cash flow method, in order to determine the value of a minority interest in the equity of the revalued company.

Discount for lack of liquidity: represents the discount applied to the comparable market multiples, in order to reflect the liquidity differences between the revalued company from the portfolio and its comparable peer group. Valuators estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

To assess the unquoted majority equity instruments held in Facos SA in amount of RON 4,785. The valuation report for Facos was prepared by Darian DRS, and the one for Minesa by Mr. Marius Sufana.

34. AFFILIATES

Benefits of key management personnel

Transactions with affiliated parties, in the form of key management personnel, refer to the benefits granted to members of the Board of Administration and members of the executive management, which were presented in the *Employee-related Expenses* note.

Investments in associates

Note 18 *Investments in Associates* in these financial statements presents all associates and transactions that have taken place within the period.

35. IMPACT OF IFRS 9 "FINANCIAL INSTRUMENTS" AS OF JANUARY 1, 2018

IFRS 9 "Financial Instruments" presents the provisions for the 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 the classification and measurement of financial instruments, a new model of credit risk for the calculation of impairment of financial assets, and new general requirements for hedge accounting. SSIF BRK FINANCIAL GROUP SA adopted IFRS 9 starting January 1, 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 analysis conducted, the Company decided to classify most of the financial instruments as of 01.01.2018, the date of initial application of IFRS 9, at fair value through profit and loss.

35. IMPACT OF IFRS 9 “FINANCIAL INSTRUMENTS” AS OF JANUARY 1, 2018 (continued)

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

	IAS 39	IAS 39 value as at December 31, 2017	IFRS 9 reclassification	IFRS 9 value as at January 1, 2018
1.) Financial assets at amortized cost as per IFRS 9				
-resulting from financial assets measured at amortized cost	amortized cost	463,380	amortized cost	463,380
- from financial assets at amortised cost	amortized cost	7.971.985	fair value through profit or loss	7.740.557
Total financial assets measured at amortized cost	**X**	**8.435.365**	**X**	**8.203.938**
2.) Financial assets at fair value through profit or loss as per IFRS 9				
-resulting from available-for-sale financial assets	Available-for-sale financial assets	14,344,769	Fair value through profit or loss	14,344,769
-resulting from financial assets held for trading	Financial assets held for trading	18,033,358	Fair value through profit or loss	18,033,358
3.) Financial assets at fair value through other comprehensive income as per IFRS 9				
- resulting from available-for-sale financial assets	Available-for-sale financial assets	7,654,180	Fair value through profit or loss	7,654,180
Total financial assets at fair value through other comprehensive income as per IFRS 9	**X**	**40,032,307**	**X**	**43,656,041**
Total 1.)+2.)	**X**	**48,467,672**	**X**	**51,859,978**

The differences resulting from the adoption of IFRS 9 as of January 1, 2018 will be recognized in retained earnings. The impact of the transition consists in a net increase of RON 3,392,306, net of tax, of retained earnings and a net decrease of reserves by the same amount.

36. SUBSEQUENT EVENTS

Events after the balance sheet date were taken into account in assessing the conditions that existed on December 31, 2018 in respect of receivables lines and significant estimates that have been made, including those relating to the provisioning of litigation.

- January 2019 - BRK Financial Group issued a press release on the resignation of Mr. Cătălin Mancaş from the position of Head/Chief Accountant: Sandu Pali maintaining his capacity of member of the Board of Administration of SSIF BRK Financial Group

- January 15, 2019 – the Company issued a press release on the rejection of the authorisation of Mr. Grigore Chiș as member of the Board of Administration of BRK Financial Group, following the decision of the Financial Supervisory Authority of January 14, 2019.
- January 16, 2019 – the Company published the financial communication schedule for 2019.
- January 17, 2019 – the Company issued a press release on the conclusion of a loan contract with Romlogic Technology SA for the amount of RON 1,170,550, at an annual interest rate of ROBOR 3M+5%, repayable on April 16, 2019.

36. SUBSEQUENT EVENTS (continued)

- January 31, 2019 – the Company issued a press release on the conclusion of a loan contract whereby on November 2, 2018, the Company granted a loan to Firebyte Games SA in amount of RON 100,000, at an annual interest rate of ROBOR 3M+7%, repayable on April 30, 2019.
- February 1, 2019 – the Company informed its shareholders and investors that, in the meeting of January 31, 2019, Mr. Darie Moldovan waived his position of chairman, while keeping his capacity of member of the Board of Administration. In the same meeting, Mr. Nicolae Gherguș was elected chairman and Ms. Monica Ivan was elected vice-president of the Board of Administration of BRK Financial Group.
- February 8, 2019 – the Company announced that it concluded 2 addenda to two loan contracts with Firebyte Games SRL, to grant a loan in amount of RON 78,439.73 and RON 87,409.59, at an annual interest rate of ROBOR+7%, repayable on July 1, 2019, valid for both loans.
- February 13, 2019 – publication of the Independent Auditor's Report on the information included in the current reports drawn up by the Company.
- February 15, 2019 – BRK Financial Group published the preliminary financial results as at December 31, 2018.
- February 18, 2019 – the Company informed its shareholders, investors and general public that a sale contract was concluded on February 15, 2019 regarding the sales in Minesa. The subject matter of the contract was the sale of 75,638 shares in Minesa IPCM SA, representing 29.1% of the share capital, at a price of EUR 11.11/share, the agreement being worth EUR 840,338.2.
- March 4, 2019 – the Company concluded an addendum to the loan contract with Romlogic Technology SA extending until September 1, 2019 the repayment term for the loan granted on November 28, 2018, setting an annual interest rate of 10%. The loan amounts to RON 235,000.
- March 14, 2019 – the Company announced the sale of a total of 2,855,855 BRK shares at a price of RON 0.075/share, held by Ms. Mancaș Simona Gabriela, closely connected to Mancaș Cătălin, administrator.
- March 14, 2019 – the Company informed the general public of the conclusion of a loan contract with Romlogic Technology SA whereby the Company granted a loan of RON 2,000,000 at an annual interest rate of ROBOR 3M+5%, repayable on September 15, 2019. The loan is secured by a stock of 2,700 Equinoq units.

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,	**Serban Nascu,**	**Chief Accountant: Sandu Pali**
Nicolae Gherguș	**General Manager**	**Delegate: Alexandra Maxim**

BRK Financial Group

STATEMENT OF RESPONSIBILITY

We, the undersigned
Nicolae Ghergus, Chairman
Serban Nascu, CEO
Sandu Mircea Pali, Chief Accountant represented by Alexandra Maxim

Do hereby declare on our own responsibility that, to the best of our knowledge, the individual financial statements as at 31.12.2018, prepared in accordance with the International Financial Reporting Standards, provide a fair and accurate image of the assets, liabilities, financial position, profit and loss account of SSIF BRK Financial Group SA, and the report of the Board of Directors, prepared in accordance with ASF regulations, contains a correct analysis of the development and performance of the Company and a description of the main risks and uncertainties specific to the company's activity. BRK Financial Group SA carries its business on an ongoing basis.

Chairmain of the Board,
Darie Moldovan

CEO,
Serban Nascu

Chief Accountant,
Sandu Mircea Pali
Represented by: Alexandra Maxim

Deloitte Audit SRL
4-8 Nicolae Titulescu Road,
East Entrance, 2nd Floor,
Sector 1
011141, Bucharest
Romania

Tel: +40 21 222 16 61
Fax: +40 21 222 16 60
www.deloitte.ro

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of,
SSIF BRK Financial Group SA

Report on the Audit of the Separate Financial Statements

Qualified Opinion

1. We have audited the separate financial statements of SSIF BRK Financial Group SA (the "Company" or "SSIF"), with registered office in Str. Motilor nr. 119, Cluj-Napoca, identified by unique tax registration code 6738423, which comprise the separate statement of financial position as at December 31, 2018, the separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

2. The separate financial statements as at December 31, 2018 are identified as follows:
- Net assets / Total equity RON 56,260,407
- Net loss for the financial year RON 2,804,699

3. In our opinion, except for the possible effects on the corresponding figures of the matter described in the "Basis for Qualified Opinion" section of our report, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2018, and its separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and Financial Supervisory Authority ("FSA") Norm no. 39/2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by the FSA – Financial Investments and Instruments Sector, as amended (referred to herein as "FSA Norm no. 39/2015").

Basis for Qualified Opinion

4. We were appointed auditors in 2017. The 2016 auditor was not able to determine the possible impairments of the fair value of the Company's participation in FACOS SA for the year ended December 31, 2016, classified as available-for-sale financial assets. Since the opening balance of investments classified as available-for-sale enters into the determination of the financial performance and cash flows for the year, we were unable to determine whether adjustments might have been necessary in respect of the profit or loss for the year ended December 31, 2017 reported in the separate statement of comprehensive income, statement of changes in equity and cash flows. Our opinion is qualified because of the possible effect of this matter on the comparability of the financial information presented in the current year separate financial statements prepared as of December 31, 2018, in the separate statement of comprehensive income, statement of changes in shareholders' equity and cash flows and the corresponding amounts.

5. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 regarding the statutory audit of the annual financial statements and annual consolidated financial statements and the amendment of certain acts of legislation ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate financial statements section of this report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide an opinion on these matters. In addition to the matters described in paragraph 4 above, we have determined the matters described below as the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the matter
Valuation of equity investments We refer to note 33 to the financial statements, which presents the financial assets. As at December 31, 2018, they represent 47% of the total assets of SSIF. A significant part of such financial assets is presented to Level 3 of Fair Value hierarchy. The fair value valuation of these have been performed based on valuation models which used financial information available prior December 31, 2018. Such valuations were performed in-house, as well as by external independent valuers contracted by SSIF. This was a key area of focus in our audit due to the significance of the amounts involved, the complexity involved in valuing these investments, the significance of the judgments and estimates included in the valuation, as well as the reflection of the changes in fair value in the financial statements.	In order to address the key audit matter, our audit focus was to test in detail a sample of financial investments classified as level 3, for which we have involved our own expert valuers, who analyzed the valuation methodology, the assumptions used, the inputs used by external and by internal model valuers and their professional competence. We have also assessed the compliance of the valuation methods with the relevant standards and the Company's accounting policies. We have assessed SSIF management's analysis on the evolution of the information used in determining fair value, for the period following the date of the valuations of such financial assets until December 31, 2018, in order to determine the significant changes in the fair value of such financial assets. For a sample of significant listed investments, we have analysed transactions frequency in order to identify those without an active market and we assessed the accuracy of the closing price from securities capital market. We have also assessed the accuracy of the changes in fair value that have been reflected in the financial statements, by comparing year-on-year fair value variation for the selected financial investments. We have also considered whether the financial statements appropriately reflect the material disclosures in relation to equity investments according to the accounting policies of SSIF and IFRS requirements. In this regard, we assessed the presentation of the material information on fair value hierarchy, disclosures regarding significant unobservable inputs against disclosures of IFRS 13 *Fair Value Measurement*.

Other information – Administrators' Separate Report

7. The Administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' separate report ("Administrators' report"), but does not include the separate financial statements and our auditors' report thereon.

Our opinion on the separate financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements for the year ended December 31, 2018, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 8-13.

On the sole basis of the procedures performed within the audit of the separate financial statements, in our opinion:

a) the information included in the Administrators' report for the financial year for which the separate financial statements have been prepared is consistent, in all material respects, with these separate financial statements;

b) the Administrators' report has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 8-13.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the separate financial statements prepared as at December 31, 2018 we are required to report if we have identified a material misstatement of this Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

8. Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS and applying FSA Norm no. 39/2015 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

12. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SIF to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. We were appointed by the General Assembly of Shareholders on October 5, 2017 to audit the separate financial statements of SSIF BRK Financial Group SA for the financial year ended December 31, 2018, following the tender organized by the Company during 2017. The uninterrupted total duration of our commitment is 2 year, covering the financial years ended December 31, 2017 and December 31, 2018.

We confirm that:

• Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.

• We have not provided for the Company any prohibited non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014.

The engagement partner on the audit resulting in this independent auditor’s report is Irina Dobre.

Irina Dobre, Audit Director

For signature, please refer to the original Romanian version.

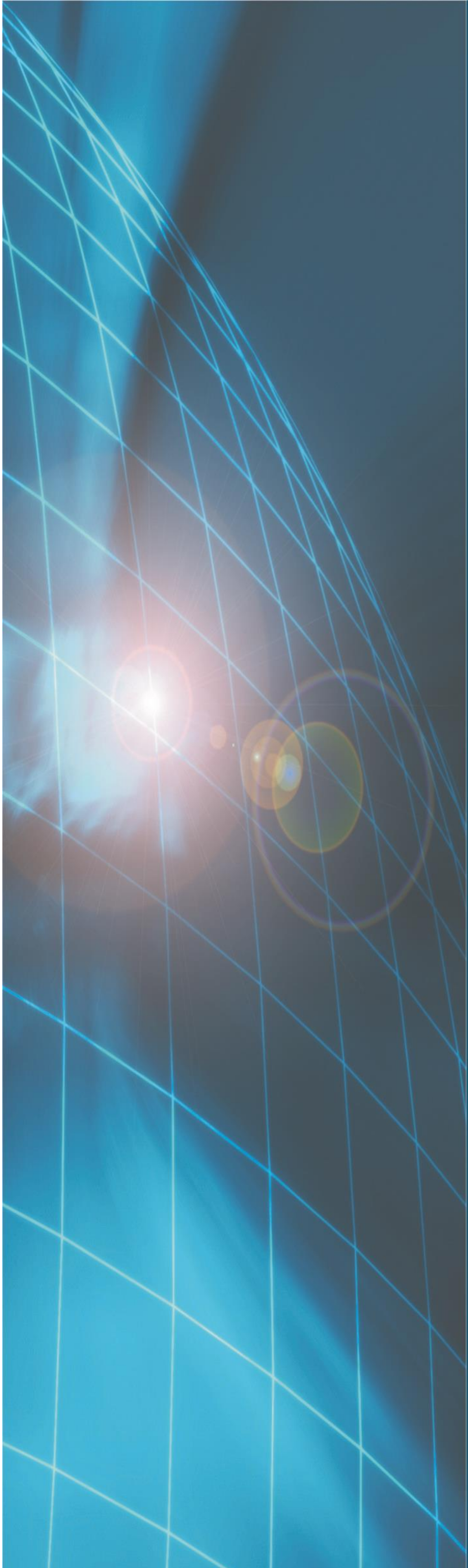
Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 3344

On behalf of:

DELOITTE AUDIT SRL

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 25

Sos. Nicolae Titulescu nr. 4-8, America House, Intrarea de Est,
Etajul 2 - zona Deloitte și Etajul 3, sector 1,
Bucharest, Romania
April 24, 2019



Consolidated Report of the Board of Directors for 2018

tatements

1. General information

The direct participations of BRK Financial Group in the group's subsidiaries refer to the participation in SAI Broker S.A. During 2018 there were no changes in the share capital of SAI Broker S.A.

Company within the group	Main activity domain	Number of financial instruments held	Nominal value of the financial instrument	Participation 2018 (%)	Participation 2017 (%)
SAI BROKER SA	Fund management activities	220.581	10.00	99,98%	99.98%

According to IFRS 10, reporting entities need to consolidate their financial statements with those of the entities they invested and control. The change to investment firms provides for an exception to the consolidation requirements set out in IFRS 10 and requires investment firms to measure certain subsidiaries at fair value through profit or loss instead of consolidating them. The term "investment entity" refers to an entity whose object of business is to invest in obtaining return on capital appreciation, investment income or both.

According to the internal assessment made in early 2019, the management of BRK Financial Group S.A. has come to the conclusion that it meets the criteria required by IFRS 10 to be able to be defined as an investment entity and thus to measure certain subsidiaries at fair value without having to consolidate them. Thus, only two companies were retained in the consolidation perimeter for 2018: SSIF BRK Financial Group S.A. and SAI Broker S.A.

2. Main achievements of S.A.I. Broker S.A. in 2018

SAI Broker SA was established in the second half of 2012 and wants to offer investors viable investment alternatives through the products they intend to launch so that through proper management of the financial asset portfolio tend to optimize the ratio between the potential return and the investment risk assumed. The company has the dynamism and tenacity required for such a challenge, as well as the experience gained over the years, which together are the premises for the success of a policy focused on customer needs.

The main activity of the company consists in fund management activities. (The scope of activity was revised according to the requirements of the AS, after the authorization). The main activity of the company classified according to the Classification of Activities of the National Economy (C.A.E.N.) is:

663 - "Fund management activities";

6630 - "Fund management activities": the management of collective investment undertakings (UCIs), collective investment undertakings (UCITS). In addition to the UCITS management, the Company may manage alternative investment funds (FIA) for which it is subject to prudential supervision, in particular those set up as investment funds as defined and regulated by O.U.G. no. 32/2012 or registered according to the legal provisions.

The collective portfolio management activity shall cover at least:

a. Investment management;
b. Carrying out activities on:
    1. legal and accounting services related to portfolio management;
    2. requests for customer information;
    3. Evaluating the portfolio and determining the value of the securities, including tax issues;

4. monitoring the compliance with the regulations in force;
5. keeping a register of the unit-holders;
6. revenue distribution;
7. issue and redemption of participation titles;
8. record keeping;;

c) Marketing and distribution.

In the case of a F.I.A., the main activities are:

- portfolio management;
- risk management;

The company may also carry out, within the framework of the collective management of a F.I.A. and other activities such as:

i) entity management: legal and fund accounting services, customer inquiries, valuation and pricing, including tax refunds; control of compliance with applicable law; keeping the register of unit-holders; revenue distribution; issue and redemption of units; settlement of contracts, including issuance of certificates; keeping records;

ii) distribution;

iii) activities relating to the assets of the F.I.A., namely services required to perform management duties, infrastructure management, real estate management, capital structure consultancy, industrial strategy and related matters, advice and services on mergers and acquisitions, as well as other services related to the management of the F.I.A. and the companies and other assets in which it invested.

SAI Broker SA obtained operating authorization from the National Securities Commission, currently the Financial Supervisory Authority (ASF), in early 2013. Through the ASF attestation no. 24 / 05.07.2017 the registration of SAI Broker SA as a manager of alternative investment funds (AIFM) was certified.

The company has no branches or agencies open, the activity being carried out only at the headquarters.

The special relationship with SSIF BRK Financial Group SA - the company that is the main shareholder and the most important business partner of the company - represents an asset in reaching the proposed objectives. Through the services it provides, SAI Broker SA will complement the range of financial services offered by SSIF BRK Financial Group SA in an effort to meet even the most demanding requirements of its clients.

With active and passive investment policies according to the profile of each fund, SAI Broker offers specific financial management services with responsibility and professionalism, proposing to manage risks and exploit opportunities on the Romanian market or in other foreign markets.

The short-term objective is to promote the funds launched during the 2014-2015 period and to achieve higher performances than the objectives established through the documentation of the funds so that by the end of 2019 the managed assets, on all public funds, will be at least 30 million lei.

2.1. Main events

In 2018, the value of assets under management increased from 139 million lei to 157 million lei. Financial performance in 2018 exceeded budget estimates both in terms of earnings and earnings.

The FIX INVEST fund, managed by SAI BROKER SA, **was the best performing investment fund in Romania in 2018**. The award was offered by the Bucharest Stock Exchange within the Inauguration Gala 2019, an event held at the National Theater " Ion Luca Caragiale "in Bucharest, on February 19, 2019.

In order to take over the management of FORTUNA Classic and FORTUNA Gold, SAI Broker SA contracted in 2017 a subordinated loan from SSIF BRK Financial Group SA amounting to 676 thousand lei with maturity date December 31, 2021. In 2018 the company repaid the credit contracted.

In December 2017, the Board of Directors took the decision to participate as a founding member of Firebyte Games S.A., accounting for 99% of the initial shares issued. SAI Broker SA subscribed a number of 9.900 shares with a face value of 10 lei / share.

In 2018, SAI Broker assigned 79,5% of Firebyte Games SA's share capital, of which 30% to the SSIF BRK Financial Group. In order to develop the project, the company granted loans to Firebyte Games in the amount of 217.000 lei.

2.2. Financial Data

From the management of the seven funds: FII BET-FI Index Invest, FDI FIX Invest, FDI PROSPER Invest, Fortuna Classic FDI, Fortuna Gold FDI, FPI Smart Money and FPI OPTIM Invest, SAI Broker SA recorded revenues in 2018 total amount of 2,83 million lei, 65% higher than those obtained in 2017 (revenues of 1,71 million lei), representing management fees, subscription fees and successful commissions.

In 2018, net financial gains other than dividends amounted to 43 thousand lei lei, up 78% compared to the previous year (24 thousand lei in 2017) as a result of the increase in interest earnings. The 2018 year represented the best year of the company's total turnover of 1,79 mil lei, indicating an increase of 112% compared to the previous year. This significant improvement was due to the increase in managed assets found in private funded funds.

IFRS Indicator	(thousand lei) 2018	(thousand lei) 2017	%
Income from continuing operations	2.905,87	1742,9	66,73%
Sales related expenses	-1.053,87	-901,1	16,95%
The result of the exploitation activity	1.791,58	838,9	**113,56%**
Other elements of the overall result	0,00	7,6	-100,00%
Total income statement and other items of comprehensive income for the period	**1.791,58**	**846,5**	**111,65%**

3. The main elements of the business strategy within the company

The mission of the BRK Financial Group is to contribute actively to the development of the Romanian capital market, both by creating a wide range of financial products and services developed by experts, as well as by trying to provide an attractive return to shareholders.

The BRK Financial Group, through its brokerage services, brokerage products and investment funds managed by SAI Broker SA, wants to remain a leader in providing innovative financial solutions and to maintain the competitive advantage through the diversity and value of the products and services offered.

SSIF BRK Financial Group is the main component of the Financial Group and is the main distribution platform for the entire range of products and services offered by financial units.

The BRK Financial Group seeks to improve operational efficiency in order to maintain a sustained growth rate both in terms of reporting to the capital market and by reference to return on capital invested.

4. Internal and External Audit

At the level of companies in which SSIF BRK FINANCIAL GROUP holds holdings, internal audit and financial audit are not the subject of integrated processes, because companies have different objects of activity. At each company level, internal audit operations are differentiated according to the specificity of the market on which each company operates. At the level of the SSIF BRK FINANCIAL GROUP and SAI BROKER SA, the internal audit is outsourced in order to ensure its efficient and independent performance. The audit missions carried out in 2018 at SSIF BRK FINANCIAL GROUP SA and SAI BROKER SA aimed at following the risk management reports and the assessment of the internal control system at the level of the two companies according to the legislation applicable to the capital market. The reports related to the completion of the audit missions performed were handed over to the management of the entities in order to apply the recommendations formulated by the auditors.

Regarding the financial audit, the companies in which SSIF BRK FINANCIAL GROUP SA held participations audited the financial statements for the year 2018. The auditing of the financial statements was made within the term stipulated by the legislation, and the audited financial statements were subject to the approval of the General Shareholders' Meetings of the companies concerned.

5. Environmental protection policy

Considering the specificity of the object of activity of each entity to which the SSIF BRK FINANCIAL GROUP holds holdings, we specify that there is no common policy on environmental protection. SSIF BRK FINANCIAL GROUP SA is paying particular attention to environmental protection policies.

6. Evolution of the main financial indicators

BRK FG prepared consolidated financial statements for the year ended at December 31, 2018, according to the requirements of the FSA Instruction no. 2/2014 with subsequent amendments and of the Norm no. 39 / 2015 for the approval of the accounting regulations in compliance with the International Financial Reporting Standards with the accounting policies of the group.

The consolidated financial statements of the BRK Financial Group, prepared in accordance with the International Financial Reporting Standards adopted by the European Union in force on the annual reporting date, December 31, 2018, comprise the financial position of BRK Financial Group and Group companies and are presented in unitary mode, similar to the financial statements of a single entity.

The consolidated annual financial statements comprise:

- the consolidated statement of the financial position;
- the consolidated income statement and the consolidated statement of other comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated cash flow situation;
- explanatory notes to the consolidated annual financial statements.

7. Consolidated statement

Statement of financial position at 31 December 2018

In Ron	*Nota*	2018	2017
Assets			
Intangible assets	8	2.938.484	3.586.297
Tangible assets	9	6.201.082	16.637.934
Real estate investments	10	918.186	1.030.143
Financial assets available for sale	11	-	10.457.145
Other long-term financial investments	12	-	847.880
Titles placed in equivalence	12^1	-	5.101.087
Total fixed assets		**10.057.752**	**37.660.486**
Financial assets measured at fair value through profit or loss	11	41.103.333	18.391.752
Other financial assets	12	5.692.274	6.265.408
Commercial receivables and other receivables	15	12.959.229	14.339.425
Stocks	16^1	-	1.203.993
Account in the bank related to the clients	17	31.750.494	26.351.801
Cash and cash equivalents	17	3.766.687	2.528.727
Total current assets		**95.272.017**	**69.081.106**
Assets classified as held for sale	14	544.721	544.721
Total assets		**105.874.490**	**107.286.313**
Equity			
Social capital	18	54.039.987	54.039.987
Adjustment of share capital	18	4.071.591	4.071.591
Own actions	18	(24.047)	(24.047)
Prime of capital	18	5.355	5.355
Reserves from revaluation of available-for-sale financial assets	19	0	689.978
Other reservations	19	10.992.183	14.114.899
Reported result	20	(13.676.231)	(11.068.741)
Total equity attributable to group shareholders		**55.408.837**	**61.829.021**
Interests without control		672	859.313
Total equity		**55.409.509**	**62.688.335**
Liability			
Trade and other debt	21	-	102.078
Debts on financial leasing	22	37.176	74.234
Income recorded in advance	23^1	-	347.972
Deferred tax liabilities		-	1.152.371
Total long-term debt		**37.176**	**1.676.655**
Short term bank debt	22	4.991.870	6.534.142
The current part of debts on financial leasing	22	37.125	48.087
Amounts due to customers (customer availability)	22	35.930.351	30.938.001
Commercial and other debt	21	9.263.800	4.810.912
Income recorded in advance	23^1	-	140.000
Provisions	23	204.659	450.182
Total current liabilities		**50.427.804**	**42.921.324**
Total debt		**50.464.981**	**44.597.979**
Total equity and liabilities		**105.874.490**	**107.286.313**

Consolidated statement of comprehensive income

In Ron	*Note*	2018	2017
Continuous activities			
Income			
Income from commissions and related activities	25	5.972.278	6.260.018
Revenue from the negotiation of insurance and reinsurance contracts		-	-
Income from the sale of goods and merchandise	25	-	7.058.644
Income from rentals	25	486	14.758
Subtotal operating income		**5.972.763**	**13.333.420**
Net financial gains on stock and bond transactions	30	(1.571.305)	4.076.904
Net financial gain from transactions with Turbo products	30	1.761.567	478.902
Net gains from the measurement of financial assets measured at fair value through the unrealized gain and loss		(327.126)	-
Financial income from dividends	30	374.695	318.221
Financial interest income	30	1.496.675	605.393
Subtotal financial income		**1.734.506**	**5.479.420**
			96.301
Income from valuation of real estate investments and available assets for sale		-	
Income from the write-off of provisions for risks and expenses		300.933	(85.849)
Other incomes	26	303.160	178.343
Total income from continuing operations		**8.311.362**	**19.001.635**
Expenditure on raw materials, materials	27	(245.014)	(4.457.772)
Expenses with staff and collaborators	28	(4.984.394)	(7.593.667)
Expenses with taxes and fees		(259.158)	(244.990)
Expenditure on external benefits		(3.771.358)	(3.702.673)
Subtotal operational expenditure		**(9.259.925)**	**(15.999.102)**
Interest charges	30	(194.491)	(84.778)
Net financial losses	30	-	(177.559)
Impairment losses		(66.630)	(48.849)
Subtotal Financial Expenses		**(261.121)**	**(311.186)**
Value adjustments of intangible and tangible assets		(1.142.527)	(2.142.573)
Expenses with provisions for risks and expenses	23	(55.410)	(58.702)
Other expenses	29	(937.669)	(790.493)
Total expenses		**(11.656.652)**	**(19.302.056)**
Result of exploitation activities		**(3.345.290)**	**(300.421)**
Loss before tax		**(3.345.290)**	**(300.421)**
Profit tax expense	31		23.493
Loss of continuous activities		**(3.345.290)**	**(276.928)**
Loss of interrupted activities		-	(89.150)
Loss of the period		**(3.345.290)**	**(366.078)**

Consolidated statement of comprehensive income - continued

Report on 31.12.2018

In Ron		2018	2017
Other elements of the overall result			
Positions that are or can be reclassified to profit or loss			
Net change in the fair value of available-for-sale financial assets transferred / reclassified to the income statement		-	-1.780.164
The effect of reshaping the above position		-	
Net change in fair value of available-for-sale financial assets		-	426.906
			126.670
Changes in the value of titles placed in equivalence		-	
Other capital changes		-	-5
Positions that will not be reclassified to profit or loss			
Value changes of the used assets		-	1.300.302
Total other comprehensive income for the period			**73.709**
Continuous activities		-	73.709
Interrupted activities		-	0
Total income statement and other comprehensive income for the period		**0**	**-292.369**
Continuous activities		-	-203.219
Interrupted activities		-	-89.150
Attributable Profit:			
Shareholders of the Company		**-3.345.654**	-279.450
Interests without control		364	-86.628
Profit of the period		**-3.345.290**	**-366.078**
			0
Continuous activities			
Result per share			
Basic earnings per share (RON)	32	-0,0099	-0,0008
The diluted earnings per share (RON)	32	-0,0099	-0,0008
Interrupted activities			
Result per share			
Basic earnings per share (RON)	32	-0,0099	-0,0003
The diluted earnings per share (RON)	32	-0,0099	-0,0003
Total Global Attributable Result:			
Shareholders of the Company	32	(3.345.654)	-207.843
Interests without control	32	364	-84.526
Total global result for the period		**-3.345.290**	**-292.369**

Chairman of BOD, Chief accountant,

Nicolae Gherguș Sandu Pali

At the end of 2018, the total assets amounted to 105.87 million lei, 1.63% lower compared to the end of 2017, the main assets being held by the parent company BRK Financial Group.

The total debts amounted to 50,46 million lei at the end of 2018, up by 13,15% as compared to the end of 2017. The main debts were held by the SSIF BRK Financial Group, the amounts representing the client's holdings held in the company's account, the purchase of financial instruments.

The Group's equity capital of RON 55,4 million decreased by 11,6% compared to the value recorded at 31.12.2017.

The result of the period was a loss of 3,34 million lei compared to a loss of 0,36 million lei in 2017.

Chairman of Board of Directors

BRK Financial Group

Nicolae GHERGUȘ

Consolidated financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union (“IFRS”) for the year ended

December 31, 2018

TABLE OF CONTENTS **PAGE 2**

Consolidated financial statements

.

Consolidated statement of financial position as at December 31, 2018 *In RON*	**Note**	**December 31, 2018**	**December 31, 2017**
Assets			
Intangible assets	**8**	2,938,484	3,586,297
Tangible assets	**9**	6,201,082	16,637,934
Investment property	**10**	918,186	1,030,143
Available-for-sale financial assets	**11**	-	10,457,145
Other long-term financial investments	**12**	-	847,880
Equity securities	**12^1**	-	5,101,087
Total non-current assets		**10,057,752**	**37,660,486**
Financial assets at fair value through other comprehensive income	**11**	41,103,333	18,391,752
Other financial assets	**12**	12,267,142	6,265,408
Loans and advances granted	**15**	5,571,980	7,971,985
Trade and other receivables	**15**	812,381	6,367,440
Inventories	**16^1**	-	1,203,993
Bank account for clients	**17**	31,750,494	26,351,801
Cash and cash equivalents	**17**	3,766,687	2,528,727
Total current assets		**95,272,017**	**69,081,106**
Assets classified as held for sale	**14**	544,721	544,721
Total assets		**105,874,490**	**107,286,313**
Equity			
Share capital	**18**	54,039,987	54,039,987
Adjustment of share capital	**18**	4,071,591	4,071,591
Own shares	**18**	(24,047)	(24,047)
Share premiums	**18**	5,355	5,355
Reserves from the revaluation of available-for-sale financial assets	**19**	-	689,978
Other reserves	**19**	10,992,183	14,114,899
Retained earnings	**20**	(13,676,231)	(11,068,741)
Total equity attributable to Group's shareholders		**55,408,837**	**61,829,021**
Non-controlling interests		672	859,313
Total equity		**55,409,509**	**62,688,335**

Consolidated statement of financial position as at December 31, 2018 *In RON*	**Note**	**December 31, 2018**	**December 31, 2017**
Liabilities			
Trade and other liabilities	**21**	-	102,078
Financial lease liabilities	**22**	37,176	74,234
Deferred income	**23^1**	-	347,972
Deferred tax liabilities		-	1,152,371
Total non-current liabilities		**37,176**	**1,676,655**
Short-term bank liabilities	**22**	4,991,870	6,534,142
Current portion of finance lease liabilities	**22**	37,125	48,087
Amounts payable to clients (clients' available funds)	**22**	35,930,351	30,938,001
Trade and other payables	**21**	9,263,800	4,810,912
Deferred income	**23^1**	-	140,000
Provisions	**23**	204,659	450,182
Total current liabilities		**50,427,804**	**42,921,324**
Total liabilities		**50,464,981**	**44,597,979**
Total liabilities and equity		**105,874,490**	**107,286,313**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, **Serban Nascu,** **Chief Accountant: Sandu Pali**

Nicolae Gherguș **General Manager** **Delegate: Alexandra Maxim**

Consolidated statement of comprehensive income
for the year ended December 31, 2018

In RON	Note	2018	2017
Continued operations			
Revenues			
Revenues from commissions and related activities	**25**	5,972,278	6,260,018
Revenues from the negotiation of insurance and reinsurance contracts		-	-
Revenues from the sale of work and goods	**25**	-	7,058,644
Rental income	**25**	486	14,758
Sub-total operating revenues		**5,972,763**	**13,333,420**
Net finance losses on transactions with shares and bonds	**30**	(1,571,305)	4,076,904
Net finance gains on transactions with Turbo products	**30**	1,761,567	478,902
Net gains on financial assets measured at fair value through profit or loss, unrealised		(327,126)	-
Financial revenues from dividends	**30**	374,695	318,221
Financial interest revenues	**30**	1,496,675	605,393
Sub-total finance revenues		**1,734,506**	**5,479,420**
Income from the valuation of investment property and available-for-sale assets		-	96,301
Revenues from write-off of provisions for risks and charges		300,933	(85,849)
Other income	**26**	303,160	178,343
Total revenues from continued operations		**8,311,362**	**19,001,635**
Expenses with raw materials and consumables	**27**	(245,014)	(4,457,772)
Expenses with employees and collaborators	**28**	(4,984,394)	(7,593,667)
Expenses with taxes and levies		(259,158)	(244,990)
Expenses with suppliers' services		(3,771,358)	(3,702,673)
Sub-total operating expenses		**(9,259,925)**	**(15,999,102)**
Expenses with interest	**30**	(194,491)	(84,778)
Net finance losses	**30**	-	(177,559)
Impairment of investments		(66,630)	(48,849)

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

Sub-total finance expenses		**(261,121)**	**(311,186)**
Impairment of tangible and intangible assets		(1,142,527)	(2,142,573)
Expenses with allowances for risks and charges	**23**	(55,410)	(58,702)
Other expenses	**29**	(937,669)	(790,493)
Total expenses		**(11,656,652)**	**(19,302,056)**

Consolidated statement of comprehensive income

for the year ended December 31, 2018

In RON	**Note**	**2018**	**2017**
Result of operating activities		**(3,345,290)**	**(300,421)**
Loss before tax		**(3,345,290)**	**(300,421)**
Income tax expenses	**31**		23,493
Loss on continued activities		**(3,345,290)**	**(276,928)**
Loss on discontinued activities		-	(89,150)
Loss for the period		**(3,345,290)**	**(366,078)**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, **Serban Nascu,** **Chief Accountant: Sandu Pali**

Nicolae Ghergus **General Manager** **Delegate: Alexandra Maxim**

Consolidated statement of comprehensive income
for the year ended December 31, 2018

In RON		**2018**	**2017**
Other comprehensive income			
Lines that are or may be restated to profit or loss			
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss		-	(1,780,164)
Effect of restating the line above		-	
Net changes in the fair value of available-for-sale financial assets		-	426,906
Changes in the value of equity securities		-	126,670
Other changes in equity		-	(5)
Items that cannot be restated to profit or loss			
Changes in the value of used non-current assets		-	1,300,302
Total other comprehensive income for the period			**73,709**
Continued activities		-	73,709
Discontinued activities		-	-
Total profit or loss and other comprehensive income for the period		**-**	**(292,369)**
Continued activities		-	(203,219)
Discontinued activities		-	(89,150)
Loss attributable to:			
Company's owners		(3,345,654)	(279,450)
Non-controlling interests		364	(86,628)
Profit for the period		**(3,345,290)**	**(366,078)**
Continued activities			
Earnings per share			
Basic earnings per share (lei)	32	(0.010)	(0.0008)
Diluted earnings per share (lei)	32	(0.010)	(0.0008)
Discontinued activities			
Earnings per share			
Basic earnings per share (lei)	32	(0.010)	(0.0003)
Diluted earnings per share (lei)	32	(0.010)	(0.0003)

Total comprehensive income attributable to:			
Company's owners	32	(3,345,654)	(207,843)
Non-controlling interests	32	364	(84,526)
Total comprehensive income for the period		**(3,345,290)**	**(292,369)**
Weighted average number of outstanding shares		337,749,919	337,749,919

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,	**Serban Nascu,**	**Chief Accountant: Sandu Pali**
Nicolae Gherguș	**General Manager**	**Delegate: Alexandra Maxim**

Separate statement of changes in shareholders' equity as at December 31, 2017

In RON	Share capital and other equity items	Revaluation differences	Legal and statutory reserves	Fair value reserves	Reserves from consolidation and equity securities	Other reserves	Retained earnings	Retained earnings from adoption of IFRS	Total shareholder equity	Non-controlling interests	Total equity
Balance as at January 1, 2017	**58,092,885**	**856,771**	**4,767,793**	**2,043,236**	**2,687,191**	**4,407,821**	**(5,839,432)**	**(4,982,034)**	**62,034,232**	**946,471**	**62,980,702**
Profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**(279,451)**	**-**	**(279,451)**	**(86,628)**	**(366,078)**
Other comprehensive income											
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss	-	-	-	(1,780,164)	-	-	-	-	(1,780,164)	-	(1,780,164)
Net changes in the fair value of available-for-sale financial assets	-	-	-	426,904	-	-	-	-	426,904	2	426,906
Changes in the equity securities	-	-	-	-	126,670	-	-	-	126,670	-	126,670
Changes in the value of used non-current assets	-	1,226,718	-	-	-	-	73,584	-	1,300,302	-	1,300,302
Set-up of legal reserves	-	-	41,935	-	-	-	(41,935)	-	-	-	-
Other changes in equity	-	-	-	-	-	-	526	-	526	(531)	(5)
Total other comprehensive income	**-**	**1,226,718**	**41,935**	**(1,353,260)**	**126,670**	**-**	**32,175**	**-**	**74,239**	**(529)**	**73,709**
Total comprehensive income	**-**	**1,226,718**	**41,935**	**(1,353,260)**	**126,670**	**-**	**(247,275)**	**-**	**(205,212)**	**(87,157)**	**(292,369)**

for the period											
Balance as at December 31, 2017	**58,092,885**	**2,083,490**	**4,809,728**	**689,977**	**2,813,861**	**4,407,821**	**(6,086,707)**	**(4,982,034)**	**61,829,022**	**859,314**	**62,688,337**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, **Serban Nascu,** **Chief Accountant: Sandu Pali**

Nicolae Ghergus **General Manager** **Delegate: Alexandra Maxim**

Consolidated statement of changes in shareholders' equity as at December 31, 2018

In RON	Share capital and other equity items	Revaluation differences	Legal and statutory reserves	Fair value reserves	Reserves from consolidation and equity securities	Other reserves	Retained earnings	Retained earnings from adoption of IFRS	Total shareholder equity	Non-controlling interests	Total equity
Balance as at December 31, 2017	**58,092,885**	**2,083,490**	**4,809,728**	**689,977**	**2,813,861**	**4,407,821**	**(6,086,707)**	**(4,982,034)**	**61,829,022**	**859,314**	**62,688,337**
Restatements from the transition to status of investment company as at January 1, 2018	**-**	**1,440,563**	**-**	**-**	**(2,813,861)**	**(1,838,998)**	**368,829**	**-**	**-**	**(859,314)**	**(3,702,782)**
Net gains from the transition to status of investment company as at January 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**155,381**	**-**	**-**	**-**	**155,381**
Impact from transition to IFRS 9	**-**	**-**	**-**	**-689,977**	**-**	**-**	**458,550**	**-**	**-**	**-**	**(231,428)**
Current result, including impact from net gains on transition to status of investment company	-	-	-	-	-	-	(3,345,290)	-	-	-	(3,345,290)
Set-up of legal reserves	-	-	89,579	-	-	-	(89,579)	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

for the period											
Balance as at December 31, 2018	**58,092,885**	**3,524,053**	**4,899,307**	**-**	**-**	**2,568,823**	**(8,694,197)**	**(4,982,034)**	**61,829,022**	**-**	**55,408,838**

These financial statements were approved today, April 24, 2019.

Chairman of the BoA, **Serban Nascu,** **Chief Accountant: Sandu Pali**

Nicolae Ghergus **General Manager** **Delegate: Alexandra Maxim**

Consolidated statement of cash flows as at December 31, 2018

In RON	**December 31, 2018**	**December 31, 2017**
Operating activities		
Gross result	**(3,345,290)**	**(366,079)**
Continued operations	(3,345,290)	(276,928)
Discontinued operations	-	(89,151)
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	1,081,735	2,127,978
Unrealised gains (-)/(+)losses of the measurement of financial assets	(4,314,260)	(5,358,702)
Value adjustments of short-term investments	-	4,539,884
Provisions for current and non-current assets	115,569	111,696
Provisions for risks and charges	(245,523)	(88,127)
Expenses with interest	194,491	112,680
Interest income	(1,478,985)	(607,346)
Dividend income	(338,370)	(327,344)
Relative gains from Turbo certificates	(1,761,567)	
Gain/(loss) on sale of tangible assets	179	164,809
Income from foreign exchange differences for IB, IG	(215,592)	172,296
Deferred income tax	-	(23,493)
Increase/(Decrease) of operating cash before changes to working capital	**(5,643,276)**	**458,252**
(Increase)/Decrease in outstanding inventories	-	(14,539)
(Increase)/Decrease in balances of other receivables	(242,024)	4,250,658
Increase/(Decrease) in balances of trade and other payables	11,341,313	(6,560,764)
Increase/(Decrease) in balances of available-for-sale assets	-	-
Net cash flows generated by operating activities	**5,456,013**	**(2,345,295)**
Cash flows from operating activities		
Income tax paid	-	(3,117,425)
Proceeds from interest	449,466	693,523
Interest paid	(201,392)	(96,243)
Total net cash flows generated by operating activities	**5,704,087**	**(4,865,440)**

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

Consolidated statement of cash flows as at December 31, 2018 (continued)

	December 31, 2018	December 31, 2017
Cash flows from investing activities		
Cash payment for purchase of tangible and intangible assets and investment property	(332,562)	(2,123,272)
Cash paid/received for purchase of financial instruments	250,849	(7,037,344)
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	-	34,943
Dividends received	374,695	279,329
Loans (granted)/reimbursed to related parties	(1,382,867)	(689,566)
Loans granted/reimbursed to shareholders	-	17,250
Proceeds from margin loans granted to clients	-	-
Proceeds from sales of turbo certificates	1,646,186	2,333,106
Interest received on subscribed bonds	845,340	-
Total net cash flows generated by investing activities	**1,401,641**	**(7,185,554)**
Cash flows from financing activities:		
Dividends paid	-	(390)
Lease payments	(54,697)	(109,376)
Collections/payments of short-term bank loans	(14,217)	4,919,142
Total net cash flows generated by financing activities	**(68,915)**	**9,746,066**
Total cash flows	**7,036,813**	**(2,304,928)**
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	28,480,367	33,004,720
Increase/(Decrease) in cash and cash equivalents	7,036,813	(2,304,928)
Cash and cash equivalents at the end of the period in the Company's accounts	**35,517,181**	**28,880,528**
of which blocked (attachment)	4,980,780	4,980,780
Of which:		
Cash on behalf of clients	31,750,494	26,351,801
Cash on behalf of the company	2,191,875	2,528,727

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,	**Serban Nascu,**	**Chief Accountant: Sandu Pali**
Nicolae Gherguș	**General Manager**	**Delegate: Alexandra Maxim**

7. REPORTING ENTITY

SSIF BRK FINANCIAL GROUP SA („the Company") is a financial investment company headquartered in Romania. The address of the registered office is Cluj-Napoca, str Motilor nr 119. The Company's consolidated financial statements for the year ended December 31, 2018 include the financial information of SSIF BRK Financial Group SA and its subsidiary SAI Broker SA (herein after referred to as the "Group" or "Group entities") adjusted by the values of the consolidation adjustments due to the transition to the status of Investment Entity as provided for in the IFRS 10 "Consolidated Financial Statements" exception and detailed in Notes 2 and 35 of these consolidated financial statements.

The Company's consolidated financial statements for the year ended December 31, 2017 included SSIF BRK Financial Group SA and its affiliates and a consolidated company through the equity method.

The main activity of the parent company is investment, management of its own portfolio of financial assets on behalf of shareholders and obtain returns on these investments in the interests of shareholders. On a secondary level, SSIF BRK also offers intermediation services for financial investments and management of its own financial asset portfolio, and the subsidiary's activity is directed to the management of investment funds.

The financial statements of SSIF BRK FINANCIAL GROUP SA are consolidated financial statements ("the consolidated financial statements") of the company and have been prepared according to the provisions of FSA instruction No. 2/2014 on the application of International Financial Reporting Standards by the entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Investment and Instruments Sector, as revised, and Rule no. 39/2015 approving the accounting regulations compliant with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), applied by entities authorized, regulated and supervised by the Financial Supervisory Authority – Financial Instruments and Investments and are the Company's responsibility.
The annual consolidated financial statements for 2018 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

These consolidated financial statements have been approved for publication in April 2019 by the Board of Administration of SSIF BRK FINANCIAL GROUP SA.

SSIF BRK FINANCIAL GROUP SA also issued separate financial statements for the financial year ended December 31, 2018 in accordance with IFRS.

Group entities

Groups subsidiaries

			Interest in subsidiary	
Entity	**Registered office**	****Type of relationship**	**2018**	**2017**
Facos S.A. Suceava	Suceava, Romania	investment/subsidiary	89.69%	89.69%
SAI Broker SA	Cluj-Napoca, Romania	subsidiary	99.98%	99.98%
Firebyte	Cluj-Napoca, Romania	investment	59.5%*	99%
Minesa ICPM SA	Cluj-Napoca, Romania	investment/associate	29.10%	38.10%
Romlogic Technology SA	Cluj-Napoca, Romania	investment	33%*	33%

*The 59.5% ownership in Firebyte is comprised of 30% direct ownership of SSIF BRK plus 19.5% ownership of SAI Broker SA. As at December 31, 2017 SAI Broker was holding 99% of Firebyte. The ownership in Romlogic Technology SA is indirectly held through SAI Broker SA which holds unit funds in Smart Money SA Closed Investment Fund.

** In 2018, the only consolidated subsidiary is SAI Broker due to the nature of its activity (investment fund manager), the other companies are only investments.

1. REPORTING ENTITY (continued)

The identification data of the group entities are presented below:

Name of affiliate: Facos SA

Company's registered office: loc. Scheia, str. Humorului nr. 100, jud Suceava

Place of operations: loc. Scheia, jud Suceava

Legal form: joint-stock company

Tax reference code: RO714123

Main object of activity: manufacture of meat products (including poultry)

Description: the main activity is the manufacture of beef, pork, poultry and game. FACOS SA was established in 1991 further to a spin-off from the Suceava meat undertaking, becoming a state-owned joint-stock company.

In January 1999, FACOS SA became a fully private company through the sale of 93.47% of the shares from the State Assets Fund to MARTIN'S EUROPEAN FOOD PRODIMPEX.

As of 2004, the ISO 9001 and HACCP (ISO22000) integrated management system was implemented and certified.

Name of affiliate: SAI Broker SA

Company's registered office: Cluj-Napoca, str. Motilor nr. 119, judet Cluj

Place of operations: Cluj-Napoca, str Motilor nr. 119

Legal form: joint-stock company

Tax reference code: 30706475

Main object of activity: other financial intermediations

Description: SAI Broker SA is an investment fund management company established on September 26, 2012.
As at December 31, 2018, SAI Broker SA manages 7 investments funds totalling assets of RON 157.37 million:

- BET-FI Index Invest Closed Investment Fund
- FIX INVEST Open Investment Fund
- SMART Money private investment fund
- Optim Invest Closed Investment Fund
- Prosper Invest Open Investment Fund
- Fortuna Classic Open Investment Fund
- Fortuna Gold Open Investment Fund

Name of affiliate: MINESA – INSTITUTUL DE CERCETARI SI PROIECTARI MINIERE S.A.

Company's registered office: Cluj-Napoca, str. Tudor Vladimirescu nr. 15-17, judet CLUJ

Place of operations: Cluj-Napoca, str. Tudor Vladimirescu nr. 15-17, judet CLUJ

Legal form: joint-stock company

Tax reference code: RO 4688949

Main object of activity: research and development in other natural sciences and engineering

Description: main activity is running of research and development activities

Name of affiliate: **Firebyte Games SA**

Company's registered office: Cluj-Napoca, str. Nicolae Balcescu, nr. 14, judet CLUJ

Place of operations: Cluj-Napoca

Legal form: joint-stock company

Tax reference code: RO 38624397

Main object of activity: custom-made software development

Description: the main activity is development of interactive games

Name of affiliate: ROMLOGIC TECHNOLOGY SA

Company's registered office: Bucharest, S4, Str. Cuza Voda nr. 75A, ap. 33

Place of operations: Bucharest, Str. Gramont nr. 38

Legal form: joint-stock company

Tax reference code: 3458633

Main object of activity: manufacture of computers and peripheral equipment

Description: the main activity is the manufacture of cash registers for taxi activities

8. BASIS OF PREPARATION

f) Statement of compliance

The consolidated financial statements are prepared by SSIF BRK Financial Group SA and are the responsibility of the Group's management, in accordance with International Financial Reporting Standards ("IFRS"). The Company has prepared these consolidated financial statements in order to comply with the requirements of Rule 39/2015, revised, approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (FSA).

Within the meaning of Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by (EC) Regulation no. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, as revised.

The Group applies the amendments to IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities as of January 1, 2018, the date on which it met the classification criteria as an investment entity.

The amendments introduced an exception to the principle in IFRS 10 "Consolidated Financial Statements", according to which all subsidiaries should be consolidated. The amendments define an investment entity and provide that a parent that is an investment entity should evaluate the subsidiaries at fair value through profit or loss instead of consolidating such subsidiaries in the consolidated financial statements. Therefore, the company no longer consolidates subsidiaries and associates, except for the subsidiary whose object of activity is the management of investments.

Consequently, from 1 January 2018, the Group classifies its investments in subsidiaries and associates, except for the ownership in the equity of SAI Broker SA, at fair value through profit or loss and recognizes the difference between their fair value on January 1, 2018 and the net assets of the consolidated financial statements in accordance with IFRS for the year ended December 31, 2017 to profit or loss and retained earnings of 2018 for those elements of the net assets that would have been recycled through retained earnings upon derecognition. Because we have not issued an opinion as at December 31, 2017 on the consolidated financial position, consolidated statement of cash flows and consolidated statement of changes in equity, we could not estimate the potential effect of adjustments from deconsolidation on the consolidated financial performance, consolidated cash flows and the consolidated statement of changes in equity for 2018.

g) Basis of measurement

The consolidated financial statements were prepared at historical cost, except for the following significant items in the statement of financial position:

- financial assets held at fair value through profit or loss are stated at fair value;
- derivatives are stated at fair value; they are quoted at the Bucharest Stock Exchange (BSE), on international markets or for which valuation reports have been drawn up by external independent valuers accredited by ANEVAR or based on the Group's internal models;
- investment property is stated using the revaluation model in accordance with IAS 40;
- non-current assets representing buildings and related land are stated at revalued amount, in accordance with IAS 16;
- available-for-sale non-current assets are stated at fair value in accordance with IFRS 5;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

Under IAS 29, an economy is deemed hyperinflationary is, apart from other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continued fall in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect on the financial periods as of January 1, 2004. Therefore, IAS 29 was adopted in the preparation of the financial statements as at December 31, 2003.

2. BASIS OF PREPARATION (continued)

Thus, the amounts expressed in the current measurement unit as at December 31, 2003 are treated as a basis for the carrying amounts reported in the financial statements and are not valued amounts, replacement cost.

For the purpose of preparation of the financial statements, the Company adjusts the share capital so as to express the financial statements in the current measurement unit as at December 31, 2003.

Going concern

According to the Company management's assessments, the Group will continue to operate on a going concern basis in the foreseeable future.

Fair value

Certain accounting policies of the Group and disclosure requirements involve the determination of fair value both for financial assets and non-financial assets. Fair values have been determined for the purpose of evaluating and / or presenting information based on the methods described below. Where appropriate, additional information is provided on the assumptions used to determine fair values in the notes dedicated to such asset or liability.

vi. Equity investments

The fair value of financial assets measured 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 also determined by reference to market quotations.

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

1. The trading price: For investments quoted on the stock exchange, the Group looks for an active and liquid market, and uses as fair value the closing price in the last trading period at the end of the financial year.

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

3. The fair value determined by the asset-based method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset method.

4. Fair value resulting from the application of the comparative method – similar transactions: If in the last year on the local stock market there were significant transactions (>10% of the capital) involving the shares of companies operating in the same field of activity as the company under scrutiny, the evaluation price is considered to be the intrinsic value determined by applying the comparative method (using the evaluation multiples such as: P / E, P / B, P / S as reference at which the respective transactions were made compared to the results published by the companies in the previous financial year).

vii. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the effective interest rate. This fair value is determined for disclosure purposes.

viii. Derivative financial instruments

The fair value of derivative products closed at the end of the period is calculated as the minimum of the number of short and long positions multiplied by the difference between the average sale price and the purchase price and further multiplied by the number of contracts of the package. The resulting value affects the results account.

2. BASIS OF PREPARATION (continued)

The fair value of derivative products open at the end of the period is calculated if, at the end of the period, there are more sale contracts than purchase contracts as follows: the number of open positions calculated as number of short positions less long positions, multiplied by the difference of the average sale price and the quotation price at the end of the period. The calculation is the same when there are more purchase contracts than sale contracts at the end of the period. The resulting value adjusts the initial value of the security generated by the set margin.

ix. Non-derivative liabilities

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

h) Basis of consolidation

(i) Business combinations

To account for the Group's subsidiary, the acquisition method is applied. This involves identifying the acquirer, the acquisition date, recognising and measuring the identifiable acquired assets, the assumed liabilities, and any non-controlling interest, and recognising and measuring the goodwill or the gains from the combination.

The Group measures goodwill at the fair value of the transferred consideration, including the recognised amount of non-controlling interests in the acquiree, minus the net recognised value of the identifiable assets acquired and the liabilities assumed at the date of transition to IFRS.

The Group's trading costs associated with a business combination, such as transaction fees, fees for legal advisory services, and other fees for professional and consultancy services are recognized in the income statement when incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is the power to drive the entity's financial and operational policies to gain benefits from its activities. The subsidiaries' financial statements are included in the consolidated financial statements from the time they start exercising control until it ceases. The accounting policies of the subsidiaries have been amended, where necessary, to be consistent with the policies adopted by the Group. Significant adjustments to subsidiaries have referred to:

- aligning the policies for measuring non-current assets;
- application of the necessary adjustments to current assets;
- registration of deferred income tax;
- disclosure of the information provided for by IFRS.

(iii) Investments in associates

As of January 1, 2018 the Group recognised investments in associates as financial investments at fair value through profit or loss.

As at December 31, 2017 the Group applied the following accounting policy:

- associates are those entities over which the Group exercises a significant influence, but does not control their financial and operating policies. Significant influence is deemed when the Group holds between 20 and 50% of the voting rights in another entity.

International Financial Reporting Standards require that the basic accounting treatment for investments in associates is the equity method and initial recognition at cost.

2. BASIS OF PREPARATION (continued)

c) Basis of consolidation (continued)

According to this method, the consolidated financial statements should include the Group's share in the income, expenses and changes in equity of investments accounted for using the equity method after adjustments to align the accounting policies with those of the Group as of the date of commencement until the date when significant influence or joint control ceases. When the Group's share of losses exceeds its interest in the investment accounted for using the equity method, the carrying amount of the interest, including any long-term investment, is reduced to zero, and recognition of subsequent losses is discontinued unless the Group has an obligation or has made payments in the name of investee.

(iv) Transactions written off upon consolidation

The Group's outstanding amounts and transactions, as well as any unrealised income or expenses resulting from intra-Group transactions are written off upon the preparation of the consolidated financial statements.

(v) Provisions for cases where the ownership share in subsidiaries changes, with no loss in control over the subsidiary.

Under IFRS, the change in the percentage of ownership in a subsidiary that does not result in the loss of control over the subsidiary represents capital transactions (shareholder transactions).

When the share of ownership changes, the book value of the controlling and non-controlling interests is adjusted to reflect the relative changes in the subsidiary.

Any difference between the amount by which the non-controlling interests change and the fair value of the consideration paid or received is recognized directly in equity and attributable to the parent company's shareholders.

(vi) Non-controlling interests represent the interests of the shareholders that do not control the entity and comprise the share of capital and results that correspond to the percentage held by them.

i) Functional and presentation currency

These consolidated financial statements are presented in lei (RON), which is also the functional currency of the Group. All financial information is presented in lei (RON), rounded to the nearest unit, unless otherwise specified.

j) Foreign currency

Operations denominated in foreign currencies are recorded in RON at the official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RON at the exchange rate of that date. Foreign exchange differences are recognized directly to other comprehensive income.

k) Use of estimates and professional judgments

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

The judgments and assumptions underlying the financial statements are revised periodically by the Company. The revisions of accounting estimates are recognized when the estimate is revised and in the future affected periods.

Information on critical professional judgments of accounting policies that materially affect the amounts recognized in the consolidated financial statements is included in the following notes:

- *Financial instruments* – classification and measurement of financial instruments
- *Financial income and expenses*
- *Non-current assets held for sale* – treated as held for sale

9. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group will be presented below. These consolidated financial statements have been prepared in accordance with IFRS and the Group's accounting policies as presented herein below. The responsibility for these financial statements lies with the management of BRK Financial Group SA.

The accounting policies presented below have been consistently applied for all the periods presented in these consolidated financial statements and by all Group entities.

s) Adoption of IFRS 9

The adoption of IFRS 9 "Financial Instruments" replaces the existing provisions of IAS 39 "Financial Instruments: Recognition and measurement" and includes new principles as regards the classifications and measurement of financial instruments, a new model of credit risk to calculate the impairment of financial assets and new general requirements on hedge accounting. Also, it keeps similar principles to IAS 39 on the recognition and derecognition of financial instruments.

The Group adopted IFRS 9 as of its initial application, i.e., January 1, 2018. The Group holds the following types of financial instruments: investments in the share capital of various listed and unlisted entities, bonds, cash and current accounts, fund units in closed funds, financial derivatives, other financial assets and liabilities. Further to the analysis made, as of the initial application of IFRS 9, the Group decided to state all investments at fair value through profit or loss (implicit option as per IFRS 9). Such approach is in line with the business model of the Group of managing the performance of its portfolio at fair value, with the intended purpose of maximising the returns for shareholders and increasing the net asset value per share through investments made, mainly in Romanian shares and securities.

There were no changes in the carrying amount of financial assets and liabilities upon transition to IFRS 9 as at January 1, 2018 compared to their previous amount under IAS 39, except those presented herein below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The classification and carrying amount of financial assets and liabilities under IAS 39 and IFRS 9 as at 1 January 2018 are presented in the table below:

IAS 39 (December 31, 2017)		IFRS 9 (January 1, 2018)		Impact from adoption of IFRS 9
Classification	**Carrying amount**	**Classification**	**Carrying amount**	
Available-for-sale financial assets - la cost, estimated at fair value	463,479	Financial assets at fair value through profit or loss	463,479	-
Available-for-sale financial assets at fair value	22,198,327	Financial assets at fair value through profit or loss	22,198,327	-
Financial assets at fair value through profit or loss	18,391,752	Financial assets at fair value through profit or loss	18,391,752	-
Other financial assets	12,304,536	Other financial assets (Sundry debtors from trading financial instruments)	12,304,536	-
Loans granted to affiliates and customers	7,971,985	Loans and advances granted – at fair value through profit or loss	7,740,557	(231,428)
	61,330,079		**61,098,651**	**(231,428)**

TOTAL

t) Financial instruments

iii. Non-derivative financial instruments

The Group initially recognizes the loans, receivables and deposits at the date they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized at the date when the entity becomes part of the contractual terms of the instrument.

The Group derecognizes a financial asset when the contractual rights on the cash flows generated by the asset expire.

The Group has the following significant non-derivatives: financial assets at fair value through profit or loss, loans and receivables, and other financial assets measured at amortised cost.

Financial assets or financial liabilities at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages those investments and makes purchase or sale decisions based on fair value in accordance with the investment and risk management strategy. Upon initial recognition, attributable trading costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes are stated to profit or loss.**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

i. Non-derivative financial instruments (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable trading costs. Subsequent to initial recognition, loans and receivables are measured at fair value, loans granted to affiliates and customers, and other receivables at amortized cost.

Cash and cash equivalents comprise cash balances and sight deposits with original maturities of up to three months.

When the Group is given free shares that are quoted (either as a result of the incorporation of reserves in the share capital of the issuer, or as a result of distributing dividends in the form of free shares), they do not cause any registration in the accounts, only the change in the number of shares held and implicitly their weighted average cost. At their first revaluation (at the end of the month in which the free shares were received), the new number of shares held is taken into account, therefore the value of the stake will be determined by multiplying the new amount of shares by the market price on the last day of the month at issue.

Unquoted shares are classified as financial assets measured at fair value through profit or loss.

Discharging securities regardless of their classification is made at the average cost of acquisition weighted by the number of shares purchased, after each transaction.

iv. Derivative financial instruments

Derivatives are initially recognized at fair value; attributable trading costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and subsequent changes are recognized immediately to profit or loss.

u) Impairment

i. Financial assets measured at amortised cost

Financial assets at amortized cost are tested for impairment in accordance with IFRS 9.

For this purpose, these instruments are classified in Stage 1, Stage 2 or Stage 3, depending on their absolute or relative credit quality in terms of initial payments. Thus:

Stage 1: includes (i) newly recognized exposures; (ii) exposures for which credit risk has not materially deteriorated since initial recognition; (iii) low credit risk exposures (reduced credit risk exemption).

Stage 2: includes exposures that, although performing, have experienced a significant deterioration in credit risk since initial recognition.

Stage 3: includes impaired credit exposures.

For Stage 1 exposures, impairment is equal to the expected loss calculated over a time horizon of up to one year. For

Stage 2 or 3 exposures, impairment is equal to the expected loss calculated over a time horizon corresponding to the full duration of the exposure.

The Group considers the impairment evidence for receivables at the level of a specific asset as well as at collective level. All receivables that are individually significant are tested for impairment. All receivables that are individually significant for which no specific impairment was found are then collectively tested to determine the existence of an impairment that has not yet been identified.

Receivables that are not individually significant are grouped according to similar risk characteristics and are collectively tested for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Impairment (continued)

In order to test the collective impairment, the Group uses historical trends in the probability of default, the recovery period and the amount of losses incurred, adjusted according to the professional judgment of the management as to the likelihood that actual economic and credit conditions will be higher or lower than those indicated by historical trends.

An impairment loss on a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future expected future cash flows using the effective interest rate of the asset. Losses are recognized to profit or loss and are reflected in a receivables adjustment account. When a subsequent event causes the impairment loss to be deducted, it is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Group'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 evidence of impairment. If such evidence exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount of an asset or a cash-generating unit is the maximum of the value in use and fair value less costs to sell. In determining the value in use, expected future cash flows are updated to determine the present value, by using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks.

d) Inventories

Inventories are carried at the minimum of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle and includes costs incurred for the acquisition of inventories, production or processing costs, and other costs incurred to bring the inventories to their current condition and location. In the case of inventories produced by the Group and those in progress, the cost includes the appropriate share of the administrative costs of production based on the normal operating capacity.

The net realizable value is the estimated selling price during the normal course of business less the estimated costs for completion and the costs for the sale.

e) Property, plant and equipment

v. Recognition and measurement

Items included in property, plant and equipment are measured at the cost date and subsequently at revalued amount less accumulated depreciation and accumulated impairment losses.

Gains or losses on the disposal of a tangible asset are determined by comparing the proceeds from disposal of the asset with the carrying amount of the tangible asset and are recognized at net value under other revenues in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The revaluation reserve is reduced in each financial year by the amount corresponding to the amortization and transferred to retained earnings.

vi. Reclassification as investment property

Investment property is defined below in *Investment property (letter e)* section.
When the use of a property changes from real estate used by the owner to investment property, the property is revalued at fair value and reclassified as investment property.

vii. Subsequent costs

The cost of replacing a tangible asset component is recognized in the carrying amount of the asset if it is probable that the future economic benefits embedded in that component will flow to the Group and its cost

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

can be measured reliably. The accounting value of the replaced component is derecognized. Expenses with the current maintenance of the tangible asset are recognized in profit or loss as they are incurred.

viii. Depreciation of property, plant and equipment

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that substitutes cost, less the residual value.

Depreciation is recognized in profit or loss on the straight-line basis for the useful life estimated for each component of a tangible asset. Leased assets are depreciated over the shortest of the lease term and the useful life, unless it is reasonably certain that the entity will acquire the ownership right at the end of the lease. Land is not depreciated.

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

- buildings - 40 years
- plant and equipment - 2-10 years;
- vehicles - 5 years
- other plant, fixture and furniture - 3-10 years;

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

f) Intangible assets

iv. Goodwill

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. It is measured at cost less accumulated impairment losses.

v. Subsequent expenses

Subsequent expenses are capitalized only when they increase the amount of future economic benefits embedded in the asset for which they are intended. All other expenses, including goodwill, are recognized in profit or loss when incurred.

vi. Amortization of intangible assets

Amortization is calculated for the cost of the asset or another value that replaces cost, less the residual value.

Amortization is recognized in profit or loss on a straight-line basis for the useful life estimated for intangible assets other than goodwill from the date they are available for use, this way reflecting the most accurately the expected pattern of consumption of the economic benefits embedded by the asset.

Estimated useful lives for the current and comparative periods are as follows: 3 years for all intangible assets, except goodwill.

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

g) Investment property

Investment property means property owned either to be leased or to increase the value of the capital or both, but not for sale in the ordinary course of business, use in production, supply of goods or services, or for administrative purposes. Investment property is valued as assets used, at fair value. Any appreciation or depreciation in their value is recognized in profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Leased assets

Leases by which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. At the time of initial recognition, the asset subject to the lease is measured at the minimum of the 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 the asset.

Other leasing contracts are classified as operating leases.

i) Lease payments

Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term. The operating lease facilities received are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments under finance leases are divided on a pro rata basis between lease interest expenses and reduction of lease debt. The lease interest expense is allocated to each lease term so as to generate a constant interest rate for the remaining lease debt.

Determining the extent to which an arrangement contains a lease: When initiating an arrangement, the entity determines whether the arrangement is or contains a lease operation.

j) Property, plant and equipment held for sale

Tangible assets or disposal groups containing assets or liabilities whose carrying amount is expected to be recovered principally through a sale operation and not through continuing use are classified as held for sale.

Prior to reclassification to tangible assets held for sale, the assets or components of a disposal group are revalued in accordance with the Group's accounting policies. Generally, assets or components of disposal groups are subsequently valued at the minimum of the carrying amount and the fair value less costs to sell.

Impairment losses related to a sales group are first allocated to goodwill and then pro rata to the remaining amount of assets and liabilities, except that no impairment will be allocated to inventories, financial assets, deferred tax assets, employee benefits and investment property, which continue to be valued in accordance with the Group's accounting policies. Impairment losses arising on initial classification as held for sale and subsequent gains or losses as a result of revaluation are recognized to profit or loss. Gains that exceed accumulated impairment losses are not recognized.

k) Non-derivative financial liabilities

Liabilities are recognized on the date when the Group becomes part of the instrument's contractual terms.

The Group derecognizes a financial liability when the contractual obligations are paid, cancelled or expire.

The Group has the following non-derivative financial liabilities: loans, overdraft, trade payables, debts to customers on their deposits and other liabilities.

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

l) Share capital

Ordinary shares

Ordinary shares are classified as part of equity. Additional direct costs attributable to the issue of ordinary shares are recognized as a reduction in equity at net book value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Buy-back of shares (treasury shares)

When the share capital recognized as part of equity is bought back, the amount of the consideration paid, which includes other directly attributable costs, net of tax effects, is recognized as a decrease in equity. Redeemed shares are classified as treasury shares and presented as a reduction in equity. When treasury shares are subsequently sold or re-issued, the amount received is recognized as an increase in equity and the surplus or deficit arising from the transaction is transferred to or from the retained earnings.

m) Employee benefits

i. Short-term benefits

Employees' short-term benefits are assessed without being updated, and the expense is recognized as the related services are rendered.

A liability is recognized at the amount that is expected to be paid under short-term cash-premium or profit-sharing plans if the Group has a legal or constructive obligation to pay that amount for services previously provided by employees, and the obligation can be estimated reliably.

ii. Share-based transactions

The fair value of the share-based payment allowance granted to employees is recognized as a payroll expense, together with an increase in equity, during the time when employees become unconditionally entitled to these premiums.

n) Provisions

A provision is recognized if, as a result of a prior event, the Group has a present legal or constructive 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 expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and debt-specific risks. The amortized discount is recognized as financial expense.

o) Sale of goods and provision of services

Income from sales during the current period is measured at the fair value of the consideration received or receivable. Income is recognized when the risks and rewards resulting from ownership of the goods are transferred significantly and the amount of income can be measured reliably. The moment when the transfer of risks and rewards varies depending on the individual terms in the sales contracts.

In the case of intermediation activity, commission income is recognized on the transaction date. Dividend income is recognized when the right to receive them arises.

p) Rental income

Rental income from investment property is recognized to profit or loss on a straight-line basis over the lease.

q) Financial revenues and expenses

Financial revenues include:
- revenues from interest on bank deposits,
- dividend revenues,
- gains on sales of:
  - available-for-sale financial assets, and
  - assets at fair value through profit or loss,
- changes in the fair value of assets at fair value through profit or loss.

Interest income is recognized in profit or loss on accrual basis using the effective interest method.

Dividend income is recognized in profit or loss at the date when the Group is entitled to receive the dividends, which in the case of the quoted instruments is the ex-dividend date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial revenues and expenses (continued)

Financial expenses comprise:
- impairment losses on financial assets at fair value through profit or loss;
- definitive impairment losses on available-for-sale financial assets;
- foreign exchange differences;
- foreign exchange losses.

Gains and losses from foreign exchanges are reported on net basis.

r) Income tax

Expenses with income tax include current tax and deferred tax. Current and deferred tax is recognized in profit or loss, unless they are attributable to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in the current year using tax rates adopted or substantially adopted at the reporting date and any adjustment to tax liability on profits for previous years.

Deferred tax is recognized for the temporary differences that arise between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

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

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax liabilities and receivables and are related to taxes levied by the same tax authority for the same taxable entity or for different tax entities, but which intends to settle receivables and debts with current tax on a net basis, or whose tax assets and liabilities will be simultaneously incurred.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits may be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that the related tax benefit is no longer probable. The Note on *deferred tax assets and liabilities* includes cases where deferred tax assets have not been recognized as assets.

s) Earnings per share

The Group discloses basic and diluted earnings per share for its ordinary shares. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group to the weighted average of ordinary shares outstanding during the period, adjusted by the amount of own shares held. The diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with the dilutive effects of all ordinary potential shares that comprise share options granted to employees.

t) Segment reporting

An operating segment is a component of the Group that engages in activities that can generate revenues and expenses, including revenues and expenses related to transactions with any of the Group's other components.
Operating results of an operating segment are reviewed periodically by the management to make decisions about the resources to be assigned to the segment and to analyse its performance and for which distinct financial information is available.

u) Standards and interpretations in force in the current year

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU") effective for the current reporting period, are applicable to the Company:

- **IFRS 9 "Financial Instruments"** – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Except for IFRS 9, the Group considers that the adoption of these new standards, amendments and interpretation has not led to any material changes in its annual financial statements.

The Group adopted IFRS 9 as of its initial application as of 1 January 2018. There were no changes in the book value of financial assets further to the transition to IFRS 9 (see note 3 for further details).

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

At the reporting date of these financial statements, the following standards, amendments to existing standards and new interpretations also applicable to the Company were in issue by IASB, but not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation - adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

- **IFRIC 23 "Uncertainty over Income Tax Treatments**" - adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Group has analysed the impact of adoption of IFRS 16 and the other standards mentioned above and anticipates that they will not have any significant impact on the annual financial statements if applied for the first time. The Company will apply such standards as of their effectiveness.

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

As at the reporting date of such financial statements, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following new standards, amendments and interpretations, which are also applicable to the Company and which were not endorsed for use in EU as at the date of authorisation of these financial statements:

- **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 further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

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

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

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 -2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the Group's consolidated financial statements in the year of initial application.

x) Discontinued operations

A discontinued operation is a component of the Group's activities that represent a major segment of a distinct business or a geographic area of operations that was either stopped or classified as held for sale, or a branch purchased exclusively for resale. Classification as discontinued operation occurs at the time of interruption or when the activity meets the classification criteria as held for sale, whichever occurs first. When an operation is classified as discontinued, comparative information in the statement of comprehensive income is presented as if the activity had been discontinued from the beginning of the comparative period.

10. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amount of assets and liabilities in the next financial year. The estimates and assumptions are continually assessed and are based on past experience and other factors, including expectations of future events considered reasonable under the given circumstances. In addition to historical experience and information, the Group also considered the effects of the current conditions in the financial industry in the assessment of these estimates.

11. CLASSIFICATION AS INVESTMENT ENTITY

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 as of January 1, 2018, when, after assessing the criteria mentioned in the amendments, the Group's management concluded that the Group meets the classification criteria of investment entity.

In 2018, the Group reassessed the classification criteria of investment entity and concluded that still meets such criteria, given that the Company:

a) Received funds from more investors in order to render investment management services for such investors;

b) has committed both to its investors that the scope of its activity is to invest primarily to obtain proceeds from growing the value of its investments, revenues from investments or both; and

c) measures and assesses the performance of its investments on a fair value basis.

In addition, the Company also has the specific characteristics of an investment entity, as follows:

(a) Investment-related services

The company is a joint-stock company providing investment management services to its investors, its main object of activity consisting of operations specific to investment companies.
The company provides advisory and support services for investments and administrative services directly or through a subsidiary, to third parties and / or its investors.

(b) Scope of activity

The objective of the Company is to carry out lucrative activities specific to its object of activity and to obtain profit that is further distributed amongst shareholders and / or its own sources to finance the necessary and timely financial investments allowed by the statutory object of activity and the legal provisions in force.

The Group's strategic guidelines and annual investment strategy approved by the General Meeting of Shareholders are public information and are presented on the official website of the parent company and can be consulted by third parties, potential investors, in order to support the investment decision in the parent company.**5.**

CLASSIFICATION AS INVESTMENT ENTITY (continued)

The objective of the parent company is to manage the portfolio investments and to permanently identify investment opportunities while ensuring a reasonable level of investment risk spread in order to offer its shareholders the opportunity to achieve attractive performance while increasing the capital invested.

Additionally, the Group provides financial investment services to its clients in order to maximize the shareholders' profit.

(c) Exit strategy

Starting January 2018, the Group applies an exit strategy based on the continuous monitoring of investments made through the investment strategy approved by the Group's management and on the ongoing analysis of current market conditions, aiming at identifying the optimal exit times in order to achieve the objectives established by the annual revenues and expenditure budgets, namely achieving higher aggregate returns.

The Group applies an exit strategy tailored to the specificity of each category of investment, defined on the basis of the following elements: the applied strategy, the time to maintain the investment and the timing of the exit transaction.

(d) Fair value measurement

As of January 1, 2018 all of the Group's financial investments are measured at fair value. Investments in subsidiaries and associates, including loans granted to them by the parent or the consolidated subsidiary, are classified as financial assets at fair value through profit or loss.

The process of estimating the fair value of financial instruments held by SSIF BRK Financial Group SA is carried out according to the internal procedure and related methodology.

i. Implications of the Group's classification as investment entity

A company that is an investment entity should not consolidate any of its subsidiaries, except those subsidiaries that provide investment services.

As a result, the Group amended the accounting policy regarding investments in subsidiaries and associates by measuring them at fair value through profit or loss as of January 1, 2018.
When a company becomes an investment entity, it must account for this change as a deconsolidation adjustment on its investments in subsidiaries as presented in the consolidated IFRS financial statements.

Consequently, on January 1, 2018, the Company classified investments in subsidiaries and associates as financial instruments at fair value through profit or loss and recognized the difference between their fair value as at January 1, 2018 and their carrying amount in the consolidated financial statements under IFRS for the year ended December 31, 2017 to profit or loss and retained earnings of the year ended December 31, 2018 as a deconsolidation adjustment.

ii. Disclosure

For each subsidiary not consolidated in the financial statements, the Group has provided the following information in this respect: the name of the subsidiary, the place of business and the ownership share.

Also, where an investment firm or one of its subsidiaries provides financial support or other support to a subsidiary not consolidated in the financial statements (for example, through the acquisition of assets or instruments issued by that subsidiary), it must provide information on the type and amount of the support granted, and the reasons why it has granted such support to the subsidiary.

12. FINANCIAL RISK MANAGEMENT

Due to the complex activity it carries out and the use of financial instruments, the Group is exposed to risks from the following categories:

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

The explanations provide information on the exposure of the company to each risk category, the objectives, policies, processes and procedures used for risk and capital assessment and management.

General risk management setting

The Board of Administration of each of the Group's companies is responsible for establishing, monitoring and supervising the risk management setting at company level.

Such management framework is supervised and monitored by the Board of Administration of the parent.

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

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

Regularly, verification and follow-up missions are carried out to observe the provisions of the internal procedures and regulations in force and reports are drafted to the executive management of the Group and to the Board of Administration.

In this way an orderly and constructive control environment is developed so that, through the proactive activity of risk management (basic activity within the company), all the risks faced by the Group, and especially BRK Financial Group SA, may be measured.

Categories of risk

Credit risk

Credit risk is the risk of financial loss or unrealized profit for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and this risk arises mainly from customers' incapacity to meet their payment obligations regarding risk assets, either from balance sheet or off-balance sheet.

For securities intermediation activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Administration, clients can record debts to BRK Financial Group only on the basis of analyses and approvals and only on the short term.

Exposure to credit risk

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

6. FINANCIAL RISK MANAGEMENT (continued)

Exposure to credit risk (continued)

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

c) bankruptcy of the debtor / issuer - also called bankruptcy risk of the debtor (long-term credit risk). This risk concerns the long-term financial assets, which are implicitly affected by the solvency dynamics of the issuer of those securities.

d) the bad faith of the debtor (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 relates are the following:
   5. derivatives traded on OTC and credit derivatives;
   6. repurchase agreements, reverse repurchase agreements, securities/commodities lending or borrowing based on securities or commodities included in the trading portfolio;
   7. margin lending transactions in relation to securities or commodities; and
   8. long-term settlement transactions.

The types of exposures are as follows:

Exposures in current accounts and bank deposits

In RON	**December 31, 2018**	**December 31, 2017**
Banca Transilvania	5,610,360	5,111,883
BRD - Groupe Societe Generale	5,699,184	5,009,842
UniCredit Bank	25,559	8,287
First Bank	15,539,401	5,202,272
Idea Bank	5,058,764	-
Libra Bank	15,847	8,000,000
Intesa San Paolo Bank	2,060,794	497
Banca Comerciala Feroviara	2,175	19,873
Other commercial banks	3,439	4,080,598
Total bank deposits	1,499,455	625,000
Cash	2,203	4,949
	35,517,180	**28,063,202**

Total current accounts and bank deposits

Exposures from fair value bonds

In RON	**December 31, 2018**	**December 31, 2017**
Cellini corporate bonds	3,731,008	3,630,386
Impact Developers corporate bonds	9,204,414	9,261,664
Bucharest City Hall municipal bonds 25	53,691	54,834
Hunedoara county council municipal bonds 26	19,882	-
Total bonds	**13,008,996**	**12,892,050**

6. FINANCIAL RISK MANAGEMENT (continued)

Exposures from loans granted to affiliates at fair value

In RON	**December 31, 2018**	**December 31, 2017**
Romlogic Technology SA	1,243,412	566,851
Firebyte Games SA	423,935	-
Facos SA	833,808	461,716
Confident Broker Asigurari	-	20,355
Total loans granted	**2,501,156**	**1,048,922**

Loans granted to affiliates were granted to incentivize the companies' projects and in the end to maximize the shareholders' returns. Loans granted mature in less than 1 year.

Liquidity risk
Liquidity risk is the risk that the Group has difficulty in meeting the obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of these consolidated financial statements, the Group has outstanding loans.

In terms of brokerage activity (for the intermediation segment), liquidity in customer relationships is ensured by the fact that investment firms have the obligation to keep their clients' deposits in separate accounts without using them in any way.

Regarding the overall liquidity, the current sources of availability are represented by the results of the investment activity, commissions received from clients and proceeds from the sale of finished products, and as extraordinary sources the capital increases.

The risk of liquidity takes two forms:
Liquidity risk of the portfolio of financial instruments - losses that can be recorded by the Group due to the impossibility of finding a counterparty in financial transactions, thus making it difficult to close the positions on the financial instruments that record unfavorable price variations.

Risk of liquidity coverage - losses that can be recorded by the Group due to the impossibility to finance net outflows (current liabilities) recorded over a 30-day horizon.

Determination:
Liquidity risk of the portfolio of financial instruments - The rate of high liquidity assets in the total portfolio - is calculated as the ratio between the value of high liquidity assets and the value of the total asset.

Liquidity coverage ratio (LCR) - is calculated for the parent as a ratio between the value of high liquidity assets (liquidity reserves) and the value of current liabilities (maturity band of up to 30 days)

The risk of long-term assets financing from non-permanent resources - is calculated as a ratio between the value of temporary resources (e.g. dividends not received, loans, issued bonds, etc.) and the value of the total asset.

The following holdings were classified as high liquidity:

- bank accounts (cash and deposits);
- shares' adjusted value;
- OPC adjusted value.

6. FINANCIAL RISK MANAGEMENT (continued)

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at December 31, 2018 were as follows:

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	34,017,725	33,720,433	-	-	-
Bank deposits	1,499,455	-	1,499,455	-	-
Financial assets at fair value through profit or loss	32,476,846	-	-	-	32,476,846
Loans and advances granted	5,571,980	1,496,456	295,060	3,780,464	-
Bonds at fair value	13,008,997	41,360	3,762	12,963,874	-
Other financial assets	12,267,142	2,236,516	-	-	10,030,546
Total financial assets	**98,842,145**	**37,494,765**	**1,798,277**	**16,744,338**	**42,507,392**
Financial liabilities	4,991,870	-	4,991,870	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4,991,870**	**-**	**4,991,870**	**-**	**-**

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2017					
Financial assets					
Cash and cash equivalents	27,925,367	27,925,367	-	-	-
Bank deposits	625,000	-	625,000	-	-
Available-for-sale financial assets	22,031,199	-	-	-	272,815
Financial assets at fair value through profit or loss	5,141,308	-	-	-	5,141,308
Loans and advances granted	7,971,985	535,000	1,171,577	6,265,408	-
Bonds at fair value	13,047,629	42,516	3,975	13,001,137	-
Financial assets at amortised cost	240,565	-	-	-	240,565
Other financial assets at fair value	12,403,536	2,326,176	-	-	10,077,360
Total financial assets	**89,386,589**	**30,829,059**	**1,800,552**	**19,266,545**	**15,732,048**
Financial liabilities	5,006,087	-	5,006,087	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**5,006,087**	**-**	**5,006,087**	**-**	**-**

The ratio presented herein above is specific to financial companies and it is therefore currently calculated only by the parent. The Group also comprises companies that conduct non-financial operations.

6. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the variation in market prices, such as the price of equity instruments, the exchange rate and the interest rate, will affect the Group's income or the value of the financial instruments held. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters and, at the same time, to optimize return on investments.

Investment opportunities are selected through:

- technical analysis;
- basic analyses – determining the issuer's capacity to generate profit;
- comparison – determining the relative value of an issuer compared to the market or other similar companies;

- statistics – determining trends and correlations using the pricing and trading volume history.

The Company is exposed to the following categories of market risk:

Price risk

Exposure to price risk is the possibility that the value of financial instruments fluctuates as a result of changes in market prices.

The Company is exposed to the risk associated with the change in the price of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 31% of the total shares traded on an active market held by the Company as at December 31, 2018 (December 31, 2017: 70%) represented investments in companies included in the BET index of the Bucharest Stock Exchange, a weighted index with stock capitalization created to reflect the overall trend of the ten most liquid shares traded on the Bucharest Stock Exchange.

A positive 10% change in the price of financial assets at fair value through profit or loss would result in a profit increase of RON 4,468,609 (December 31, 2017: RON 4,014,760), a negative change of 10% having an equal and opposite net impact.

The Company holds shares in companies operating in different sectors of activity as follows:

Sector of activity	**2018**	**%**	**2017**	**%**
Commerce	4,477,266	9.84%	4,545,173	11.22%
Constructions	13,428,510	29.52%	14,598,622	36.04%
Finance-banking	11,358,025	24.97%	14,039,750	34.66%
Consumer goods	4,999,229	10.99%	5,413,123	13.36%
Industry	100,795	0.22%	874,986	2.16%
Other	11,122,020	24.45%	1,034,343	2.55%
Total	**45,485,844**	**100%**	**40,505,997**	**100%**

As shown in the table above, at December 31, 2018 the Company holds shares mainly in finance-banking companies, accounting for 24.97% of its total portfolio, less than the 34.66% registered as at December 31, 2017.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of factors associated with processes, personnel, technology and infrastructure of the Group, as well as external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements, and generally accepted standards of organizational behavior.

6. FINANCIAL RISK MANAGEMENT (continued)

Operational risk (continued)

The objective of the Group is to identify, measure, monitor, manage and mitigate operational risk so as to strike a balance between avoiding direct or indirect financial losses that may occur as a result of procedural, human or systemic errors, or due to external events, which may jeopardize the reputation of the Group. At the same time, the operational risk at the level of the Group's intermediation and trading segment is very low also due to the requirements imposed by the Financial Supervisory Authority (FSA) regarding the organization, the required reports and the internal control carried out.

The main responsibility for the development and implementation of operational risk controls lies with the management of each organizational unit. This responsibility is supported by the development of general corporate standards for operational risk management in the following areas:

- requirements for appropriate segregation of tasks and responsibilities
- requirements for reconciliation, monitoring and authorization of transactions;
- compliance with regulations and legislation;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures for identified risks;
- training and professional development;
- ethical and business standards;
- risk mitigation.

Compliance with the Group's standards is ensured through a program of periodic reviews of internal procedures. The results of these reviews are discussed with management.

Interest rate risk

As at December 31, 2018, the Group contracted a credit line granted for a period of 1 year to support the Group's current activity (trading segment). The interest on the credit line consists of ROBOR 3M plus fixed margin.

Interest rates used to determine fair value

For the determination of fair value or for impairment testing of financial instruments, no interest rates were used to discount cash flows as it was not the case for trade receivables or other financial instruments whose collection is significantly delayed over time.

For doubtful receivables (receivables whose recovery is uncertain), at the end of the reporting period, the Company registered impairments for the entire amount.

6. FINANCIAL RISK MANAGEMENT (continued)
Interest rates used to determine fair value (continued)

The following tables present the Company's exposure to interest rate risk.

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	34,017,725	33,720,433	75,357	-	-
Bank deposits	1,499,455	1,499,455	-	1,499,455	-
Financial assets at fair value through profit or loss	27,938,867	-	-	-	32,476,846
Loans and advances granted	5,571,980	1,649,469	295,060	3,782,920	-
Bonds at fair value	13,008,997	214,447	767	12,794,549	100,000
Other financial assets	12,267,142	2,236,596	-	-	10,030,546
Total financial assets	**94,304,166**	**39,320,401**	**371,183**	**18,076,924**	**42,607,392**
Financial liabilities	4,991,870	-	4,991,870	-	-

Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4,991,870**	**-**	**4,991,870**	**-**	**-**

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2017					
Financial assets					
Cash and cash equivalents	27,925,367	27,867,012	-	-	-
Bank deposits	625,000	-	-	-	-
Available-for-sale financial assets	21,758,384	-	-	-	-
Financial assets at fair value through profit or loss	5,414,123	-	-	-	5,141,308
Loans and advances granted	7,971,985	535,000	1,171,577	6,265,408	-
Bonds at fair value	13,047,629	41,191	-	12,850,858	-
Financial assets at amortised cost	339,565	-	-	-	240,565
Other financial assets at fair value	12,312,016	2,326,176	-	-	9,978,360
Total financial assets	**89,394,069**	**30,769,379**	**1,171,577**	**19,116,266**	**15,360,233**
Financial liabilities	5,006,087	-	5,006,087	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**5,006,087**	**-**	**5,006,087**	**-**	**-**

Currency risk

The parent of the Group, BRK Financial Group and one of its subsidiaries are financial institutions regulated and authorized by the Financial Supervisory Authority and is subject to the European regulations and the CRD - CRR legislative package to the relevant Technical Standards.

The capital requirement related to the foreign exchange risk is determined according to the provisions of EU Regulation no. 575/2013 on capital adequacy for the standardized approach for that financial risk.

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

BRK Financial Group calculates the capital requirement for foreign exchange risk if exposures to this risk exceed 2% of total own funds.

6. FINANCIAL RISK MANAGEMENT (continued)

Exposures to foreign exchange risk comprise the following elements:

- derivatives (CFD, futures, options, warrants);
- cash in accounts with external intermediaries;
- bank deposits in foreign currency;
- leases;
- guarantees at market institutions;
- bonds in foreign currency.

The methodology to determine capital exposure and requirement for the parent is as follows:

In RON

December 31, 2018

Financial assets	**RON**	**EUR**	**USD**	**Other**
Cash and cash equivalents	33,720,433	274,547	20,398	2,347
Bank deposits	1,499,455	-	-	-
Financial assets at fair value through profit or loss	23,082,802	4,823,219	32,847	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	3,804,582	9,204,414	-	-
Loans and advances granted	5,571,980	-	-	-
Other financial assets	309,420	8,755,578	3,202,144	-
Total financial assets	**67,988,671**	**23,057,759**	**3,255,389**	**2,347**
Financial liabilities	4,991,870	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	**4,991,870**	**-**	**-**	**-**

6. FINANCIAL RISK MANAGEMENT (continued)

In RON

December 31, 2017

Financial assets	**RON**	**EUR**	**USD**	**Other**
Cash and cash equivalents	27,842,563	24,194	1,105	57,506
Bank deposits	625,000	-	-	-
Financial assets at fair value through profit or loss	5,414,123	-	-	-
Available-for-sale financial assets	14,104,204	-	-	-
Financial assets at fair value through other comprehensive income	7,654,180	-	-	-
Bonds at fair value through profit or loss	3,785,965	9,261,664	-	-
Loans and advances granted	7,971,985	-	-	-
Other financial assets at amortised cost	339,565	-	-	-
Other financial assets	284,255	9,312,919	2,714,842	-
Total financial assets	**68,021,840**	**18,598,776**	**2,715,947**	**57,506**
Financial liabilities	5,006,087			
Dividends payable	-			
Financial liabilities at amortised cost	-			
Total financial liabilities	**5,006,087**	**-**	**-**	**-**

13. CAPITAL MANAGEMENT

The policy of the Board of Administration of SSIF BRK FINANCIAL GROUP SA is to maintain a sound capital base to maintain investor, creditor and market confidence and sustain the future development of the company. The Board of Administration monitors the profitability of all agencies in which trading is conducted on a monthly basis and the results of the analysis are discussed during the monthly meetings of the Board of Administration.

Also, during the monthly meetings of the Board of Administration, the report on the investment activity drawn up by the analysis department is discussed. Global results are thus monitored to maintain a high return on capital.

Parent BRK FINANCIAL GROUP SA and one of its subsidiaries are subject to prudential regulations regarding minimum capital requirements and minimum own funds so as to hedge risks:

- risk-weighted exposures by class of exposures to which they are part are considered to hedge credit risk and the risk of receivables' value reduction;

- to hedge position risk and settlement / delivery risk, capital is required at the level of 16% of the exposure level;
- to hedge operational risk capital is required at the level of 15% of the average of the last three years of the operating result.

For the last two years, the capital adequacy indicators have registered the following values:

Ratio	December 31, 2018	December 31, 2017
Total own funds	49,166,922	53,844,125
Total capital requirements	13,562,951	9,995,306
Risk exposures	169,536,884	124,941,331

Under the regulations in force, large exposures, which are defined as those gross exposures exceeding 10% of the eligible capital (own funds), are reported by the parent to the Financial Supervisory Authority (FSA). For institutions, large exposures cannot exceed the maximum of 25% of the eligible capital (own funds).

7. CAPITAL MANAGEMENT (continued)

Also, qualifying holdings, representing the direct or indirect participation of at least 10% of the voting rights or of the capital of an entity, in a percentage higher than 15% of the company's own funds.

The ratios mentioned above are not calculated currently for the group subsidiaries because they only apply to financial institutions.

As regards the ratios at Group level, the solvency rates are presented below:

	2018	2017
Rate of patrimony solvency	58.43%	57.52%
(Equity/Total liabilities x100)		
Rate of financial autonomy	97.40%	97.25%
(Equity/Permanent capital x100)		
General gearing ratio	71.14%	73.85%
(Total liabilities /Equity x100)		

Business combinations

- **Facos SA Suceava**

On August 30, 2007 SSIF Broker SA acquired shares representing 83.02% of Facos SA having as its object of activity the manufacturing and selling of meat products.

The acquisition value was at that time RON 14,756,336, of which RON 14,459,481 was actually paid and RON 296,855 remaining to be paid on condition, resulting in an ownership of RON 17,664,480.

The control takeover in Facos SA was carried out with a view to achieving a long-term investment, the company being one of the cost-effective companies in the Suceava area. The company received SAPARD funds totalling RON 3,900,000 accounting for 50% of the investments made. The sale are both domestic and for export.

Between January 1, 2009 and December 31, 2015, the subsidiary contributed a loss of RON (6,013,556). Total equity decreased by RON (6,970,071) in this period.

The subsidiary is consolidated in 2017 by applying the acquisition method, which resulted in the net asset of the consolidated subsidiary being fully absorbed, together with the recognition of non-controlling interest and goodwill. See Note 3. Significant accounting policies, paragraph a) Basis of consolidation, (ii) Subsidiaries.

Purchased identifiable assets and assumed identifiable liabilities

Description	Carrying amounts as at December 31, 2007
	RON
Net purchased asset	
Intangible assets	30,224
Property, plant and equipment	19,438,100
Financial assets	728
Inventories	2,798,355
Receivables	2,155,518
Cash and cash equivalents	531,873
Prepaid expenses	1,844
Current liabilities	(5,836,181)
Non-current liabilities	(465,082)
Deferred tax liabilities	(1,380,229)
Deferred income	(3,198,494)
Net assets / Equity	14,076,656
Ownership at acquisition date: (83.02%)	11,686,324
Positive goodwill	2,773,156
Value of securities held:	**14,459,480**
Cash acquired:	531,873
Net trading cash flows	**13,927,607**

For the assets that were the subject of the acquisition, a series of adjustments, both classification and value, recognized in retained earnings and other comprehensive income account, were made at the date of transition to IFRS:

- registration of deferred income tax on the revaluation of tangible assets, which generated taxable temporary differences amounting to RON 8,626,434 and deferred income tax in amount of RON 1,380,229;
- registration of deferred tax also for the outstanding SAPARD investments, for the taxable deferred income for the value of RON 454,553;
- set-up of value adjustments of impaired clients;
- reduction of the cost of finished products by profit, distribution costs and general expenses included in cost;
- reclassification of fixed assets from Freehold Land category to Land and Buildings category, changing the value structure of the assets, their residual value and the annual depreciation rate.

Goodwill recognized upon acquisition has been attributed to the entity's ability to generate cash flows from its core business, activity for which significant investments have been made, to the skills and technical know-how of the workforce, and the existing customer base.

For the assets that were the subject of the acquisition, a series of significant adjustments were made to the amounts recognized in retained earnings or other comprehensive income account at the date of transition to IFRS:

- alignment of the accounting policies in terms of the land valuation amount.
- registration of the deferred income tax related to revalued property, plant and equipment.

- **SAI Broker SA**

In 2012, the parent set up SAI Broker SA, with an initial share capital of RON 906,000. As at December 31, 2017 the share capital increased to RON 2,206,180, 99.98% of which is held by SSIF BRK Financial Group.

The company was set up with the purpose of developing the activity of investment fund management in order to broaden the range of financial products addressed to the clients. As at December 31, 2017 SAI Broker SA manages 7 investment funds.

As at December 31, 2018, the total equity of SAI Broker SA are worth RON 3,687,081.

The subsidiary is consolidated by applying the acquisition method, as a result of which the net asset of the consolidated subsidiary has been fully taken over, together with the recognition of non-controlling interests. See Note 3. Significant accounting policies, paragraph a) Basis of consolidation, (ii) Subsidiaries.

14. OPERATING SEGMENTS

The Group has five main segments that have different characteristics, and implicitly require separate disclosure:

- intermediation
- trading
- investment fund management
- manufacture and selling of meat preparations and cans
- insurance services

Strategic business units offer different services and products, being managed separately because they involve different know-how and marketing strategies. The Executive Director reviews at least monthly the activities related to the main segments. Some of the segments also have common expenses that cannot be separated without a very high degree of subjectivism.

c) The intermediation activity comprises intermediation transactions for spot clients.
The significant positions in the financial statements that are influenced by such operations are:

  - revenues from commissions received from customers, expenses with commissions paid to market institutions;
  - net receivables on the amounts receivable from the stock exchange for customers as a result of customer transactions;
  - debt to customers representing clients' available funds for trading purposes.

d) The trading activity includes the operations of buying and selling of securities and derivatives. The significant positions in the financial statements that are affected by these operations are:
  - investments made, which may include securities available for sale, financial instruments at fair value through profit or loss, market value of derivatives;
  - expenses and revenues from trading;
  - adjustment of the value of investments, recognized either in the income statement, in the case of financial instruments at fair value through profit or loss and derivative products, or in the comprehensive income in case of available-for-sale securities.

e) The investment fund management activity. One of the subsidiaries currently manages 7 investment funds (2017: 7 funds).

f) Meat preparations and cans manufacture and sale. It comprises both the manufacture, and the sale of such products.

g) Insurance services segment

The information related to segments that are reported is as follows:

8. OPERATING SEGMENTS (continued)

Information on reported segments for the financial year ended December 31, 2017

	December 2017						
	Total, of which:	**Intermediation**	**Trading**	**Not allocated**	**Investment fund management**	**Insurance (discontinued operations)**	**Meat preparations and cans**
	∑	**(1)**	**(2)**	**for (1) and (2)**	**(3)**	**(4)**	**(5)**
Revenues from commissions and related activities	6,540,510	4,550,676	-	-	1,709,342	280,492	-
Revenues the sale of finished products and commodities, trade discounts granted	7,058,644	-	-	-	-	-	7,058,644
Finance dividend revenues	318,222	-	318,222	-	-	-	-
Net finance revenues from transactions	4,555,806	-	4,530,083	-	25,723	-	-
Interest income	607,347	-	596,651	-	7,858	1,954	884
Rental income	14,758	-	-	2,700	-	-	12,058
Income from the revaluation of investment property and available-for-sale financial assets	96,301	-	-	96,301	-	-	-
Income from adjustment of current assets	(85,849)	-	19,151	-	-	(105,000)	-
Other revenues	179,946	-	13,961	-	-	1,603	164,382
Total revenues	**19,285,685**	**4,550,676**	**5,478,068**	**99,001**	**1,742,923**	**179,049**	**7,235,968**
Materials and changes in inventories	(4,458,065)	-	-	(245,162)	(42,788)	(293)	(4,169,822)
Employee-related expenses	(8,830,448)	(2,112,788)	(2,546,179)	(717,427)	(583,249)	(348,894)	(2,521,911)
Third party supplies, taxes and levies	(3,080,195)	(1,235,451)	(1,347,921)	(5,813)	(210,545)	(7,212)	(273,253)
Impairment of intangible and tangible assets, excluding goodwill	(2,143,556)	-	-	(1,130,905)	(24,468)	(983)	(987,200)
Net expenses with risks and charges	(58,702)	-	-	(58,702)	-	-	-

Interest expenses	(87,388)	-	(14,430)	-	-	(2,370)	(70,588)
Net finance losses	(177,559)	-	(171,247)	-	-	-	(6,312)
Impairment of investments classified as available-for-sale financial assets	(48,849)	-	(48,849)	-	-	-	-
Other expenses	(790,493)	-	-	(750,235)	(3,000	-	(37,258)
Total expenses	**(19,675,255)**	**(3,348,239)**	**(4,128,626)**	**(2,908,244)**	**(864,050)**	**(359,752)**	**(8,066,344)**
Result of operating activities	**(389,570)**	**1,202,437**	**1,349,442**	**(2,809,242)**	**878,873**	**(180,703)**	**(830,376)**
Assets of reported segment, of which:	**107,286,313**	**-**	**53,016,185**	**38,127,594**	**2,719,173**	**42,211**	**13,381,150**
- property, plant and equipment	3,586,297	-	-	2,494,273	1,079,819	12,205	-
- intangible assets	16,637,934	-	-	6,190,220	12,471	-	10,435,243
- investment property	1,030,143	-	-	1,030,143	-	-	-
- financial investments	41,133,272	-	40,398,770	-	734,252	-	250
- trade and other receivables	14,339,425	-	12,617,415	-	275,537	24,474	1,421,999
- inventories and other assets classifies as held for sale	1,748,714	-	-	545,946	3,739	-	1,199,029
- available amounts	28,810,528	-	-	27,867,012	613,355	5,532	324,629
Liabilities of reported segment, of which:	**43,445,588**	**31,715,291**	**1,011,824**	**7,004,664**	**141,862**	**160,905**	**3,411,042**
- client’s amounts	30,938,001	30,938,001	-	-	-	-	-

8. OPERATING SEGMENTS (continued)

Information on reported segments for the financial year ended December 31, 2018

	December 2018				
	Total, of which:	**Intermediation**	**Trading**	**Not allocated**	**Investment fund management**
	∑	**(1)**	**(2)**	**for (1) and (2)**	**(3)**
Revenues from commissions and related activities	5,972,278	3,145,924	-	-	2,826,354
Revenues the sale of finished products and commodities, trade discounts granted	-	-	-	-	-
Finance dividend revenues	374,695	-	374,695	-	-
Net finance revenues from transactions	(136,864)	-	(136,864)	-	-
Interest income	1,496,675	-	1,496,675	-	-
Rental income	486	-	-	486	-
Income from the valuation of investment property and available-for-sale financial assets	-	-	-	-	-
Income from adjustment of current assets	300,933	-	-	300,933	-
Other revenues	303,160	-	302,128	1,032	-
Total revenues	**8,311,362**	**3,145,924**	**2,036,633**	**302,451**	**2,826,354**
Materials and changes in inventories	(504,173)	-	-	(504,173)	-
Employee-related expenses	(4,984,394)	(1,685,443)	(2,538,359)	(760,592)	-
Third party supplies, taxes and levies	(3,771,358)	(1,129,384)	(2,464,096)	(114,553)	(63,325)
Impairment of intangible and tangible assets, excluding goodwill	(1,142,350)	-	(391,829)	(750,520)	-
Net expenses with risks and charges	(55,410)	-	-	(55,410)	-

Interest expenses	(194,491)	-	(194,491)	-	-
Net finance losses	-	-	-	-	-
Impairment of investments	(66,630)	-	-	(66,630)	-
Other expenses	(937,848)	-	-	(937,848)	-
Total expenses	**(11,656,654)**	**(2,814,827)**	**(5,588,775)**	**(3,189,726)**	**(63,325)**
Result of operating activities	**(3,345,290)**	**331,096**	**(3,552,142)**	**(2,887,275)**	**2,763,029**
Assets of reported segment, of which:	**105,874,490**	**46,296,564**	**48,275,191**	**9,997,509**	**1,305,227**
- intangible assets	2,938,484	-	-	1,879,174	1,059,310
- property, plant and equipment	6,201,082	-	-	6,201,082	-
- investment property	918,186	-	-	918,186	-
- financial investments	41,103,333	-	40,857,416	-	245,917
- trade and other receivables	18,651,503	14,546,070	3,651,088	454,346	-
- inventories and other assets classifies as held for sale	544,721	-	-	544,721	-
- available amounts	35,517,181	31,750,494	3,766,687	(0)	-
	105,874,490	**46,296,564**	**48,275,191**	**9,997,509**	-
Liabilities of reported segment, of which:	**50,477,948**	**37,438,880**	**11,705,293**	**1,333,774**	**-**
- client's amounts		35,942,908	-	-	-

15. RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS

In RON	December 2018	December 2017
Revenues		
Total revenues from reported segments	5,972,278	19,285,685
Consolidated revenues	5,972,278	19,285,685
Profit or loss		
Total loss on reported segments	(3,345,292)	(389,570)
Deferred income tax assets	-	23,493
Consolidated loss before tax	**(3,345,292)**	**(366,077)**
Assets		
Total assets from reported segments	105,874,490	107,274,108
Consolidation goodwill	-	12,205
Total consolidated assets	**105,874,490**	**107,286,313**
Liabilities		
Total liabilities from reported segments	50,477,948	43,445,588
Deferred tax liabilities	-	1,152,391
Total consolidated liabilities	**50,477,948**	**44,597,979**

The intermediation segment registers revenues from commissions charged from the following products:

Revenues from intermediation segment	December 2018	December 2017
Spot commissions	5,039,680	1,913,978
Foreign stock exchange commissions	768,930	857,327
Related activities	158,313	1,779,371
Related commissions and activities	**5,966,923**	**4,550,676**
Insurance intermediation	**653**	**10,317**
Distribution of fund units	**4,701**	**5,724**
Total revenues	**5,972,278**	**4,566,717**

Transactions with clients are conducted both via brokers, and online.

The fund management segment registered in 2018 income from the administration of the following investment funds:

- **BET-FI Index Invest Closed Investment Fund** registered with the Financial Supervisory Authority under no. PJR05SAIR/120031 of January 29, 2013.

The purpose of establishing the Fund is exclusive and consists in attracting financial resources available from individuals and companies through a regular public offering of fund units and investing these resources predominantly in shares that are part of the BET-FI index.

- **FIX INVEST Open Investment Fund**, authorised by the Financial Supervisory Authority under no. A/8/14.02.2014.

-

9. RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS (continued)

- **SMART Money Private Investment Fund** endorsed by the Financial Supervisory Authority under no. A/19/09.04.2014.
- **Optim Invest Closed Investment Fund** operating under Permit no. A/171/22.05.2015 issued by the Financial Supervisory Authority and registered in the FSA Registry under no. CSC08FIIRS/120040.

The Fund is set up to privately attract the financial resources of qualified natural or legal person investors for the purpose of them investing primarily in shares issued by companies and securities of undertakings for collective investment in transferable securities and / or other undertakings for collective investment in accordance with the provisions of the applicable regulations.

- **Prosper Invest Open Investment Fund** operating under Permit no. A/44/20.03.2015 issued by the Financial Supervisory Authority and registered in the FSA Registry under no. CSC06FDIR/120093.

The objective of the fund is to gather financial resources through a continuous offer of securities to invest in capital markets, subject to a high degree of risk, specific to the investment policy provided in the prospectus.

- In January 2017, SAI Broker SA took over the management of the Fortuna Classic Open Investment Fund and the Fortuna Gold Open Investment Fund from SAI Target Asset Management SA.

The Fortuna Classic Fund is registered in the FSA Registry under no. CSC06FDIR / 120008 dated 18.12.2003.

The fund has the sole purpose of conducting collective investments, placing money in liquid financial instruments and operating on the principle of risk diversification and prudential management.

The Fortuna Gold Fund is listed in the FSA Registry under no. CSC06FDIR / 120009 dated 18.12.2003. The fund has the sole purpose of conducting collective investment, placing money in liquid financial instruments and operating based on the principle of risk diversification and prudential management.

The table below shows the revenue from the management of investment funds and other income of the investment fund management segment:

In RON

December 31, 2018	Revenues from fund management	Revenues from underwriting and other fees	Total revenues
Fdi Fix Invest	27,267	-	27,267
Fdi Prosper Invest	71,445	12,213	83,658
FII BET FI Index Invest	137,772	-	137,772
Fii Smart Money	73,121	-	73,121

Fii Optim Invest	1,871,501	-	1,871,501
Fdi Plus		-	-
Fdi Fortuna Classic	625,536	-	625,536
Fdi Fortuna Gold	7,499	-	7,499
Total	**2,814,141**	**12,213**	**2,826,354**

9. RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS (continued)

December 31, 2017

	Revenues from fund management	Revenues from underwriting and other fees	Total revenues
Fdi Fix Invest	24,921	-	24,921
Fdi Prosper Invest	61,576	64,560	126,136
FII BET FI Index Invest	141,919	-	141,919
Fii Smart Money	44,011	-	44,011
Fii Optim Invest	799,384	-	799,384
Fdi Plus		-	-
Fdi Fortuna Classic	567,039	-	567,039
Fdi Fortuna Gold	5,932	-	5,932
Total	**1,644,782**	**64,560**	**1,709,342**

Detailed description of financial statements lines

10. INTANGIBLE ASSETS

In RON	Licenses and software	Payments in advance	Set-up expenses	Goodwill	Total
Cost					
Balance as at January 1, 2017	**4,486,927**	**283,523**	**-**	**-**	**4,770,450**
Inflows	1,448,416	452,142	-		1,900,558
of which, by transfer	366,551	-			
Outflows	(143,962)	(520,743)	-		(664,705)
Transfer to intangible assets	-	(366,551)	-		(366,551)
Balance as at December 31, 2017	**4,587,355**	**214,922**	**-**	**-**	**4,802,277**
Balance as at January 1, 2018	**5,791,381**	**214,922**	**-**	**-**	**6,006,303**
Inflows	289,415	-	-		289,415
of which, by transfer	-	-	-		-
Outflows	(1,165)	(187,103)	-		(188,268)
of which, by transfer	-	-	-		-
Balance as at December 31, 2018	**6,079,631**	**27,819**	**-**	**-**	**6,107,451**

Amortization and impairment	Licenses and software	Payments in advance	Set-up expenses	Goodwill	Total
Balance as at January 1, 2017	**1,800,423**	**-**	**-**	**-**	**1,800,423**
Amortization during the year	733,428	-	-	-	733,428
Impairment losses recognised as expenses	-	-	-	-	-
Amortization for disposals	(101,639)	-	-	-	(101,639)
Balance as at December 31, 2017	**2,432,212**	**-**	**-**	**-**	**2,432,212**
Balance as at January 1, 2018	**2,432,212**	**-**	**-**	**-**	**2,432,212**
Amortization during the year	737,921	-	-	-	737,921
Impairment losses recognised as expenses	-	-	-	-	-
Amortization for disposals	(1,165)	-	-	-	(1,165)
	3,168,967	**-**	**-**	**-**	**3,168,967**

Balance as at December 31, 2018					
Book values					
Balance as at January 1, 2017	**2,686,505**	**283,523**	**-**	**-**	**2,970,027**
Balance as at December 31, 2017	**2,155,143**	**214,922**	**-**	**-**	**2,370,066**
Balance as at January 1, 2018	**3,359,169**	**214,922**	**-**	**-**	**3,574,092**
Balance as at December 31, 2018	**2,910,664**	**27,819**	**-**	**-**	**2,938,483**

10. INTANGIBLE ASSETS (continued)

The balance of intangible assets comprises software and software licenses. The Tradis back office system accounts for the highest value in the total intangible assets.

Advances for intangible assets consist of advances paid for the purchase of a new Customer Relationship Management (CRM) system.

The useful lives used for the calculation of intangible assets are on average 3 years, except for the one mentioned in the following paragraph, amortized on a straight-line basis.

The reasons that support the indeterminate useful life valuation, i.e. the factors that have played a significant role in determining that the asset has an indefinite useful life are determined by the fact that the subsidiary cannot estimate the time period in which the asset will produce economic benefits, there being no contractual or legal limitation in this regard.

The value of this asset is tested for impairment annually. As at December 31, 2018 the Group did not set up any impairment in respect of this asset. In the period elapsed between the date of acquisition up to December 31, 2017, there were no redemptions in relation to the funds raised.

Expenses with the amortization of intangible assets during the year are included in the statement of comprehensive income in the *Impairment of tangible and intangible assets* line.

11. PROPERTY, PLANT AND EQUIPMENT

In RON	**Land and buildings**	**Equipment and vehicles**	**Furniture, office equipment and other**	**Non-current assets in progress**	**Total**
Balance as at January 1, 2017	**4,168,402**	**1,474,602**	**301,021**	**-**	**5,944,025**
Purchases and upgrading	(3,600)	179,649	38,852	-	214,901
Revaluation of non-current assets:	-	-	-	-	-
compensation of depreciation against revaluation of assets	(269,147)	-	-	-	(269,147)

value increase registered	1,300,304	-	-	-	1,300,304
Transfers from investment property	637,840	-	-	-	637,840
Outflows:	-	-	-	-	-
- sale	-	-	(5,390)	-	(5,390)
- disposal	-	(125,600)	(37,945)	-	(163,545)
Balance as at December 31, 2017	**5,833,799**	**1,528,651**	**296,538**	**-**	**7,658,988**
Balance as at January 1, 2018	**5,833,799**	**1,528,651**	**296,538**	-	**7,658,988**
Purchases and upgrading	192,963	109,456	19,643	205,786	527,848
Revaluation of non-current assets:	9,500	-			9,500
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows:		-			-
- sale	-	-	(2,615)	(192,963)	(195,577)
- disposal	-	-	-	-	-
Balance as at December 31, 2018	**6,036,262**	**1,638,107**	**313,567**	**12,823**	**8,000,759**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

In RON	**Land and buildings**	**Equipment and vehicles**	**Furniture, office equipment and other**	**Non-current assets in progress**	**Total**
Depreciation and impairment					
Balance as at January 1, 2017	**134,574**	**1,227,214**	**229,460**	**-**	**1,591,248**
Depreciation during the year	134,573	137,460	26,678	-	298,711
Depreciation related to disposal of fixed assets	-	-	-	-	-
Depreciation related to disposals of fixed assets	-	(129,889)	(34,625)	-	(164,514)
Depreciation of sales	-	-	-	-	-
	-	**1,234,785**	**221,513**	**-**	**1,456,298**

Balance as at December 31, 2017					
					-
Balance as at January 1, 2018	-	1,234,785	221,513	-	1,456,298
Depreciation during the year	196,817	118,233	28,764	-	343,814
Depreciation related to disposal of fixed assets	-	-	(436)	-	(436)
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at December 31, 2018	**196,817**	**1,353,018**	**249,841**	**-**	**1,799,676**
Book values					
Balance as at January 1, 2017	**4,033,828**	**247,388**	**71,561**	**-**	**4,352,777**
Balance as at December 31, 2017	**5,833,799**	**293,866**	**75,025**	**-**	**6,202,690**
Balance as at January 1, 2018	**5,833,799**	**293,866**	**75,025**	**-**	**6,202,690**
Balance as at December 31, 2018	**5,839,444**	**285,089**	**63,725**	**12,823**	**6,201,082**

The property, plant and equipment of the Group consist of land and buildings comprising:

- headquarters of work points for the intermediation operations and the registered office of the parent;

- land and buildings for the current operations carried out by subsidiaries and the offices thereof.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

On December 31, 2018, the parent uses its registered office in Cluj-Napoca, Str. Motilor nr. 119, as well as the real estate owned in Suceava and Iasi, where the brokerage agencies operate.

As at December 31, 2018, the Company does not own land, and the ones related to the buildings used are included in the value of the building.

Expenses with depreciation for the year are included in comprehensive income under the *Impairment of tangible and intangible assets* line.

Pledged or mortgaged property, plant and equipment

In December 2017, the Company contracted a credit line in amount of RON 5,340,000, and secured the loan with the Company's operating real estate. Details on such securities are available in note 22. The credit line was extended in 2018 for another 12 months until September 30, 2019.

Details on such guarantees are available in Note 22 Borrowings.

Revaluation

The fixed assets of the parent representing buildings were revalued as at December 31, 2018. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

Further to revaluations, there were increases in the value of property, plant and equipment used for operations, which reflected in reserves as at December 31, 2018.

The value of the fixed assets comprising the segment of manufacture of meat cans and preparations were adjusted for consoldiation purposes in order to align to the Group policies and represent prudential values adequate to the current context in which they run their activity.

12. INVESTMENT PROPERTY

In RON	**December 2018**	**December 2017**
Balance as at January 1, 2018	1,030,143	1,435,525
Transfers to property, plant and equipment during the year	-	(578,684)
Inflow from enforcement of guarantees received	-	-
Purchases during the year (asset exchange)	-	417,624
Investment property in progress - inflows	-	47,072
Investment property in progress – outflows	-	(59,155)
Advances for investment property	(111,954)	(234,000)
Disposals of investment property (asset exchange)	-	-
Plus revaluation amount	-	11,431
Less revaluation amount	-	(9,670)
Balance as at December 31, 2018	**918,189**	**1,030,143**

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

12. INVESTMENT PROPERTY (continued)

Revaluation

Investment property representing buildings and land were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

In 2018, no significant increase were found in the value of investment property for operating activities. Therefore, the Group did not conduct new revaluations at the end of 2018.

13. FINANCIAL INVESTMENTS

In RON	**December 31, 2018**	**December 31, 2017**
Available-for-sale financial assets		
Available-for-sale financial assets - cost	**-**	**339,695**
Available-for-sale financial assets – at cost, estimated at fair value	-	562,513
Provision for financial assets available for sale at cost, estimated at fair value	-	(222,818)
	-	-
Available-for-sale financial assets – at fair value, of which:	-	**10,117,452**
	-	2,196,612
	-	544,944
	-	-
	-	7,375,896
Available-for-sale financial assets at associates – at fair value, of which:	-	**-**
Total available-for-sale financial assets	**-**	**10,457,147**
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss – held for trading	36,091,800	18,284,162
Other financial instruments	4,856,066	107,590
Loans to affiliates	5,571,979	563620
Total financial assets at fair value through profit or loss	**46,519,844**	**18,955,372**
Total financial investments	**46,519,844**	**29,412,519**

Such category comprises shares held by the company in institutions of the capital market (Romanian Clearing House, Bucharest Clearing House, Bucharest Commodities Exchange) and also in other unquoted companies.

13. FINANCIAL INVESTMENTS (continued)

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of December 31, 2018 published by the Bucharest Stock Exchange.

Non-quoted fund units are evaluated at the value at the net unit asset, and non-quoted bonds at fair value determined according to the internal model of the Group in accordance with International Valuation Standards.

For the unit funds held with SmartMoney, impairment allowances were registered in amount of RON 885,147 relying on the valaution report prepared by an ANEVAR authorised valuer for the company's ownership in Romlogic Technology SA.

The structured products held are valued at the Bucharest Stock Exchange quotation or on other international markets as at December 31, 2018, and the price refers to a liquid market.

As at December 31, 2018, there were open positions on the House account on international markets for hedging operations in amount of RON 32,847.

Financial instruments traded on international markets are futures, options and contracts for difference (CFDs) and are used for speculative and hedging purposes for market maker operations. They are evaluated at the exchange rate of December 31, 2018.

14. LOANS AND ADVANCES GRANTED

In RON	**December 2018**	**December 2017**
Other long-term financial investments		
Margin loans to clients	3,627,451	6,265,408
Loans granted to affiliates	2,536,099	1,714,620
Interest on loans granted	31,687	7,219
Impairment of non-current receivables	(623,257)	(15,262)
Loans and advances granted – net value	**5,571,980**	**7,971,985**

In 2018, the Group granted loans to affiliates such as: Romlogic SA – RON 1,235,000, Facos – RON 360,000, FireByte – RON 481,099. In order to determine the fair value, the Company's management considered net future cash flows for such loans, which have a maturity of less than 1 year as at December 31, 2018. For each loan, 3 scenarios were established as to the recoverability of the amounts granted until the maturity date of the loan agreement.

The loans granted to affiliates fall under Stage 2 according to the policy described in Note 3 of these financial statements.

The loans granted to the company's clients in the form of margin loans fall under Stage 1 according to the policy described in Note 3.

For the loan granted to Facos SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 196,607.

For the loan granted to Romlogic Technology SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 279,768.

For the loan granted to FireByte SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 146,882

14. LOANS AND ADVANCES GRANTED (continued)

The Group kept the clients' possibility to carry out margin transactions. The fair value of margin loans granted to clients as at December 31, 2018 was RON 3,627,451. Clients secure margin loans with the securities purchased out of such loans.

Equity securities
In RON

	2018	**2017**
Equity securities	-	5,101,087

The equity securities as at December 31, 2018 are nil because as of 2018, SSIF BRK FINANCIAL GROUP SA applies IFRS 10 chosing to keep only SAI BROKER SA in its consolidation scope, eliminating Minesa from the consolidation scope, the company for which equity securities were calculated.

15. INVESTMENTS IN ASSOCIATES

The associates (where there is significant influence) are mentioned below. The significant influence is due to the presence of the respective company on the board of administration.

The percentage of ownership and the amount of the RON holding in the associates are as follows:

Symbol	**Company**	**Holding in 2018**	**Value of holding in 2018**	**Holding in 2017**	**Value of holding in 2017**
ANTE	Anteco SA Ploiesti	19.93%	363,829	19.93%	99,523
PETY	Petal SA Husi	15.04%	427,573	15.04%	259,225
	Total		**791,402**		**358,748**

During 2018, transactions with affiliated entities are as follows:

Name	**Nature of affiliation**	**Nature of activity**	**Volume and weight of activity**
SAI Broker	99.98%	Investment management	- net buy-backs of fund units at FDI Fix Invest managed by SAI Broker in amount of RON 129 thousand - net buy-backs of fund units at BET FImanaged by SAI Broker in amount of RON 3150 thousand - net buy-backs of unit funds at FII Smart Money managed by SAI Broker amount of RON 1299 thousand - net purchases of unit funds at Fortuna Gold managed by SAI Broker in amount of RON 30 thousand -revenues from distribution and intermediation commissions in amount of RON 4,701

			- rental income in amount of RON 11,166 - income from interest on loans granted in amount of RON 11,149 - loan repayment in amount of RON 676 thousand
Facos SA Suceava	89.69%	Production of meat products	- income from interest on loans granted in amount of RON 47,411 - loan granted in amount of RON 360 thousand
Anteco SA	19.93%	Manufacturing of furniture	No transactions with ANTE shares in 2018
Petal SA	15.04%		In S1 2018, acquisition of PETY shares in amount of RON 11,673
Minesa SA	29.10%		Concluded share sale contract in amount of RON 1,211,537. Concluded a second sale contract for the remaining ownership of 29.1%, of which an advance of RON 3,030,950 was received.
Romlogic Technology SA	37.1%	SSIF BRK Financial Group SA is sole investor in FII Smart Money, which owns 37.1% of Romlogic Technology SA	- income from interest on loans granted in amount of RON 32,013 - loan repayment in amount of RON 563,620 - loan granted in amount of RON 1,235,000
Firebyte Games SA	30%	Game development for mobile devices	- loan granted in amount of RON 259,000

Related party transactions were conducted at arm's length.

As at December 31, 2018 and December 31, 2017 the balances of the Company's receivables against related parties were as follows:

In RON	**December 2018**	**December 2017**
SAI Broker	410	681,809
Facos SA Suceava	833,808	461,716
Firebyte Games SA	423,935	-
Confident Broker Asigurari SA	-	20,355
Romlogic Technology SA	1,243,412	566,851
Total	**2,501,565**	**1,730,731**

16. NON-CURRENT ASSETS HELD FOR SALE

In RON	December 2018	December 2017
Balance as at 1 January	**544,721**	**557,067**
Transfers to property, plant and equipment during the year	-	-
Inflow following the enforcement of guarantees received	-	-
Inflows during the year (exchange of assets)	-	-
Disposals	-	-
Excess further to revaluation	-	84,870
Deficit further to revaluation	-	(97,216)
Balance as at December 31, 2018	**544,721**	**544,721**

16. NON-CURRENT ASSETS HELD FOR SALE (continued)

Non-current assets held for sale are represented by a land in Cluj, Borhanci neighbourhood and 2 apartments in Botosani and Alba Iulia. Valuation reports were drawn up for such assets in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR by Napoca Business for the land and by Darian DRS for the apartments. Based on the revaluation reports, such assets were accounted for.

For the two apartments the Company constituted in December 2017 a guarantee for the contracted credit line.

17. TRADE AND OTHER RECEIVABLES

In RON	December 2018	December 2017
Trade receivables	217,304	1,272,620
Amounts receivable from the State budget	-	309,944
Net receivables from debtors	63,608	79,084
Employees with payment accruals	41,055	15,075
Former employee and third party debtors	22,553	64,009
Other debtors	531,469	367,481
Total trade and other receivables	**812,381**	**1,719,184**

Borrowers from the trading of the financial instruments of the Group come from transactions concluded in December 2018 that have the first two days of January 2019 as settlement date.

Similarly, *Borrowers in financial instruments settled by clients* come from transactions concluded in December 2018 that have the first two days of January 2019 as settlement date.

In RON

	December 2018	December 2017
	1,586,344	1,465,849

Borrowers from the trading of the financial instruments		
Borrowers in financial instruments settled by clients	10,680,718	10,844,448
Other financial assets	**12,267,062**	**12,310,296**

The exposure of the Group to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables, are disclosed in Note 4 Financial risk management.

Debtors' gross balances and impairments are as follows:

In RON	**December 2018**	**December 2017**
Former employee and third party debtors – Stage 3	1,911,267	1,926,194
Impairment of former employee and third party debtors' liabilities	(1,888,714)	(1,847,109)
Former employee and third party debtors – net value	**22,553**	**79,084**

17. TRADE AND OTHER RECEIVABLES (continued)

Changes in the impairment of receivables against debtors (employees and third parties) during the year were as follows:

In RON	**December 2018**	**December 2017**
Balance as at 1 January	1,847,109	1,866,260
Additional provisions	-	-
Write-off of provisions	(10,896)	(19,151)
Balance as at 31 December	**1,836,213**	**1,847,109**

In 2018, the Group reversed to income adjustments for receivables recovered in amount of RON 10,896.

18. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets not recognized

The deferred tax assets were not recognized for the following:

In RON	**December 2018**	**December 2017**
Current and previous tax losses	(37,972,924)	(38,189,253)
Total	**(37,972,924)**	**(38,189,253)**

Tax rate	16%	16%
Unrecognised deferred tax assets	(6,075,668)	(6,110,280)

There are still deferred tax assets not recognized in relation to financial instruments for which the impairment was not deductible in 2011.

Deferred income tax liabilities not recognized

	December 2018	December 2017
Differences from revaluation of fixed assets	3,524,052	3,524,052
Total	**3,524,052**	**3,524,052**
Tax rate	16%	16%
Deferred tax liabilities not recognized	**563,848**	**563,848**

Deferred income tax assets and liabilities recognized

The parent has to recover a cumulative tax loss of RON 37,972 thousand. Tax losses can be recovered in a period of 7 years. As a result, no deferred tax assets and liabilities were recognized. As the Group registered losses, future profits are uncertain.

19. CASH AND CASH EQUIVALENTS

In RON	December 2018	December 2017
Account for clients	31,750,494	26,351,801
Cash and cash equivalents	3,766,687	2,528,727
Balance as at 31 December	**35,517,181**	**28,880,528**

The cash and cash equivalents position also includes short-term deposits.

Client balances in bank accounts are highlighted and managed separately from those of the company and can only be used on the basis of clients' trading orders.

The Group performed an analysis of the impairment of cash and cash equivalents as per IFRS 9 and considers that the resulting impact is immaterial for the financial statements considered overall. This impact was not reflected in these financial statements.

The exposure of the entity to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 4 Financial Risk Management.

20. CAPITAL AND RESERVES

The share capital and shares issued are as follows:

In RON	**Value of share capital**	**No. of ordinary shares**	**Nominal value/share**
January 1, 2017	54,039,987	337,749,919	0.16
December 31, 2017	54,039,987	337,749,919	0.16
January 1, 2018	54,039,987	337,749,919	0.16
December 31, 2018	54,039,987	337,749,919	0.16

In 2018, there were no changes in share capital or the number of shares issued.

As at December 31, 2018 the Company owns 319,967.

In RON	**December 2018**	**December 2017**
Share capital	54,039,987	54,039,987
Adjustment of share capital	4,071,591	4,071,591
Own shares	-24,047	-24,047
Premiums	5,355	5,355
Total	**58,092,886**	**58,092,886**

21. RESERVES AND REVALUATION DIFFERENCES

In RON	December 2018	December 2017
Differences from the revaluation of property, plant and equipment	3,524,052	3,524,052
Legal and statutory reserves	4,719,397	4,587,875
Fair value reserves	-	3,623,734
Other reserves	2,748,760	2,748,760
-of which from the application of IAS 29 (inflation adjustment)	2,748,760	2,748,760
Consolidation reserves	-	-
Consolidation reserves related to equity securities	-	-
Legal reserves related to own shares	-	-
Total reserves and revaluation differences	**10,992,209**	**14,484,421**

Revaluation differences

The revaluation differences did not change in 2018.

Legal reserves

Legal reserves represent the amounts created annually from the gross profit at a share of 5%, up to 20% of the share capital, recognized as a deduction in the profit tax calculation. This is a fiscal facility. The company has reached the 20% level required by law.

Other reserves

Other reserves include adjustments to the historical cost of share capital in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Dividends and other distributions to shareholders

In 2017, no dividends were granted to shareholders.

Consolidation reserves

The caption comprises capital values arising further to the separation of capital, the largest share arising from the increase in 2015 of the ownership in one of the subsidiaries already controlled.

22. RETAINED EARNINGS

In RON	2018	2017
Retained earnings	(9,503,112)	(5,807,256)
Profit carried forward from transition to IFRS	6,052,406	1,898,201
Retained earnings IAS 29	(6,880,234)	(6,880,234)
Current result	(3,345,290)	(279,451)
Total retained earnings	**(13,676,231)**	**(11,068,741)**

Retained earnings by transition to IFRS

The retained earnings from the transition to IFRS dates back to 2008.

Retained earnings IAS 29

The financial statements and corresponding amounts of prior periods have been restated to reflect the change in the overall purchasing power of the functional currency and are therefore expressed in relation to the measuring unit existing at the end of the reporting period. This position of capital includes the influence of the share capital restatement on inflation for the period 1994 - 2002.

The applied inflation index recorded the following values during the updated period:

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

22. RETAINED EARNINGS (continued)

Further to the application of such discounts, the Company registered the following values:

Account	**Debit**	**Credit**
Share capital adjustments		4,071,591
Revaluation differences*		59,884
Other reserves**		2,748,760
Retained earnings from the first-time adoption of IAS 29	6,880,234	
Total	**6,880,234**	**6,880,234**

* Inclusion of revaluation reserves from 2011.

**Inclusion of revaluation reserves from 2007 upon merger with Investco.

23. TRADE AND OTHER PAYABLES

In RON	**December 2018**	**December 2017**
Trade payables	442,784	1,563,196
Debts to employees	383,589	474,705
State budget debts	229,909	389,971
Sundry creditors from house transactions	2,592,970	60,102
Sundry creditors from clients' transactions	4,526,922	1,197,656
Sundry creditors from structured products	1,087,626	975,907
Other sundry creditors	-	63,260
Dividends payable	-	55,004
Other payables	-	31,111
Total current trade and other payables	**9,263,800**	**4,810,912**

The entity's exposure to foreign currency risk and liquidity risk related to trade and other payables is presented in Note 4 Financial Risk Management.

Sundry creditors represent settlements with the Bucharest Stock Exchange, which are in progress, performed from the time of the transactions carried out on behalf of the entity and / or the clients. Also, sundry creditors include sundry creditors from trading and refer to the debt for products with protected capital and Turbo certificates issued by the Company and listed on the Bucharest Stock Exchange.

Starting with 2016, for customers who have opened accounts with external intermediaries, only their funds held by the intermediary mentioned above are reflected in the bookkeeping. The accounts held by these clients are Margin type, and RegTMargin type, meaning that they can use the margin call, case in which the external intermediary offers clients the possibility to contract margin loans. Clients also bring as collateral financial instruments from their own trading portfolio.

Trade payables are largely related to the segment of manufacture of meat cans and preparations.

24. BORROWINGS

The loans contracted by the Group are as follows:

In RON	**December 2018**	**December 2017**
Long-term liabilities	37,176	74,234
Finance lease liabilities		
	37,176	**74,234**

In 2018, two new leases were contracted for the purchase of two motor vehicles.

Also in 2017, a 12-month credit line worth RON 5,340,00 was contracted. The credit line was extended for a period of 12 months until September 30, 2019.**24. BORROWINGS (continued)**

In RON	**December 2018**	**December 2017**
Short-term liabilities		
Secured credit lines	4,991,870	6.534.142
Current portion of finance lease liabilities	37,125	48.087
Total short-term liabilities	**5,028,994**	**6.582.229**

The credit line was secured with the following buildings owned by the Company:

No.	Pledged property	Category	Value in EUR	Value in RON
1	Apartment in Suceava	Non-current assets in use	38,400	176,517
2	Property in Bucharest Bocsa	Non-current assets in use	157,000	721,698
3	Property in Cluj- Motilor	Non-current assets in use	1,032,700	4,747,115
4	Apartment in Iasi	Non-current assets in use	41,000	188,469
5	Property in Cluj - Eistein	Investment property	170,100	781,916
6	Apartment in Deva	Investment property	54,000	248,227
7	Teren Borhanci	Available-for-sale property	21,000	96,533
8	Apartment in Botosani	Available-for-sale property	31,500	144,799

9	Apartment in Alba Iulia	Available-for-sale property	66,000	303,389
	Total		**1,611,700**	**7,408,663**

The amounts owed to clients are in fact amounts paid in advance by them in the bank accounts on the domestic market or in the accounts held with external brokers, which are available either for trading, or for withdrawal, depending on client's future options. They originate in:

In RON	**December 2018**	**December 2017**
Amounts payable to clients		
Creditor clients from transactions on the domestic market	26,401,855	20,856,290
Creditor clients from transactions on the foreign markets	9,519,475	9,759,480
Creditor clients from corporate services	9,000	322,231
	35,930,331	**30,938,001**

25. PROVISIONS

In RON	**December 2018**	**December 2017**
Provisions		
Balance as at 1 January	**450,182**	**391,480**
Cancelled during the year	300,933	-
Established during the year	55,410	58,702
Balance as at 31 December	**204,659**	**450,182**

25. PROVISIONS (continued)

In 2018, the Group reversed to income litigation provisions in amount of RON 300,933, further to the completion of the lawsuit having as its subject matter the compensations claimed by the clients of Deva Branch.

As at December 31, 2018, SSIF BRK FINANCIAL GROUP SA is a defendant in the following disputes:

File no. 6282/211/2017 (6087/97/2009* reopened)

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

Defendant: SSIF BRK Financial Group SA

Subject matter: monetary claims in amount of RON 425,464

Out of the RON 425,464, only RON 258,583 should be paid to creditors if the challenge to execution is rejected without right to appeal, given that the money that the Company had to pay according to the court decision ruled under criminal law was registered at the creditors' disposal through the actual payment offer, and is available in the receiver's account for the creditors. The RON 135,832.29 was garnished and transferred from BRK's accounts to creditors. If the challenge to execution is admitted without right to appeal, the court will be requested to invalidate the forced execution and return the garnished amounts.

According to the estimates of the law firms with which the company has collaboration contracts for representation in these cases, the case above is the only case where there is a high risk that the company will bear the costs.

In 2018, the provision in amount of RON 58,702 representing expenses with the voluntary dissolution and liquidation of affiliate Confident Broker SA remained without an object, and was reversed to income. Confident Broker SA was dissolved in 2018.

26. CONTINGENT ASSETS AND LIABILITIES

The note on Provisions described the circumstances that led to the establishment of litigation provisions for events in previous years. There are legal disputes in which the probability of cash outflows is low or the amount of the debt cannot be approximated and for which no provision has been made.

As at December 31, 2017, the Group has RON 4,980,779.71 blocked in the client account. This amount represents the turnover calculated for some clients who have traded through the company and are under criminal investigation and the precautionary attachment was enforced in 2016. As a result of the audits carried out by the company's internal auditor, the amount blocked was RON 4,980,779.71, amount already blocked by the parent in a dedicated account opened with the settlement bank. The Group is currently undertaking the necessary steps to clarify the amount in the client account affected by the precautionary attachment.

In addition to the disputes mentioned in the note on Provisions and in the previous paragraph, there are ongoing criminal lawsuits filed by SSIF BRK FINANCIAL GROUP SA against former employees, as well as lawsuits filed by SSIF BRK FINANCIAL GROUP SA for monetary claims. Not in all cases the amounts claimed can be determined with accuracy. There are lawsuits filed by SSIF BRK FINANCIAL GROUP SA, which were won, but where the chances to recover the amounts are low.

27. OPERATING REVENUES

	Continued activities		**Discontinued activities**	
	2018	**2017**	**2018**	**2017**
Revenues from commissions on the spot market	2,225,539	1,913,978	-	-
Revenues from commissions on the foreign market	768,930	857,327	-	-
Income from related activities	158,313	1,843,931	-	-
Revenues from insurance intermediation	-	-	653	-
Revenues from allocation of unit funds	4,701	-	-	-
Revenues from investment fund management	2,814,141	1,644,781	-	-
Sub-total revenues from commissions and related activities	**5,971,624**	**6,260,017**	**653**	**-**
Revenues from the negotiation of insurance and reinsurance contracts	**-**	**-**	**-**	**280,492**
Income from goods sold	-	7,158,125	-	-
Income from sales of merchandise	-	182,908	-	-
Trade discounts granted	-	(282,389)	-	-
Sub-total income from sales of goods and merchandise	**-**	**7,058,644**	**-**	**-**
Income from leases of non-current assets	**486**	**14,758**	**-**	**-**
Sub-total revenues	**5,972,110**	**13,333,419**	**653**	-

The Company's revenue recognition policy is to reflect such revenues at gross value. Gross revenues include market costs, commissions charged by the Stock Exchange, and ASF respectively.

In order to diversify revenues from commissions, the Company sought to permanently extend the product range and the markets where the transactions are carried out. The level of commissions earned for the operations carried out by the Group also comprised commissions related to operations on foreign markets, as presented above.

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

Revenues from commissions also include transactions for other non-banking financial institutions, called contracts with custodians, for which SSIF BRK FINANCIAL GROUP SA collects transaction fees, but the funds related to sales and purchases do not pass through the accounts of the company, but are settled through the custodian's accounts.

28. OTHER REVENUES

Alte venituri din exploatare, cuprind venituri de natura diversa cu un caracter repetitiv extrem de redus, anulari de dividende neridicate, plusuri la inventariere, recuperari de sume, etc

29. MATERIAL EXPENSES

Material expenses include expenses with raw materials and consumables, energy and water and expenses with merchandise:

	Continued operations		Discontinued operations		Total	
In RON	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Changes in inventories	-	127,054	-	-	-	127,054
Expenses with raw materials and consumables	(135,827)	(4,067,580)	-	-	(135,827)	(4,067,580)
Expenses with energy and water	(109,187)	(377,345)	-	-	(109,187)	(377,345)
Expenses with merchandise	(259,158)	(139,901)	-	-	(259,158)	(139,901)
	(504,173)	**(4,457,772)**	**-**	**-**	**(504,173)**	**(4,457,772)**

30. EMPLOYEE-RELATED EXPENSES

Employees' benefits

	Continued operations		Discontinued operations		Total	
In RON	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Expenses with employees and collaborators	(2,863,421)	(5,788,911)	-	(20,819)	(2,863,421)	(5,809,730)
Expenses with mandatory social security	(1,670,074)	(1,288,778)	-	(4,751)	-1,670,074	(1,293,529)
Employees' profit		-	-	-	-	-

sharing	-					
Expenses with allowances of BoA members	(450,899)	(515,978)	-	-	(450,899)	(515,978)
BoA members' profit sharing	-	-	-	-	-	-
Expenses with commissions payable to brokers	-	-	-	(240,393)	-	(240,393)
Total salary-related expenses in the comprehensive income account	**(4,984,394)**	**(7,593,667)**	**-**	**(265,963)**	**(4,984,394)**	**(7,859,630)**

30. EMPLOYEE-RELATED EXPENSES (continued)
Employees' benefits (continued)

In the parent company, the remuneration of the general managers is established by decision of the Company's Board of Administration and the other benefits granted are in accordance with the collective employment contract concluded at company level.

During 2018, the company's management was secured by Mrs. Monica-Adriana Ivan, Deputy General Manager, and in May – December 2018, by Deputy General Manager Razvan Rat.

Also, the Financial Supervisory Authority authorized the members of the Board of Administration of the company: Ghergus Nicolae, Ivan Monica, Mancas Catalin and Moldovan Darie in November 2018.

During 2018, the remunerations granted to the BoA members amounted to RON 390 thousand.

The total average number of employees of the companies consolidated by global integration is 117 (2016: 129). The actual number of employees is 125 (2016: 131).

31. OTHER EXPENSES

	Continued operations		**Discontinued operations**		**Total**	
In ROn	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Expenses with compensations, fines and penalties	(853,091)	(117,101)	-	-	(853,091)	(117,101)
Expenses with donations granted	(200)	(47,171)	-	-	(200)	(47,171)
Net expenses with tangible and intangible assets disposed	(179)	(180,393)	-	-	(179)	(180,393)
Other operating expenses	(84,378)	(445,827)	-	-	(84,378)	(445,827)
Total	**(937,848)**	**(790,492)**	**-**	**-**	**(937,848)**	**(790,492)**

In 2017, the most significant share of *Other operating expenses*, i.e. RON 439,863, represents a compensation arising under Criminal Sentence no. 430/2011 issued by the Arad Tribunal, Civil Decision no. 105/A/2013 issued by the Timisoara Court of Appeal and Decision no. 573/2014 issued by the High Court of Cassation and Justice - Deva file that the Company paid to the plaintiffs in March 2017.
The expenses for the external audit services for 2018 were in amount of approximately RON 149,264.

32. FINANCIAL REVENUES AND EXPENSES

Continued operations

Carried to profit or loss

In RON	**December 2018**	**December 2017**
Net finance gains on transactions with shares and bonds		
• Net losses on transactions in financial assets at fair value through profit or loss	(1,469,581)	850,790
• Net gains on the valuation of financial assets at fair value through profit or loss	2,005,042	-
• Net gains on transactions in derivatives - Futures	-	-
• Net gains on transactions in derivatives – international markets	-	-
• Net gains on transactions in derivatives – international markets	-	101,116
• Income from transactions with available-for-sale financial assets	-	1,730,813
• Income from free shares related to financial assets at fair value through profit or loss	-	-
Sub-total net finance gains on transactions with shares and bonds	**535,461**	**2,682,719**
Net gains on transactions with Turbo products	**1,761,567**	**478,902**
Dividend revenues:		
• Related to available-for-sale financial assets	-	176,731
• Related to financial assets at fair value through profit or loss	374,695	150,612
Sub-total dividend revenues	**374,695**	**327,343**
Total trading revenues	**2,671,723**	**3,488,964**
Total net changes in the fair value of financial assets at fair	**-**	**1,388,771**

value through profit or loss, of which:

Net changes in the fair value of financial assets at fair value through profit or loss	-	1,388,771
Write-offs of allowances for securities sold	-	-
	-	-
Gains on financial instruments – margin contracts (reversed allowances)	-	-
Net gains on adjustments of receivables	-	-
Income from interest on operating leases	-	-
Finance interest income	**-**	-
• Revenues from interest on deposits	404,759	89,844
• Revenues from interest on margin contracts and loan contracts	316,149	515,548
Net gains on interest/coupons related to bonds	-	-
Sub-total finance interest income	**720,908**	**605,393**
Other net financial revenues	232	-3,709
Total financial revenues	**3,392,863**	**5,479,419**
Interest on finance liabilities carried at amortised cost	(205,640)	-84,778
Net loss on foreign exchange differences	(101,956)	-177,559
Expenses with definitive impairment of available-for-sale securities	(66,630)	-48,849
Total finance expenses	**-374,226**	**-311,186**
Net financial result carried to profit or loss	**3,018,637**	**5,168,233**

32. FINANCIAL REVENUES AND EXPENSES (continued)

Recognized to other comprehensive income

In RON

Detailed on the following page		

Recognized in other comprehensive income

In RON

Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	(1.780.164)
Net changes in the fair value of available-for-sale financial assets:		
related to securities sold during the period	-	-
related to outstanding securities at the end of the period	-	426,906
Financial revenues recognized in other comprehensive income, after tax	**-**	**(1,353,258)**

Net income on transactions in financial assets at fair value through profit or loss means the income from the disposal of securities less cost of those securities for transactions for which the difference is positive. If the difference is negative, they are presented in *Net expenses with trading financial assets at fair value through profit or loss*.

Net income on transactions in available-for-sale financial assets means the income from the disposal of securities (classified as held for sale) less the cost of those securities for transactions for which the difference is positive. If the difference is negative, they are recorded as *Net losses on transactions in available-for-sale financial assets*.

Expenses with definitive impairment of available-for-sale securities represent estimated expenses, representing definitive value losses of such securities, which were not held in the equity adjustment accounts, but were recorded / reclassified to expenses because the Company estimates that they will not may be recovered.

33. INCOME TAX EXPENSES

Reconciliation of effective tax rate

In RON	**December 2018**	**December 2017**
Accumulated result of the year	**(3,345,290)**	**(366,078)**
Write-off of effect of the following items		
Consolidation registrations	(2,387,541)	(4,347,209)
Registrations related to restatement of separate financial statements of some subsidiaries	-	118,076
Total income tax expenses	-	-
Deferred income tax assets	-	(23,493)

Profit before tax (including from discontinued operations)	**(5,732,831)**	**(4,618,704)**
Tax rate	-	-
Income tax calculated by applying the tax rate to book profit	(162,099)	(738,993)
Impact of deductible legal reserve	-	(6,711)
Impact of non-deductible expenses	267,261	883,773
Impact of non-taxable revenues	141,749	(339,097)
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	-	-
Impact of tax losses from previous years	(6,075,668)	(6,870,794)

33. INCOME TAX EXPENSES (continued)

Reconciliation of effective tax rate (continued)

Total income tax expenses calculated as per the tax rate	**6,115,409**	**(7,071,821)**
Income tax expenses not registered for negative amounts	6,115,409	7,071,821
Final income tax expenses	-	-
Attributable to continued operations	-	-
Attributable to discontinued operations	-	-
Final tax rate	0.00%	0.00%

34. EARNINGS PER SHARE

Basic earnings per share

The calculation of earnings per share as at December 31, 2018 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,517,661. As at December 31, 2017, the average number of outstanding ordinary shares was the same 337,749,919.

Loss attributable to shareholders

		December 2018	**December 2017**
Profit attributable to:			
Company's owners		(3,345,654)	(279,450)
Non-controlling interests		364	(86,628)
Profit for the period		**(3,345,290)**	**(366,078)**
Continued operations		-	-
Earnings per share			
	32	(0.010)	(0.0008)

Basic earnings per share (lei)			
Diluted earnings per share (lei)	32	(0.010)	(0.0008)
Discontinued operations			
Earnings per share			
Basic earnings per share (lei)	32	(0.010)	(0.0003)
Diluted earnings per share (lei)	32	(0.010)	(0.0003)
Total comprehensive income attributable to:			
Company's owners	32	(3,345,654)	(207,843)
Non-controlling interests	32	364	(84,526)
Total comprehensive income for the period		**(3,345,290)**	**(292,369)**
Weighted average number of ordinary shares		337,749,919	337,749,919

The result presented follows the calculation of income tax.

In 2015, the Company annulled 931,948 shares at a nominal value of RON 0.25 and no changes in the number of shares occurred since.

Year	**2017**	**2016**	**2015**	**2014**
Number of shares	337,749,919	337,749,919	337,749,919	338,681,867

35. FAIR VALUE HIERARCHY

The table below analyzes the financial instruments carried at fair value depending on the measurement method. The fair value levels have been defined as follows:

- **Level 1**: quoted prices (not adjusted) on active markets. For securities at fair value through profit or loss, the price is the one at the end of the period, on the last trading day. For the available-for-sale securities, valuation methods based on market variables were applied depending on how active the instrument is, as shown in the Company's accounting policies.
- **Level 2**: inputs other than the quoted prices included in Level 1. This includes quoted securities for which valuation methods have been applied that contain observable values for assets or liabilities. If the asset or liability has a specific contractual term, the inputs related to Level 2 must have observable values for the entire asset or liability period. Examples: quoted prices for similar assets or liabilities on active markets, quoted prices for identical or similar products on markets that are not active, observable prices other than quoted prices such as interest rates, volatility, other corroborated input data on the market.
- **Level 3**: inputs other than the quoted prices included in Level 1 and Level 2. This includes unquoted securities for which valuation methods have been applied that contain observable values for assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices). The fair value of these securities was determined either by applying the Discounted Dividend Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting policies.

December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets, of which:	**2.196.612**	**7.375.896**	**785.439**	**10.357.947**
quoted shares	2.196.612	-	-	2.196.612
unquoted shares	-	-	785.439	785.439
quoted fund units	-	7.176.518	-	7.176.518
shares held in associates	-	-	-	-

Financial assets at fair value through profit or loss, of which:	**13.199.311**	**1.454.465**	**3.630.386**	**18.284.162**
quoted shares	890,982	-	-	890,982
quoted fund units	2,789,016	-	-	2,789,016
unquoted fund units	-	1,353,720	-	1,353,720
quoted bonds	9,261,664	-	-	9,261,664
unquoted bonds	-	-	3,630,386	3,630,386
unquoted shares	-	-	-	-
Derivatives in the form of financial assets	-	-	-	**-**
Other financial instruments	**107,590**	**-**	**-**	**107,589**
	15,245,864	**8,530,238**	**4,415,825**	**28,191,926**

In RON

December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss, of which	**19,986,152**	**6,949,189**	**19,584,504**	**46,519,845**
quoted shares	4,353,391	2,858,786	-	7,212,177
quoted fund units	224,960	-	-	224,960
unquoted fund units	-	-	6,962,330	6,962,330
quoted bonds	9,277,988	-	-	9,277,988
unquoted bonds	-	-	3,731,008	3,731,008
unquoted shares	-	-	8,683,336	8,683,336
structured products	4,856,066	-	-	4,856,066
loans and advances granted	-	-	5,571,980	5,571,980
Derivatives in the form of financial assets	**-**	**-**	**-**	**-**
Other financial instruments	**-**	**-**	**-**	**-**
	18,487,445	**2,858,786**	**24,948,654**	**46,519,845**

35. FAIR VALUE HIERARCHY (continued)

The table below presents changes in the book value of investments classified to Level 3 of the fair value hierarchy in 2018 and 2017:

Changes in Level 3 fair value

in lei

	2018	**2017**
As at January 1	**14,555,732**	**14,578,499**
Total gain/loss carried to profit or loss	873,247	-
Total gain/loss carried to other comprehensive income	-	(4,053,153)
Acquisitions during the period(*)	286,236	4,030,386
Sales during the period(**)	(3,050,982)	-
Transfers to Level 3 in the fair value hierarchy(***)	12,284,421	-
As at December 31	**24,948,654**	**14,555,732**

35. FAIR VALUE HIERARCHY (continued)

The evaluation methods used for Level 3 financial assets are presented below:

No.	Financial assets	Fair value as at December 31, 2018	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
8.	Unquoted majority interests	-	Income approach - discounted cash flow method	Weighted average cost of capital: 11.39% Long-term income growth rate: 2.6%	The lower the weighted average cost of capital, the higher the fair value. The higher the long-term income growth rate, the higher the fair value.
9.	Unquoted majority interests	4,785,875	Income approach - discounted cash flow method	Weighted average cost of capital: 10.50% Discount for lack of liquidity: 15.60% Long-term income growth rate: 1.30%	The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of liquidity, the higher the fair value. The higher the long-term income growth rate, the higher the fair value.
10.	Unquoted minority interests	4,785,875	Cost method - adjusted net asset method	Market value of equity by reference to their book value:	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
11.	Unquoted minority interests	4,155,091	Income approach - discounted cash flow method	Weighted average cost of capital: 10.50% Discount for lack of control: 10% Long-term income growth rate: 2%	The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of control, the higher the fair value. The higher the long-term income growth rate, the higher the fair value.

No.	Financial assets	Fair value as at December 31, 2018	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
12.	Unquoted bonds	3,731,008	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
13.	Loans and advances granted	5,571,980	Income approach – Adjusted net asset method with probability of default	The value of loans granted adjusted with the probability of default	The lower the cash flow discount rate, the higher the fair value In the balance sheet, the book value is identified by equity The lower the resulting price/accounting value, the lower the fair value
14.	Unquoted fund units - Smart Money	1,598,180	Cost method - adjusted net asset method	Market value of equity by reference to their book value: Weighted average cost of capital: 14%	The lower the weighted average cost of capital, the higher the fair value
	Total	**19,584,504**			

35. FAIR VALUE HIERARCHY (continued)

No.	Financial assets	Fair value as at December 31, 2017	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
6.	Unquoted majority interests	785.439	Income approach - discounted cash flow method	Weighted average cost of capital: 12.75% Discount for lack of liquidity: 15.60%	The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of liquidity, the higher the fair value.
7.	Unquoted bonds	3,630,241	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
	Total	**4,415,825**			

36. AFFILIATES

Benefits of key management personnel

Transactions with affiliated parties, in the form of key management personnel, refer to the benefits granted to members of the Board of Administration and members of the executive management, which were presented in the *Employee-related Expenses* note.

Investments in Associates

Note 13 *Investments in Associates* in these financial statements presents all associates and transactions that have taken place within the period.

37. IMPACT OF IFRS 9 "FINANCIAL INSTRUMENTS" AS OF JANUARY 1, 2018

IFRS 9 "Financial Instruments" presents the provisions for the 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 the classification and measurement of financial instruments, a new model of credit risk for the calculation of impairment of financial assets, and new general requirements for hedge accounting. The Group adopted IFRS 9 starting January 1, 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.

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

	IAS 39	IAS 39 value as at December 31, 2017	IFRS 9 reclassification	IFRS 9 value as at January 1, 2018
1.) Financial assets at amortized cost as per IFRS 9				
-resulting from financial assets measured at amortized cost	amortized cost	562,580	amortized cost	562,580
- from financial assets at amortised cost	amortized cost	7,971,985	fair value through profit or loss	7,740,557
Total financial assets measured at amortized cost	**X**	**8,534,565**	**X**	**8,303,137**
2.) Financial assets at fair value through profit or loss as per IFRS 9				
-resulting from available-for-sale financial assets	Available-for-sale financial assets	14,303,652	Fair value through profit or loss	14,303,652
-resulting from financial assets held for trading	Financial assets held for trading	18,284,162	Fair value through profit or loss	18,284,162
Total financial assets at fair value through other comprehensive income as per IFRS 9	**X**	**32,587,814**	**X**	**32,587,814**

37. IMPACT OF IFRS 9 "FINANCIAL INSTRUMENTS" AS OF JANUARY 1, 2018 (continued)

3.) Financial assets at fair value through other comprehensive income as per IFRS 9				
- resulting from available-for-sale financial assets	Available-for-sale financial assets	5,855,767	Fair value through profit or loss	5,855,767
Total financial assets at fair value through other comprehensive income as per IFRS 9	**X**	**5,855,767**	**X**	**5,855,767**
Total 1.)+2.)+3.)	**X**	**46,978,146**	**X**	**46,746,718**

The differences resulting from the adoption of IFRS 9 as of January 1, 2018 will be recognized in retained earnings. The impact of the transition consists in a net increase of RON 3,002,994, net of tax, of retained earnings and a net decrease of reserves by the same amount.

38. SUBSEQUENT EVENTS

Events after the balance sheet date were taken into account in assessing the conditions that existed on December 31, 2018 in respect of receivables lines and significant estimates that have been made, including those relating to the provisioning of litigation.

- January 2019 - BRK Financial Group issued a press release on the resignation of Mr. Cătălin Mancaş from the position of Head/Deputy General Manager, maintaining his capacity of member of the Board of Administration of SSIF BRK Financial Group
- January 15, 2019 – the Company issued a press release on the rejection of the authorisation of Mr. Grigore Chiș as member of the Board of Administration of BRK Financial Group, following the decision of the Financial Supervisory Authority of January 14, 2019.
- January 16, 2019 – the Company published the financial communication schedule for 2019.
- January 17, 2019 – the Company issued a press release on the conclusion of a loan contract with Romlogic Technology SA for the amount of RON 1,170,550, at an annual interest rate of ROBOR 3M+5%, repayable on April 16, 2019.
- January 31, 2019 – the Company issued a press release on the conclusion of a loan contract whereby on November 2, 2018, the Company granted a loan to Firebyte Games SA in amount of RON 100,000, at an annual interest rate of ROBOR 3M+7%, repayable on April 30, 2019.
- February 1, 2019 – the Company informed its shareholders and investors that, in the meeting of January 31, 2019, Mr. Darie Moldovan waived his position of chairman, while keeping his capacity of member of the Board of Administration. In the same meeting, Mr. Nicolae Ghergus was elected chairman and Ms. Monica Ivan was elected vice-president of the Board of Administration of BRK Financial Group.
- February 8, 2019 – the Company announced that it concluded 2 addenda to two loan contracts with Firebyte Games SRL, to grant a loan in amount of RON 78,439.73 and RON 87,409.59, at an annual interest rate of ROBOR+7%, repayable on July 1, 2019, valid for both loans.
- February 13, 2019 – publication of the Independent Auditor's Report on the information included in the current reports drawn up by the Company.
- February 15, 2019 – BRK Financial Group published the preliminary financial results as at December 31, 2018.
- February 18, 2019 – the Company informed its shareholders, investors and general public that a sale contract was concluded on February 15, 2019 regarding the sales in Minesa. The subject matter of the contract was the sale of 75,638 shares in Minesa IPCM SA, representing 29.1% of the share capital, at a price of EUR 11.11/share, the agreement being worth EUR 840,338.2.
- March 4, 2019 – the Company concluded an addendum to the loan contract with Romlogic Technology SA extending until September 1, 2019 the repayment term for the loan granted on November 28, 2018, setting an annual interest rate of 10%. The loan amounts to RON 235,000.
- March 14, 2019 – the Company announced the sale of a total of 2,855,855 BRK shares at a price of RON 0.075/share, held by Ms. Mancaș Simona Gabriela, closely connected to Mancaș Cătălin, administrator.

38. SUBSEQUENT EVENTS (continued)

- March 14, 2019 – the Company informed the general public of the conclusion of a loan contract with Romlogic Technology SA whereby the Company granted a loan of RON 2,000,000 at an annual interest rate of ROBOR 3M+5%, repayable on September 15, 2019. The loan is secured by a stock of 2,700 Equinoq units;
- SAI Broker SA has concluded with Firebyte Games SA a financing contract for the company's activity. The object of the contract is the granting of a loan of RON 171,948.05. The amount of the loan represents the receivables SAI Broker SA holds against Firebyte Games SA, given the maturity of the loans granted by SAI Broker SA.
- SAI Broker SA granted Firebyte Games SA a loan of RON 50,000, plus interest calculated at ROBOR 3M plus a margin of 7%/year. The repayment term of the loan is July 1, 2019.
- In January 2019, bonds issued by Impact Developer & Contractor SA were purchased in amount of approximately RON 1 million, based on the AGEA decision of December 31, 2018.

These financial statements were approved today, April 24, 2019.

Chairman of the BoA,	**Serban Nascu,**	**Chief Accountant: Sandu Pali**
Nicolae Gherguș	**General Manager**	**Delegate: Alexandra Maxim**

STATEMENT OF RESPONSIBILITY

We, the undersigned
Nicolae Ghergus, Chairman
Serban Nascu, CEO
Sandu Mircea Pali, Chief Accountant represented by Alexandra Maxim

Do hereby declare on our own responsibility that, to the best of our knowledge, the consolidated financial statements as at 31.12.2018, prepared in accordance with the International Financial Reporting Standards, provide a fair and accurate image of the assets, liabilities, financial position, profit and loss account of SSIF BRK Financial Group SA, and the report of the Board of Directors, prepared in accordance with ASF regulations, contains a correct analysis of the development and performance of the Company and a description of the main risks and uncertainties specific to the company's activity. BRK Financial Group SA carries its business on an ongoing basis.

Chairmain of the Board,
Darie Moldovan

CEO,
Serban Nascu

Chief Accountant,
Sandu Mircea Pali
Represented by: Alexandra Maxim

Deloitte.

Deloitte Audit SRL
4-8 Nicolae Titulescu Road,
East Entrance, 2^{nd} Floor,
Sector 1
011141, Bucharest
Romania

Tel: +40 21 222 16 61
Fax: +40 21 222 16 60
www.deloitte.ro

INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
SSIF BRK Financial Group S.A.

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

1. We have been engaged to audit the consolidated financial statements of SSIF BRK Financial Group S.A. ("the Company") and its subsidiary ("the Group"), with registered office in Str. Motilor nr. 119, Cluj-Napoca, identified by unique tax registration code 6738423, which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statement of comprehensive income, consolidated changes in shareholders' equity and consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

2. The consolidated financial statements as at December 31, 2018 are identified as follows:

- Net assets / Total equity RON 54.409.509
- Net loss for the financial year RON 3.345.290

3. We do not express an opinion on the consolidated financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion paragraph*, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

4. As presented in Notes 2 and 5 to the consolidated financial statements, starting with 1 January 2018 SSIF BRK Financial Group SA applied the Investment entities (amendments related to IFRS 10 and 12) - exception to the principle in IFRS 10 Consolidated Financial Statements that all subsidiaries should be consolidated. Consequently, as of 1 January 2018 the Group classified investments in subsidiaries, in accordance with the IFRS 10 – Investment Entity criteria, as financial instruments at fair value through profit or loss, and recognize the difference between this fair value and the net assets of these investments as a deconsolidation adjustment in the profit or loss of the financial year 2018.

We have issued a disclaimer of opinion on the consolidated financial statements for the year ended December 31, 2017 as a result of the fact that we were not able to obtain sufficient audit evidence related to the financial information of the Group's subsidiaries included in the consolidated financial statements and consequently we were unable to determine whether any adjustments were necessary in respect of the Group's subsidiaries' assets, liabilities, income and expenses for the year ended 31 December 2017, and the financial information to be presented in the consolidated statement of changes in equity and consolidated cash flow statement for the period then ended. Since prior year balances enter into the determination of the deconsolidation adjustment described above, we are also unable to determine whether any adjustments were necessary in respect of the profit for the current year reported in the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended December 31, 2018.

Deloitte.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the items described in the Basis for disclaimer paragraph, we have not identified other key audit matters to report.

Other information – Administrators' Consolidated Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' consolidated report ("Administrators' report"), but does not include the consolidated financial statements and our auditor's report thereon.

Our report on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December, 31, 2018, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39 / 2015 articles no. 29-30.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

a) the information included in the Administrators' report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;

b) the Administrators' report has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39 / 2015 articles no. 29-30.

Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2018, we are required to report if we have identified a material misstatement of this Administrator's report.

As described in the "Base for disclaimer of opinion" section of our report, we could not obtain sufficient and adequate audit evidence to provide a basis for an audit opinion on these consolidated financial statements as a result of the matters described above. Therefore, we could not conclude if the administrator's report contains material misstatements in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and applying FSA Norm no. 39 / 2015 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Deloitte.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

10. Our responsibility is to conduct an audit of the consolidated financial statements of the Group in accordance with International Audit Standards (ISA) and EU Regulation no. 537 of the Parliament and of the European Council (in the following "Regulation") and Law no. 162/2017 ("Law") and to issue an auditor's report. However, because of the aspects described in the "Basis for disclaimer of opinion" section of our report we were unable to obtain sufficient and adequate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

11. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Report on Other Legal and Regulatory Requirements

12. We have been appointed by the General Assembly of Shareholders on October 5, 2018 to audit the consolidated financial statements of the Group for the financial year ended December 31, 2018, following the tender organized by the Group’s management during 2018. The uninterrupted total duration of our commitment is 2 years, covering the financial years 2017 and 2018.

We confirm that:

• Our audit report is consistent with the additional report submitted to the Audit Committee of the Group that we issued on the same date. Also, in conducting our audit, we have retained our independence from the audited entity.

• We have not provided for the Group any non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014.

The engagement partner on the audit resulting in this independent auditor’s report is Irina Dobre.

Irina Dobre, Audit Director

For signature, please refer to the original Romanian version.

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 3344

On behalf of:

DELOITTE AUDIT S.R.L.

Registered with the Authority for the Public Oversight of the Statutory Audit Activity under number 25

Sos. Nicolae Titulescu nr. 4-8, America House, Intrarea de Est,
Etajul 2 - zona Deloitte și Etajul 3, sector 1,
Bucharest, Romania
April 24, 2019