

SEMESTRIAL REPORT

Board of Directors

June 30, 2019

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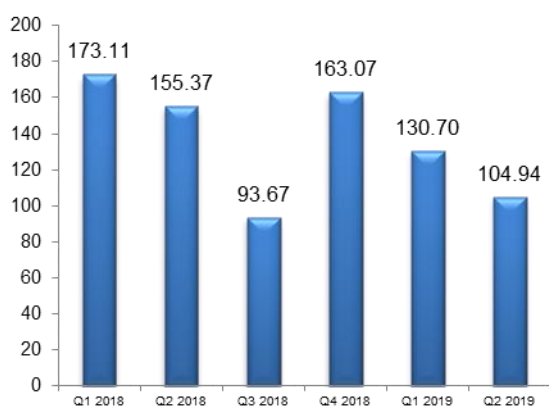
Key Indicators

Indicators			
			Evolution
Financial Results (Ron)	30-Jun-19	30-Jun-18	%
Revenue from continuing activities	14,027,285	5,745,710	144.13%
The result of the operational activity	8,675,436	1,183,874	632.80%
The result of the period	8,675,436	1,183,874	632.80%
Total overall result for the period	8,675,436	1,183,874	632.80%
Financial Position (Ron)	30-Jun-19	30-Jun-18	%
Fixed assets	8,467,759	18,225,512	-53.54%
Current assets	105,936,377	101,696,753	4.17%
Total assets	64,935,843	60,304,226	7.68%
Equity	50,570	49,618	1.92%
Long- term liabilities	49,417,723	60,113,142	-17.79%
Share indicators	30-Jun-19	30-Jun-18	%
Net profit per share (Ron/share)	0.0257	0.0035	633%
Accounting net asset (Ron/share)	0.1923	0.1785	7.70%
Economic and financial indicators	30-Jun-19	30-Jun-18	%
Current liquidity	2.14	1.69	26.50%
Indebtedness	0.76	0.50	52.18%
Fix asset turnover	1.66	0.09	1744.44%
Price of BRK share (Ron/share)	30-Jun-19	30-Jun-18	%
Opening price (previous closing price)	0.0732	0.0752	-2.66%
Maximum (intraday price)	0.085	0.0896	-5.13%
Minimum (intraday price)	0.071	0.0744	-4.57%
Closing price (closing price of the second quarter's last day)	0.081	0.0800	1.25%

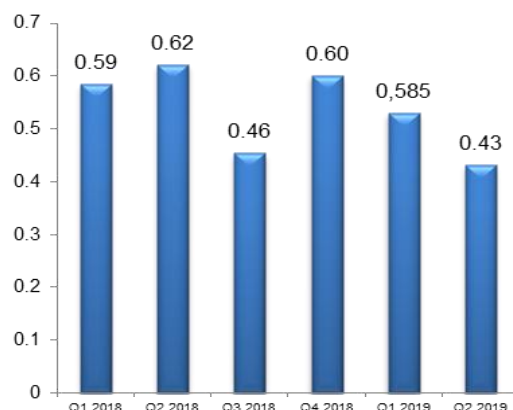
Identification Data

Date of Report	August 14, 2019
Semestrial Report according	FSA Regulation no 5/2018
Legal Name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Security and commodity contracts brokerage
NACE Code	6612
Tax Identification Number	6738423
Registered in the Trade Reg. under no.	J12/3038/1994
Address Headquarter	119 Motilor Street, Cluj-Napoca
Telephone, Fax	0364-401709, 0364-401710
Email	office@brk.ro
Web page	www.brk.ro
Securities	337.749.919 Ordinary shares with a par value of 0.16 Ron/share
Share capital	54.039.987,04 ron
Regulated market	Bucharest Stock Exchange, Main Segment, Premium Tier BSE
Symbol	BRK
ISIN	ROBRKOACNOR0
Audit	The half-yearly financial statements as of June 30, 2019 underlying this report have not been audited.

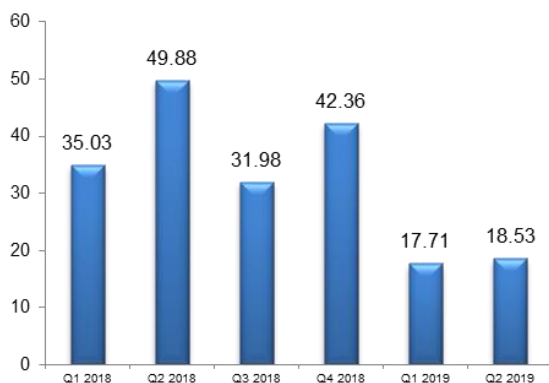
Share transactions on BSE (mil.Ron)



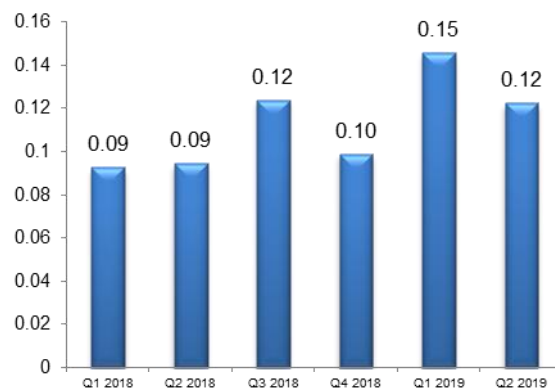
BSE commissions (mil.Ron)



Transactions with structured products on BSE (mil.Ron)



Foreign market commissions (mil Ron)



About the Company

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

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

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

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

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

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

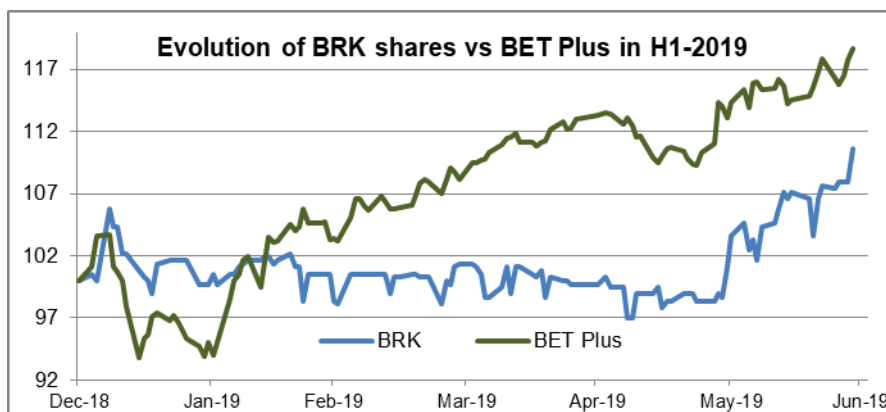
As of June 30, 2019, the total number of employees of the company was 29 employees, out of which 15 persons providing services and investment activities. Another 17 persons were authorized as delegated agents in collaboration with BRK Financial Group. For the first time on the Romanian capital market, BRK Financial Group S.A. authorized Confident Invest as delegated agent / introducing broker legal entity.

BRK Shares

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

The company is subject to the legislation of the capital market, respectively Law no. 126/2018 on the markets of financial instruments, Law 24/2017 on issuers of financial instruments and market operations as well as of the secondary regulations issued by the Financial Supervisory Authority (FSA) and BSE.

The records of the shares is kept by the Central Depository, an independent registrar company, authorized by the Financial Supervisory Authority. The total number of BRK shares is 337,749,919, and the nominal value of one share is 0.16 Ron.



Source: Bloomberg

Company's activity

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

1. The investment services segment

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

A. Transaction brokerage services for investors:

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

During the last 5 years, BRK Financial Group has been placed annually on the top of the BSE SSIFs, the transactions carried out by the clients and those in their own name generating a market share of 1.5 - 5% of the annual value of the total transactions per the share segment.





In the first quarter of 2019, BRK Financial Group ranked 9th in the ranking of BSE intermediaries, the value of intermediate transactions on the main segment / shares and fund units amounting to over 130.69 million lei, decreasing

compared to the level of 173.61 million lei traded value in the first quarter of 2018. The market share reached at the end of the first quarter of 2019 at 2.43% after the total traded value (2.47% market share in the first quarter of 2018).

At the end of the first semester of 2019, BRK Financial Group was ranked 9th in the BVB brokerage rankings, the value of intermediate transactions on the main segment / shares and fund units amounting to over 235.64 million lei, in decrease compared to the level of 332.87 million lei traded value in the first half of 2018. The market share reached the end of the first semester of 2019 at 2.22% after the total traded value (2.90% market share in the first semester of 2018).

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

B. Specialised services for institutional customers:

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

In the first quarter of 2019, BRK Financial Group brokered:

- ***The public offer of compulsory takeover of Conted S.A. Dorohoi (CNTE)***, started in the fourth quarter of 2018 and completed in the first quarter of 2019,
- ***Specialized consulting services regarding the withdrawal transaction from the trading of Avicola București SA.***

In the second quarter of 2019, BRK Financial Group:

- finalized the assistance granted to **Avicola București SA** regarding its withdrawal from trading;
- brokered the **buying public offer of Electroconstrucția Elco Alba-Iulia SA**, completed in July;
- successfully mediated through a private **placement an issue of corporate bonds of Golden Food Snacks SA** (Elmas brand), with maturity at 3 years and a value of the principal of 4.7 million lei, to be listed on the AeRO managed market from BSE.

Regarding the **market-making and liquidity supply operations**, starting with 2010, BRK Financial Group carries out market-maker activities (displaying and maintaining firm buy / sell quotes) for different financial instruments. The benefit of this kind of operations is the spread (difference) in the purchase and sale quotes for different financial instruments.

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

In the first quarter of 2019, the company acted as a liquidity provider for all issued certificates.

In 2018, BRK Financial Group expanded its activity of the "Market Making and Structured Products" segment by diversifying the product typology and expanding the range of underlying assets. Otherwise, in May 2018, structured products with underlying assets for Romanian shares (Banca Transilvania and OMV Petrom) were listed, and at the end of 2018, the issuer of BRD-Groupe Societe Generale was included in the list of issuers that constitute active support for structured products. The appetite of investors for certificates with active support companies in the financial industry was a reason for listing some products whose active assets represent European banks - a first step being the certificates with active support Deutsche Bank. In the other hand, the issuance of certificates with protected capital continued by listing the product BKDAICPL1, with the support of Daimler AG. Recall that the year 2018 was a very good one for BRK Financial Group in terms of activity in the segment of the structured products market, the company being a leader in this segment, with

a market share of 25.1%, being closely followed by the Erste Group Bank with a market share of 24.9%. For the first time, BRK surpassed its main competitor, and this performance was awarded by the Bucharest Stock Exchange at the gala "Inauguration of the 2019 Stock Year", by offering the title of "***The most active intermediary in the structured products segment in 2018***".

In the first quarter of 2019, BRK Financial Group issued 22 structured products, these efforts being seen in the market share held: the market share at the end of the first quarter of 2019 was 23.64% per this segment, higher than in the first quarter of 2018 (19.99%). BRK Financial Group was thus ranked 2nd in the list of intermediaries after the value traded on the main / structured segment, at the end of the first quarter of this year. In the second quarter of 2019, BRK Financial Group issued 8 structured products, and the market share at the end of the first half of 2019 reached 24.01% in this segment, while BRK Financial Group maintained the second position in the top of intermediaries after the value traded on the main / structured segment, but very close to the position of the market leader.

2. The segment of investment activities

Along with the intermediation segment, **managing its own portfolio of financial assets** is another important branch of the activity of BRK Financial Group, which contributes significantly to the company's results. On the other hand, this is also a big risk factor, considering that BRK Financial Group is obliged to reassess at the end of each year all the positions in its own portfolio, and the value adjustments of the securities affect the result of the financial year and may change the image of the financial performance of the company. At the end of each month, the company adjusts the value of the listed companies in the portfolio, by marking them on the 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 broad categories:



Tradable portfolio - it includes the shares listed on the BSE, the bonds listed on the BSE and other bonds (being listed or unlisted), the speculative portfolios, the portfolio related to Market Making and Structured Products operations and the fund units to open funds of investments.



Non-tradable portfolio - it includes the fund units in the closed funds, the investments in the closed companies and the loans granted to the group entities.



Marginal loans - these are recognized as a component of their own portfolio but are included as distinct elements in the portfolio, the way of carrying out these operations is regulated by the specific procedure.

Stock market context

Retrospective of global stock market evolutions

Most of the international stock indices registered positive developments in the first 6 months of the year. The Dow Jones Industrial Average index of the US stock market recovered significantly in the first quarter of the year from the losses recorded at the end of the previous year, reaching an increase of 11.15% after the first 3 months of the year and at the end of the first 6 months of this year a 14.03% increase over the previous year's close. The S&P 500 index has increased by 17.35% since the beginning of the year, and the European stock markets have also had positive developments. Thus, the German stock market index, DAX-30 appreciated by 17.42%, that of the Paris stock market appreciated by 17.09%, and the London stock index appreciated by 10.37% in the first six months of the year.

Index	Country	% 18/17	% Jun-19 / Dec-18
Dow Jones	USA	-5.63%	14.03%
S&P 500	USA	-6.24%	17.35%
DAX-30	Germany	-18.26%	17.42%
CAC-40	France	-10.95%	17.09%
FTSE-100	England	-12.48%	10.37%
NIKKEI-225	Japan	-12.08%	6.30%
ATX	Austria	-19.72%	8.45%
Shanghai Composite	China	-24.59%	19.45%
WIG-20	Poland	-7.50%	2.24%
PX	Czech Republic	-8.50%	5.59%
RTS	Rusia	-7.42%	29.18%
SOFIX	Bulgaria	-12.25%	-1.12%
BUX	Hungary	-0.61%	2.91%

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

The Federal Reserve (FED) maintained the reference interest at the level of 2.50% throughout the first semester of this year, this being unchanged from December 19, 2018. Only on July 31, 2019, the Federal Reserve lowered the reference interest by at 2.50% to 2.25%.

Retrospective of local stock market evolution

The Romanian capital market registered substantial increases in the first half of this year, thus recovering from the losses recorded in the last part of the previous year. All the representative indices of the Bucharest Stock Exchange marked increases in the first six months of this year. Thus, the best performance in the first 3 months belongs to the BET-TR index, which marked an increase of 27.27% compared to the end of 2018. The official index of the Bucharest Stock Exchange - BET marked an increase of 17.78% in the first 6 months, reaching 8,814.27 points at the end of June 2019.

Index	'18/'17	% Jun -19 / Dec-18
BET	-4.77%	17.78%
BETPlus	-4.77%	17.24%
BET-FI	-12.63%	11.64%
BET-XT	-7.62%	15.86%
BET-NG	-7.41%	17.18%
BET-TR	4.30%	27.27%
BET-XT-TR	0.48%	24.62%
ROTX	-3.89%	18.06%

Source: Bloomberg, BSE

In the first quarter of the year, the BSE indices registered significant increases. An influence factor was represented by the dynamics and trends of international financial markets. The daily average value of trading in the first quarter of 2019 reached 9.33 million euros, a decrease compared to the previous year. At the end of the first quarter of the year, the market capitalization of the Romanian companies was 19.3 billion euros, up from their value of 18.1 billion euros at the end of the previous year. The capitalization of listed companies on the regulated market of BVB was 33.3 billion euros, up 8.8% compared to the end of 2018.











On March 4, 2019, the evolution of Alro shares (ALR) was included in the calculation of the BET index, so the number of companies included in the calculation of this index reached 16.












In the second quarter of the year, increases continued at the level of stock indexes. The market value of the Romanian companies reached 20.8 billion euros, an increase sustained compared to their value since the end of the previous year (18.1 billion euros). The market capitalization of all companies listed on the regulated market of BSE exceeded 34.8 billion euros (14% higher than at the end of the previous year).

The interest rate of monetary policy practiced by the National Bank of Romania stood at 2.50% throughout the first semester, which has not changed since May 8, 2018.

Activity in the first semester of 2019

Significant events during the reporting period

-  January 4, 2019 - BRK Financial Group informed the general public about the resignation of Mr. Cătălin Mancaș from the position of Deputy Manager / General Manager, still maintaining his status as a member of the Board of Directors of SSIF BRK Financial Group and being appointed within the framework the committees set up at the level of the Board of Directors, together with the other members.
-  January 15, 2019 - The Company informed the general public about the rejection of the authorization of Mr. Grigore Chiș as a member of the Board of Directors of BRK Financial Group, following the decision of the Financial Supervisory Authority dated January 14, 2019.
-  January 16, 2019 - The Company has published the financial communication calendar for the year 2019.
-  January 17, 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 1,170,550 lei, with an annual interest rate of ROBOR 3M + 5%, and the repayment term was fixed on 16.04.2019.
-  January 31, 2019 - The Company informed the general public about the conclusion of a loan agreement granted on 02.11.2018 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 fixed on 30.04.2019.
-  February 1, 2019 - The Company informed the shareholders and investors that in the BOD meeting held on 31.01.2019, Mr. Darie Moldovan resigned as chairman, still retaining the membership of the Board of Directors. In the same meeting, Mr. Nicolae Gherguș was elected as President and Mrs. Monica Ivan was elected as Vice-President of the Board of Directors of BRK Financial Group.
-  February 8, 2019 - The Company announced that it has signed 2 additional documents related to two loan agreements with S.C. Firebyte Games S.R.L., for granting a loan of 78,439.73 lei respectively 87,409.59, with an annual interest rate of ROBOR + 7% and term of repayment of the loan: 01.07.2019, for both of them.
-  February 13, 2019 - The Independent Auditor's Report was published on the information included in the current reports prepared by the company.
-  February 15, 2019 - BRK Financial Group published preliminary financial results as of December 31, 2018.
-  February 18, 2019 - The Company has informed shareholders, investors and the general public that a sale-purchase agreement for Minesa shares was concluded on February 15, 2019. The object of the contract was the sale of a number of 75,638 shares Minesa IPCM S.A., representing 29.1% of the share capital, at the price of 11.11 euros / share, the value of the contract thus rising to 840,338.2 euros.

-  March 4, 2019 - The Company has concluded an additional act related to the loan agreement with S.C. Romlogic Technology S.A. whereby for the loan granted on 28.11.2018, the repayment term was extended until 01.09.2019, and the annual interest rate was set at 10%, the value of the loan being 235,000 lei.
-  March 14, 2019 - The sale transaction of an aggregate volume of 2,855,855 BRK shares was notified, at the price of RON 0.075 / share, belonging to Mrs. Mancaș Simona Gabriela, a person with close ties with Mancaș Cătălin, administrator.
-  March 14, 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 fixed on 15.09.2019, the loan being guaranteed with a stock of 2,700 units of Equinoq devices.
-  March 18, 2019 - The sale of an aggregate volume of 14,145 BRK shares was notified, at the price of RON 0.0724 / share, belonging to Mrs. Mancaș Simona Gabriela, a person with close links with Mancaș Cătălin, administrator.
-  March 18, 2019 - The OGMS and EGMS were convened for April 24/25, 2019.
-  March 25, 2019 - The Company informed the shareholders and investors that during the meeting of the Board of Directors on March 22, 2019, Mr. Constantin Sorin George was appointed as interim administrator to fill the vacant position until the next OGMS.
-  April 2, 2019 - The company announced the general public on the conclusion on April 1, 2019 of an additional act to the loan agreement no 3691 / 04.09.2018 with Romlogic Technology SA, having the following characteristics: the value of the loan granted: 1.000.000 lei granted in view of the good performance of the economic activity of the borrower, annual interest: ROB 3M + 7%, repayment term: 03.09.2019, this being guaranteed with 2,700 Equinox units. The additional act to the loan agreement extended the loan repayment term, modified the interest on the loan amount and established the guarantees.
-  April 4, 2019 - BRK Financial Group SA informed about the conclusion of an agreement with the General Manager, regarding the amicable termination of the Mandate Contract concluded with the company, an agreement approved at the meeting of the Board of Directors held on April 3, 2019. In the same meeting of the Board of Directors, Mrs. Monica Adriana Ivan, Vice-President of the Board of Directors and former deputy general manager (with the duties of managing director) of BRK Financial Group SA, accepted the proposal of the Board of Directors to take over the position of general manager of the company starting from with the date of authorization by the FSA as General Manager.
-  April 4, 2019 - The Board of Directors of the company, meeting on April 3, 2019, approved the structured product issuance program and the basic prospectus that includes the range of products that could be subject to future issues of turbo certificates and protected capital certificates.
-  April 18, 2019 - BRK Financial Group SA informed about the signing on 17.04.2019 of an additional act to the mandate contract concluded with the General Manager Mr. Serban Nașcu, by which the parties agreed to the termination of the mandate contract on 03.05.2019. His attributions will be taken up to the date of authorization as General Manager of Mrs. Monica Ivan by Mr. Răzvan Raț, Deputy General Manager.
-  April 18, 2019 - On April 17, 2019, SSIF BRK Financial Group S.A. concluded an additional act to the loan agreement no. 210 / 16.01.2019 with S.C. Romlogic Technology S.A with the following characteristics: Description of the object: loan for the good performance of the economic activity of the borrower; The value of the loan granted: 1,170,550 lei; Annual interest: 3M ROB plus 7% margin; Deadline for repayment of the loan: 16.09.2019; Guarantees: a stock of 2700 units (Equinox devices); Method of payment: refund by bank transfer. The additional

act to the loan agreement extended the loan repayment term, modified the interest on the loan amount and established the guarantees.



April 24, 2019 - The OGMS and EGMS are held.



April 25, 2019 - Publication of the OGMS and EGMS decisions held on 24.04.2019



April 25, 2019 - BRK Financial Group informed the investors about the approval by the Financial Supervisory Authority, on April 23, 2019, of the Basic Prospectus regarding the Structured Products Issue Program.



April 25, 2019 - SSIF BRK Financial Group informed investors about the conclusion of a loan guarantee agreement with Romlogic Technology from BRK Financial Group SA. The object of the agreement is the guarantee by Romlogic Technology, directly, expressly, irrevocably and unconditionally of the obligations to repay all the financing granted by BRK Financial Group SA. The guarantee consists of the stock of Equinox appliances, the rights arising from the amounts paid in advance for the purchase of raw materials from suppliers, receivables from customers and suppliers except those that are the subject of factoring operations. The guarantee made by the borrower will cover at least 110% of the current balance of the principal loans granted by the lender at any time. The borrower may remove Equinox appliances for warranty purposes in order to market them, with the obligation that instead of Equinox device warranties constitute other guarantees. The Convention supersedes all provisions relating to guarantees in previously concluded contracts, with the exception of provisions relating to promissory notes issued by the borrower in favor of the lender.



April 25, 2019 - SSIF BRK Financial Group has released the Annual Report for 2018.



May 8, 2019 - SSIF BRK Financial Group announced to the general public that it has signed a loan agreement with S.C. Firebyte Games S.A. on May 7, 2019, with the following characteristics: the value of the loan granted - 50,000 lei, for the good performance of the economic activity of the borrower, the annual interest rate - ROBOR 3M + 7% and repayment term - 06.10.2019. Also, an additional act was concluded to the loan contract no. 4356 / 02.11.2018 for the modification of the loan repayment term, the interest rate and the loan value, thus the characteristics of the loan are summarized as follows: the value of the loan granted - 105,035.69 lei, for the good performance of the borrower's economic activity, ROBOR 3M + 7% and term for loan repayment - 30.04.2020.



May 15, 2019 - The Company released the financial results for the first quarter of 2019.



May 29, 2019 - The Company informed shareholders that an authentic bilateral promise was made regarding the sale of its holding in Facos S.A. Suceava. The object of the bilateral sale-purchase promise: 2,927,235 shares with a nominal value of 2.5 Ron, representing 89.6892% of the share capital of FACOS S.A., at the price of 4.56 ron / share. The total value of the bilateral sale-purchase promise was of RON 13,348,191.60 and the payment of the value of the shares was made in installments as follows: the amount of RON 2,500,000 was paid on May 29, 2019 and the amount of Ron 10,848,191. 60 RON until 30.06.2019.



June 11, 2019 - SSIF BRK Financial Group S.A. entered into a loan agreement with S.C. Romlogic Technology S.A. with the following characteristics: loan for the smooth performance of the economic activity of the borrower; the value of the loan granted: 1,600,000 lei, the annual interest rate: 3M ROB plus a margin of 7%, the loan repayment term: 10.12.2019, guarantees: in accordance with the Guarantee Convention no. 1 / 25.04.2019 supplemented by the addendum no. 2153 / 06.11.2019.



June 11, 2019 - BRK Financial Group informed shareholders and investors that the contract for the sale of the holding held by the company at FACOS S.A. Suceava has been concluded. Details of the sale-purchase contract: 2,927,235 shares with a nominal value of 2.5 ron, representing 89.6892% of the share capital of FACOS SA, at the price of 4.56 ron / share, the total value of the sale-purchase contract it is of 13,348,191.60 RON, the collection of the value of the shares was made in two installments: the amount of 2,500,000 RON was paid on 29.05.2019 and

the amount of 10,848,191.60 RON was paid on 11.06. 2019. We mention the fact that through this contract was sold the entire package of shares FACOS S.A. Suceava.



June 27, 2019 - The OGMS was convened for July 29/30, 2019.

Financial Results

The company's revenues in the first half of the year increased by 144.13% compared to the same period last year against the background of the increase of financial revenues by 198.75%, mainly net earnings. Given the fact that the financial revenues had a share of 87.18% in total revenues in the first half of the year, the impact of their growth was felt. Commissions revenues decreased by 21.61% in the first half of this year.

Dynamics and income structure (Ron)	30-Jun-19	30-Jun-18	%	30-Jun-19	30-Jun-18
TOTAL INCOME	14,027,285	5,745,710	144.13%	100%	100%
Revenue from commissions	1,271,107	1,621,506	-21.61%	9.06%	28.22%
Internal market fee income	964,014	1,214,762	-20.64%	6.87%	21.14%
Revenue from commissions external markets	268,643	336,562	-20.18%	1.92%	5.86%
Revenue from related activities	38,450	70,181	-45.21%	0.27%	1.22%
Financial income	12,228,507	4,093,259	198.75%	87.18%	71.24%
Dividend income	888,556	274,255	223.99%	6.33%	4.77%
Interest income	1,012,266	544,813	85.80%	7.22%	9.48%
Net earnings (other than dividends or interest)	10,327,685	3,274,191	215.43%	73.63%	56.98%
Other revenues from continuous activities	527,670	30,946	1605.12%	3.76%	0.54%
Income from rents	5,681	6,068	-6.37%	0.04%	0.11%
Other incomes	521,989	24,878	1998.17%	3.72%	0.43%

The total expenses of the company in the first semester of the current year (5,351,851.13 lei) increased by 17.32% compared to the similar period of last year, the most important amounts being related to the expenses with the personnel and the collaborators respectively the expenses regarding the external benefits.

Dynamics and structure of expenditures (Ron)	30-Jun-19	30-Jun-18	%
Total expenses	-5,351,851.13	-4,561,836.00	17.32%
Expenditure on raw materials, materials	-51,733.26	-50,864.00	1.71%
Expenditure on energy and water	-75,264.23	-63,883.58	17.81%
Expenses with staff and collaborators	-2,685,705.59	-2,073,780.97	29.51%
Expenses with taxes and fees	-76,835.64	-78,778.36	-2.47%
Expenditure on external benefits	-1,821,022.82	-1,682,817.95	8.21%
Value adjustments of intangible a tangible assets	-479,585.82	-559,574.41	-14.29%
Net financial losses	-151,134.64	-47,288.89	219.60%
Other expenses	-10,569.13	-4,847.90	118.01%

The result of the operating activity is represented by a profit of 8,675,436 lei for the first semester of this year.

Investment services activity

The brokerage activity involves trading on the Bucharest Stock Exchange and on international markets, and the revenues are generated by the commissions received by the company from the clients involved in transactions on these markets. At the company level, in the first half of the year total revenues were obtained from the intermediation activity in the

amount of 1.27 million lei, while the expenses incurred with this activity amounted to 0.6 million lei, resulting in a profit from the brokerage activity of 0.67 million lei.

Investment activity

At the company level, total revenues from trading activity amounting to 12.6 million lei were obtained in the first half of 2019, while the expenses incurred with this activity totalised 4.6 million lei, resulting in a profit from the trading activity of 8 million lei.

The activity of market-making and structured products was assimilated to the trading segment. In the first quarter of this year, BRK Financial Group issued 22 structured products, and in the second quarter of the year it issued 8 structured products.

Administration of its own portfolio of financial assets

The investment strategy adopted at the beginning of 2019 was to continue the process of restructuring the portfolio of financial assets started since 2015: restructuring the portfolio of shares by selling non-performing stakes and using the amounts obtained to finance the basic activity (market-making, issuing new structured products, own investments and margin loans) respectively the support and promotion of the projects developed by the management company SAI Broker SA, to which BRK Financial Group holds 99.98%, to provide clients with fund management services. In the first 6 months of the year, BRK Financial Group continued to apply the same strategy.

Evolution and structure of the financial instrument portfolio – on the Romanian market	Number of issuers		Market value	
	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19
Listed companies	12	16	16,292,170	16,119,152
Unlisted companies	14	9	15,921,183	5,781,753
Holdings in OPC/AOPC	10	6	13,093,032	7,183,474
Total portfolio	45	31	45,306,385	29,084,378

In the first half of this year, the number of listed companies in which the company holds stakes reached 16, and of unlisted ones at 9. It is to be specified that the portfolio includes both strategic investments in the management of which BRK Financial Group is speculatively involved and investments in the long term in which BRK Financial Group does not exercise control and influence, as well as short term investments that are included in the speculative portfolio. The value of the company's total portfolio at the end of June 2019 reached 29.08 million lei, down 35.81% from its value at the end of the first half of the previous year, mainly as a result of the liquidation of some positions held as legal participations in the OPC / AOPC respectively within unlisted companies.

As of June 30, 2019, the portfolio of listed securities held on the internal market by BRK Financial Group was valued at about 16.12 million Lei, about 1% less than in the same period of the previous year. The portfolio of unlisted shares held in the domestic market was valued at about 5.78 million lei, down by about 64% compared to the same period of the previous year.

We present the structure of the financial instruments portfolio held by BRK Financial Group at the end of June 2019, depending on the type of financial instruments in the portfolio.

Portfolio structure according to the type of financial instruments - internal market, as of June 30, 2019

Shares	Bonds	Fund units
45,03%	29,51%	25,46%

The portfolio of shares

Regarding the portfolio of shares (listed or unlisted), its structure according to the sectoral exposure, is presented as follows:

Sectorial exposure of the portfolio of shares - the internal market, on June 30, 2019

Financial-Banks	Others	Commerce	Construction	Consumer goods	Industry
74,96%	12,93%	6,83%	2,26%	1,63%	1,39%

Bond portfolio

As for the bond portfolio (listed or unlisted), its structure according to the sectoral exposure, is presented as follows:

Sector exposure of the bond portfolio - the internal market on June 30, 2019

Construction	Commerce
84,13%	15,87%

Fund units portfolio

The structure of the portfolio of fund units held, according to their associated risk, is presented as follows:

Structure of the portfolio of fund units held according to the associated risk on the internal market on June 30, 2019

Medium Risk	Private equity	Low Risk	High risk
54,06%	21,92%	18,21%	5,81%

Financial position

The total assets of the company increased by 7.37% as of June 30, 2019 compared to the end of the previous year, mainly due to the increase in the amounts dedicated to loans and advances granted (+ 92.87% compared to December 31, 2018), respectively cash and cash equivalents by 404.16% compared to the same reference period. The total debts of the company decreased by 1.63%, reaching 49.47 million lei.

Financial position(RON)	Jun-19	Dec-18
Assets		
Intangible assets	1,523,559	1,858,723
Tangible assets	6,026,014	6,160,916
Investment property	918,186	918,186
Financial assets available for sale	0	0
Financial assets valued at fair value through profit and loss account	29,141,637	44,718,868
Financial assets at amortized cost	0	0
Loans and advances granted	10,446,949	5,416,511
Trade receivables and other receivables	786,240	722,343
Other financial assets	9,373,258	12,267,062
Account in the bank for the clients	44,593,014	31,750,494
Cash and cash equivalents	11,050,557	2,191,875
Assets classified as held for sale	544,721	544,721
Total assets	114,404,136	106,549,699
Equity		
Social Capital	54,039,987	54,039,987
Share capital adjustment	4,071,591	4,071,591
Own shares	(24,047)	(24,047)
Capital premium	5,355	5,355
Reserves from the revaluation of available financial assets for sale	0	0
Other reserves	10,860,687	10,860,687
Total rezerves	10,860,687	10,860,687
The current result	8,675,436	(2,804,699)
Reported result	(12,693,166)	(9,888,466)
Total equity attributable to the shareholders of the Company	64,935,843	56,260,407

Liability		
Debt on financial leasing	50,570	37,176
Provisions	0	0
Total long-term debt	50,570	37,176
Short-term bank debt	0	4,991,870
Current part of financial leasing debt	0	37,125
Amounts owed to customers (customer availability)	46,652,465	35,942,908
Trade debts and other debts	2,616,009	9,130,964
Provisions	149,249	149,249
Total current liabilities	49,417,723	50,252,115
Total debt	49,468,293	50,289,292
Total equity and debt	114,404,136	106,549,699

Chairman of the Board of Directors
Gherguș Nicolae

Chief Accountant
Pali Sandu Mircea

Separate statement of comprehensive income

Reporting as at June 30, 2019

Revenues from commissions and related activities	1.271.107	1.621.506
Net finance gains other than dividends	10.327.685	3.274.191
Net finance losses on transactions with shares and bonds	7.655.007	-
Net finance gains on transactions with Turbo products	363.558	-
Net gains on financial assets measured at fair value through profit or loss, unrealised	2.309.121	,
Financial revenues from dividends	888.556	274.255
Financial interest revenues	1.012.266	544.813
Income from rentals	5.681	6.068
Income from the valuation of investment property and available-for-sale assets	-	-
Other revenues	517.698	20.361
Revenues from write-off of provisions for risks and charges	-	-
Income from impairments of current assets	4.291	4.518
Total revenues from continued operations	14.027.285	5.745.710
Expenses with employees and collaborators	(2.685.706)	(2.073.781)
Other operating expenses	(203.833)	(193.526)
Expenses with raw materials and consumables	(51.733)	(50.864)
Expenses with power and water	(75.264)	(63.884)
Expenses with taxes and levies	(76.836)	(78.778)
Expenses with suppliers' services	(1.821.023)	(1.682.818)
Value adjustments of intangible and tangible assets	(479.586)	(559.574)
Expenses with allowances for risks and charges	-	(47.289)
Expenses with interest	(151.135)	-
Net finance losses	-	(4.848)
Impairment of investments	-	-
Net loss on the disposal/decommissioning of non-current assets	-	-
Impairment of receivables	(3.399)	-
Other expenses	(7.171)	-
Total expenses	(5.351.851)	(4.561.836)
Expenses with provisions for risks and charges	-	-
Result of operating activities	8.675.436	1.183.874
Profit before tax	8.675.436	1.183.874
Expenses with income tax	-	-
Profit for the period	8.675.436	1.183.874

Reporting as at June 30, 2019

In RON

	June-2019	June-2018
Other comprehensive income		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss		
<i>Lines that may be restated to profit or loss</i>	-	-
Net changes in the fair value of available-for-sale financial assets		(176.181)
Free shares collected, classified as available-for-sale	-	-
Changes in the value of available-for-sale assets	-	-
<i>Items that cannot be restated to profit or loss</i>		
Changes in the value of used non-current assets		
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	-	(176.181)
Total profit or loss and other comprehensive income for the period	8.675.436	1.007.693
	June-2019	June-2018
Profit attributable to:		
Company's owners	8.675.436	1.183.874
Non-controlling interests	-	-
Profit for the period	8.675.436	1.183.874
Total comprehensive income attributable to:		
Company's owners	8.675.436	1.007.693
Non-controlling interests	-	-
Total comprehensive income for the period	8.675.436	1.007.693
Earnings per share		
Basic earnings per share (lei)	0,0257	0,0035
Diluted earnings per share (lei)	0,0257	0,0035
Continued operations		
Basic earnings per share (lei)	0,0257	0,0035
Diluted earnings per share (lei)	0,0257	0,0035
June 30, 2019		
Weighted average number of outstanding shares	337.749.919	337.749.919

Separate statement of cash flows as at June 30, 2019

	June 30, 2019	June 30, 2018
	RON	RON
Operating activities		
Gross profit	8.675.436	1.183.874
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	479.586	537.492
Income from own shares redeemed	-	-
Impairment of available-for-sale financial assets	-	-
Unrealised gains (-)/(+)losses of the measurement of financial assets	-	(82.271)
Value adjustments of short-term investments	(2.309.121)	(2.693.501)








Income tax	-	-
Provisions for current and non-current assets	(892)	(4.518)
Provisions for risks and charges	-	-
Expenses with interest	151.135	116.276
Interest income	(1.012.266)	(544.813)
Dividend income	(888.556)	(274.255)
Relative gains from Turbo certificates and IG	(363.558)	(498.420)
Gain/(loss) on sale of tangible assets	-	179
Income from foreign exchange differences for IB, IG	(206)	(68.987)
Increase/(Decrease) of operating cash before changes to working capital	4.731.557	(1.830.523)
Changes in working capital:		
(Increase)/Decrease in balances of other receivables	2.752.413	5.844.024
Increase/(Decrease) in balances of trade and other payables	(1.035.725)	541.657
Increase/(Decrease) in balances of available-for-sale assets	-	-
Cash flows generated by operating activities	6.448.245	4.555.158
Cash flows from operating activities		
Income tax paid	-	-
Proceeds from interest	97.545	189.113
Interest paid	(149.551)	(113.952)
Net cash flows generated by operating activities	6.396.239	4.630.319

Cash flows from investing activities

Cash payment for purchase of tangible and intangible assets and investment property	(9.520)	(160.656)
Cash payment for purchase of financial instruments	10.895.030	3.639.792
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	-	-
Dividends received	888.556	274.255
(Loans granted)/reimbursed to related parties and client margin	5.945.160	834.077
Net position on collections from sale of turbo certificates and IG payments	2.196.550	-
Interest received on subscribed bonds	329.970	-
Effect of changes in exchange rate on loans and liabilities	-	(13.664)
Net cash flows generated by investing activities	20.308.671	4.573.804

	June 30, 2019	June 30, 2018
	RON	RON
Cash flows from financing activities:		
Lease payments	(11.837)	(13.664)
Collections/payments of short-term bank loans	(4.991.870)	(1.666.158)
Net cash flows generated by financing activities	(5.003.706)	(1.679.822)
Total cash flows	21.701.203	15.138.175
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	33.942.369	27.867.012
Increase/(Decrease) in cash and cash equivalents	21.701.203	15.138.175
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	55.643.571	43.013.136
of which blocked (attachment)	4.980.780	4.980.780
Of which:		
Cash on behalf of clients	44.593.014	41.119.860
Cash on behalf of the company	11.050.557	1.893.276

Significant events after the reporting period

-  July 3, 2019 - The Company informed about obtaining the Passport Certificate in Hungary and Poland of the Basic Prospectus in connection with the BRK Financial Group S.A. Structured Products Issue Program, approved by the Financial Supervisory Authority Decision no. 600 / 04.23.2019.
-  July 15, 2019 - SSIF BRK Financial Group S.A. concluded a share sale agreement with Investys Projects (Suisse) SA, with the following characteristics: the transferor assigns to the transferee a package of 65,000 shares Romlogic Technology SA, representing 37.50% of the share capital of Romlogic Technology SA, at the price of 32 lei / share, the total value of the contract is 2.08 million lei, the payment method: by bank transfer.
-  July 29, 2019 - Conduct of the Ordinary GMS.
-  July 29, 2019 - The Company has published the decisions of the Ordinary General Shareholders' Meeting held on July 29, 2019.
-  July 29, 2019 - The Company has published the independent limited insurance report on the information included in the current reports prepared in accordance with the requirements L 24/2017 and ASF Reg 5/2018.
-  August 1, 2019 - SSIF BRK Financial Group S.A. signed a loan agreement with S.C. Romlogic Technology SA, with the following characteristics: loan for the good performance of the economic activity of the borrower, exclusively for the payment of the raw material supplier, the value of the loan granted: 3,310,000 lei, annual interest: ROBOR 3M plus a margin of 7%, term of loan repayment: 31.07.2020, guarantees: in accordance with the guarantee agreement in force; Method of payment: bank transfer. So far, BRK Financial Group S.A. has 6 loan agreements with Romlogic Technology S.A., the total value of which is 9,315,550 lei. SSIF BRK Financial Group SA has no debts to S.C. Romlogic Technology S.A.
-  August 8, 2019 - BRK Financial Group is the market maker of the issuer Aages, with the role of supporting the liquidity of the shares of this company, this being a first for the domestic capital market.

Signatures

Raț Răzvan Legian
Deputy Chief Executive

Pali Sandu Mircea
Chief Accountant

Gherguș Nicolae

Chairman of the Board of Directors



intermediem succesul

***Separate financial
statements prepared in
accordance with
International Financial
Reporting Standards
adopted by the European
Union ("IFRS") for the first
semester ended at June 30,
2019***



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Separate statement of financial position as at June 30, 2019

<i>In RON</i>		June 30, 2019	December 31, 2018
Assets			
Intangible assets	8	1.523.559	1.858.723
Tangible assets	9	6.026.014	6.160.916
Investment property	10	918.186	918.186
Available-for-sale financial assets	11	-	-
Financial assets at fair value through other comprehensive income	11	29.141.637	44.718.868
Financial assets at amortised cost	11	-	-
Loans and advances granted	15	10.446.949	5.416.511
Trade and other receivables	15	786.240	722.343
Other financial assets		9.373.258	12.267.062
Bank account for clients	17	44.593.014	31.750.494
Cash and cash equivalents	17	11.050.557	2.191.875
Assets classified as held for sale	14	544.721	544.721
Total assets		114.404.136	106.549.699
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		-	-
Other reserves	19	10.860.687	10.860.687
Total reserves	19	10.860.687	10.860.687
Current result	20	8.675.436	(2.804.699)
Retained earnings	20	(12.693.166)	(9.888.466)
Total equity attributable to Company's shareholders		64.935.843	56.260.407
Liabilities			
Financial lease liabilities	22	50.570	37.176
Provisions		-	-
Total non-current liabilities		50.570	37.176
Short-term bank liabilities	22	-	4.991.870
Current portion of finance lease liabilities	22	-	37.125
Amounts payable to clients (clients' available funds)	22	46.652.465	35.942.908
Trade and other payables	21	2.616.009	9.130.964
Provisions	23	149.249	149.249
Total current liabilities		49.417.723	50.252.115
Total liabilities		49.468.293	50.289.292
Total liabilities and equity		114.404.136	106.549.699

These financial statements were approved today, August 13, 2019.

Chairman of the BOARD,
Nicolae Ghergus

Chief Accountant,
Sandu Pali

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

Separate statement of comprehensive income

Reporting as at June 30, 2019

In lei

		June-2019	June-2018
Continued operations			
Revenues from commissions and related activities	25	1.271.107	1.621.506
Net finance gains other than dividends	22	10.327.685	3.274.191
Net finance losses on transactions with shares and bonds	29	7.655.007	-
Net finance gains on transactions with Turbo products	29	363.558	-
Net gains on financial assets measured at fair value through profit or loss, unrealised	29	2.309.121	,
Financial revenues from dividends	29	888.556	274.255
Financial interest revenues	29	1.012.266	544.813
Income from rentals	25	5.681	6.068
Income from the valuation of investment property and available-for-sale assets		-	-
Other revenues	26	517.698	20.361
Revenues from write-off of provisions for risks and charges		-	-
Income from impairments of current assets		4.291	4.518
Total revenues from continued operations		14.027.285	5.745.710
Expenses with employees and collaborators	27	(2.685.706)	(2.073.781)
Other operating expenses	28	(203.833)	(193.526)
Expenses with raw materials and consumables		(51.733)	(50.864)
Expenses with power and water		(75.264)	(63.884)
Expenses with taxes and levies		(76.836)	(78.778)
Expenses with suppliers' services	29	(1.821.023)	(1.682.818)
Value adjustments of intangible and tangible assets		(479.586)	(559.574)
Expenses with allowances for risks and charges		-	(47.289)
Expenses with interest		(151.135)	-
Net finance losses	30	-	(4.848)
Impairment of investments		-	-
Net loss on the disposal/decommissioning of non-current assets		-	-
Impairment of receivables		(3.399)	-
Other expenses	30	(7.171)	-
Total expenses		(5.351.851)	(4.561.836)
Expenses with provisions for risks and charges		-	-
Result of operating activities		8.675.436	1.183.874
Profit before tax		8.675.436	1.183.874
Expenses with income tax	31	-	-
Profit for the period		8.675.436	1.183.874

These financial statements were approved today, August 13, 2019.

Chairman of the BOARD,
Nicolae Ghergus

Chief Accountant,
Sandu Pali

Separate statement of comprehensive income

Reporting as at June 30, 2019

In RON

	June-2019	June-2018
Other comprehensive income		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss		
<i>Lines that may be restated to profit or loss</i>	-	-
Net changes in the fair value of available-for-sale financial assets		(176.181)
Free shares collected, classified as available-for-sale	-	-
Changes in the value of available-for-sale assets	-	-
<i>Items that cannot be restated to profit or loss</i>		
Changes in the value of used non-current assets		
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	-	(176.181)
Total profit or loss and other comprehensive income for the period	8.675.436	1.007.693
	June-2019	June-2018
Profit attributable to:		
Company's owners	8.675.436	1.183.874
Non-controlling interests	-	-
Profit for the period	8.675.436	1.183.874
Total comprehensive income attributable to:		
Company's owners	8.675.436	1.007.693
Non-controlling interests	-	-
Total comprehensive income for the period	8.675.436	1.007.693
Earnings per share		
Basic earnings per share (lei)	24 0,0257	0,0035
Diluted earnings per share (lei)	24 0,0257	0,0035
Continued operations		
Basic earnings per share (lei)	0,0257	0,0035
Diluted earnings per share (lei)	0,0257	0,0035
June 30, 2019		
Weighted average number of outstanding shares	337.749.919	337.749.919

These financial statements were approved today, August 13, 2019.

Chairman of the BOARD,
Nicolae Ghergus

Chief Accountant,
Sandu Pali

SSIF BRK FINANCIAL GROUP SA
IFRS Separate Financial Statements

Separate statement of changes in shareholders' equity as at June 30, 2019

<i>In RON</i>	Share capital	Capital adjustments	Own shares	Capital premium	Revaluation differences	Legal and statutory reserves	Other reserves	Losses on own shares	Retained earnings from adoption of IFRS	Fair value reserves	Retained earnings	Total equity
Balance as at January 1, 2019	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.587.874	2.748.759	4.076.945	(4.166.869)	3.623.734	(11.918.606)	59.260.407
Profit	-	-	-	-	-	-	-	-	-	-	8.675.436	8.675.436
Gains transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in the fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the value of used non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	8.675.436	8.675.436
Total comprehensive income for the period	-	-	-	1,226,718	-	-	(175,948)	-	-	(4,580,814)	-	(3,530,044)
Balance as at June 30, 2019	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.587.874	2.748.759	4.076.945	(4.166.869)	3.623.734	(3.243.170)	64.935.843

These financial statements were approved today, August 13, 2019.

Chairman of the BOARD,
Nicolae Ghergus

Chief Accountant,
Sandu Pali

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

SSIF BRK FINANCIAL GROUP SA
IFRS Separate Financial Statements

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

<i>In RON</i>	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
Loss for the period	-	-	-	-	-	-	-	(2.804.699)	(2.804.699)
Other comprehensive income	-	-	-	-	-	-	-	-	-
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, August 13, 2019.

Chairman of the BOARD,
Nicolae Ghergus

Chief Accountant,
Sandu Pali

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

Separate statement of cash flows as at June 30, 2019

	June 30, 2019	June 30, 2018
	RON	RON
Operating activities		
Gross profit	8.675.436	1.183.874
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	479.586	537.492
Income from own shares redeemed	-	-
Impairment of available-for-sale financial assets	-	-
Unrealised gains (-)/(+) losses of the measurement of financial assets	-	(82.271)
Value adjustments of short-term investments	(2.309.121)	(2.693.501)
Income tax	-	-
Provisions for current and non-current assets	(892)	(4.518)
Provisions for risks and charges	-	-
Expenses with interest	151.135	116.276
Interest income	(1.012.266)	(544.813)
Dividend income	(888.556)	(274.255)
Relative gains from Turbo certificates and IG	(363.558)	(498.420)
Gain/(loss) on sale of tangible assets	-	179
Income from foreign exchange differences for IB, IG	(206)	(68.987)
Increase/(Decrease) of operating cash before changes to working capital	4.731.557	(1.830.523)
Changes in working capital:		
(Increase)/Decrease in balances of other receivables	2.752.413	5.844.024
Increase/(Decrease) in balances of trade and other payables	(1.035.725)	541.657
Increase/(Decrease) in balances of available-for-sale assets	-	-
Cash flows generated by operating activities	6.448.245	4.555.158
Cash flows from operating activities		
Income tax paid	-	-
Proceeds from interest	97.545	189.113
Interest paid	(149.551)	(113.952)
Net cash flows generated by operating activities	6.396.239	4.630.319
Cash flows from investing activities		
Cash payment for purchase of tangible and intangible assets and investment property	(9.520)	(160.656)
Cash payment for purchase of financial instruments	10.895.030	3.639.792
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	-	-
Dividends received	888.556	274.255
(Loans granted)/reimbursed to related parties and client margin	5.945.160	834.077
Net position on collections from sale of turbo certificates and IG payments	2.196.550	-
Interest received on subscribed bonds	329.970	-
Effect of changes in exchange rate on loans and liabilities	-	(13.664)
Net cash flows generated by investing activities	20.308.671	4.573.804

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

	June 30, 2019	June 30, 2018
	RON	RON
Cash flows from financing activities:		
Lease payments	(11.837)	(13.664)
Collections/payments of short-term bank loans	(4.991.870)	(1.666.158)
<i>Net cash flows generated by financing activities</i>	<u>(5.003.706)</u>	<u>(1.679.822)</u>
Total cash flows	<u>21.701.203</u>	<u>15.138.175</u>
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	33.942.369	27.867.012
Increase/(Decrease) in cash and cash equivalents	21.701.203	15.138.175
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	<u>55.643.571</u>	<u>43.013.136</u>
of which blocked (attachment)	24 4.980.780	4.980.780
Of which:		
Cash on behalf of clients	<u>44.593.014</u>	<u>41.119.860</u>
Cash on behalf of the company	<u>11.050.557</u>	<u>1.893.276</u>

These financial statements were approved today, August 13, 2019.

Chairman of the BOARD,
Nicolae Ghergus

Chief Accountant,
Sandu Pali

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

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 first semester ended on June 30, 2019 and consolidated financial statements in accordance with IFRS. The consolidated financial statements of SSIF BRK FINANCIAL GROUP SA as at June 30, 2019 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 Dividend Model (DDM): If the company has a consistent history regarding the distribution of dividends and the dividend policy is a predictable one, the valuation price is considered to be intrinsic value resulting from the DDM model.
3. 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.
4. 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.
5. 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.

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

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 June 30, 2019 are the following: 4,7351 EUR/RON; 4,1587 USD/RON si 5,2735 GBP/RON (June 30, 2018 : 4,6611 EUR/RON, 4,0033 USD/RON, si 5,2626 GBP/RON).

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	18.375.215	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:
 - o 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),

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

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 Directors 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 Directors.

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 Directors, 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

<i>In RON</i>	June-2019	December-2018
Banca Transilvania	25.029.738	5.610.360
BRD - Groupe Societe Generale	5.460.621	5.658.981
UniCredit Bank	25.834	25.559
First Bank	4.909.572	15.507.229
Idea Bank	8.063.418	5.057.957
Libra Bank	4.053.773	15.847
Intesa San Paolo Bank	2.086.445	2.060.794
Other commercial banks	6.011.969	3.439
Total bank deposits	-	-
Cash	2.203	2.203
Total current accounts and bank deposits	55.643.571	33.942.369

Exposures from fair value bonds

<i>In RON</i>	June-2019	December-2018
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

<i>In RON</i>	June-2019	December-2018
Romlogic Technology SA	6.087.983	1.243.412
Firebyte Games SA	336.568	268.466
Facos SA	863.427	833.808
Total loans granted	7.287.979	2.345.687

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 June 30, 2019 were as follows:

<i>In RON</i>	Carrying amount				
		Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
June 30, 2019					
Financial assets					
Cash and cash equivalents					
Bank deposits	55.633.668	55.633.668	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Loans and advances granted	16.306.981	-	-	-	16.306.981
Bonds at fair value	10.446.949	1.494.000	5.325.499	3.627.451	-
Other financial assets	12.834.656	40.106	-	12.794.549	-
Total financial assets	12.267.062	2.236.516	-	-	10.030.546
Financial liabilities	-	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

<i>In RON</i>	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 at fair value	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	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.991.870	-	-	-	-

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 June 30, 2019 (December 31, 2018: 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 2.912.744 (December 31, 2018: RON 4.468.609), 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	June-2019	%	2018	%
Commerce	2.271.845	7,80%	4.477.266	10,01%
Constructions	7.544.789	25,90%	13.428.510	30,03%
Finance-banking	13.327.176	45,75%	10.937.292	24,46%
Consumer goods	213.359	0,73%	4.999.229	11,18%
Industry		0,00%		0,00%
Other	5.770.281	19,81%	10.876.571	24,32%
Total	29.127.449	100,00%	44.718.868	100,00%

As shown in the table above, at June 30, 2019 the Company holds shares mainly in finance-banking companies, accounting for 45,75% of its total portfolio, less than the 24,46% registered as at December 31, 2018.

5. FINANCIAL RISK MANAGEMENT (continued)

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 behaviour.

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 June 30, 2019, 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
June 30, 2019					
Financial assets					
Cash and cash equivalents	55.633.668	33.645.076	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	20.422.932	-	-	-	20.422.932
Loans and advances granted	10.446.949	1.494.000	5.325.499	3.627.451	-
Bonds at fair value	8.626.577	40.106	-	8.586.471	-
Other financial assets	4.446.593	2.236.516	-	-	2.210.076
Total financial assets	99.576.720	37.415.699	5.325.499	12.213.922	22.633.008
Financial liabilities					
Financial liabilities	-	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

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 at fair value	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					
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.991.870	-	-	-	-

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

June 30, 2019

Financial assets

	RON	EUR	USD	Other
Cash and cash equivalents	54.914.939	682.612	33.753	2.364
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	20.422.932	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	1.377.387	7.249.191	-	-
Loans and advances granted	10.446.949	-	-	-
Other financial assets	92.128	4.354.465	-	-
Total financial assets	70.029.315	23.057.759	3.255.389	2.347
Financial liabilities	-	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	-	-	-	-

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

4. FINANCIAL RISK MANAGEMENT (continued)

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	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	June 30, 2019	December 31, 2018
Total own funds	54.110.270,29	49.166.921,90
Total capital requirements	8.828.092,01	13.562.950,67
Risk exposures	110.351.150,17	169.536.883,56

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:

SSIF BRK FINANCIAL GROUP SA
IFRS Separate Financial Statements

6. OPERATING SEGMENTS (continued)

Information on reported segments

	June - 2019				December 2018				June-2019	December-2018
	Total, of which:	Intermediati on	Trading	Not allocated	Total, of which:	Intermediation	Trading	Not allocated	Total reportable segments	
Revenues from commissions and related activities	1.269.891	1.269.891	-	-	4.550.676	4.550.676	-	-	1.269.891	4.550.676
Rental income	5.681	-	-	5.681	16.543	-	-	16.543	5.681	16.543
Net finance gains on transactions	11.042.936	-	11.042.936	-	5.151.841	-	5.151.841	-	11.042.936	5.151.841
Finance dividend revenues	888.556	-	888.556	-	318.222	-	318.222	-	888.556	318.222
Revenues from insurance intermediation	-	-	-	-	10.317	10.317	-	-	-	10.317
Revenues from allocation of unit funds	1.216	-	-	1.216	5.724	5.724	-	-	1.216	5.724
Other income	667.987	-	667.987	-	33.415	-	33.415	-	667.987	33.415
Net finance losses	-	-	-	-	(186.726)	-	-	(186.726)	-	(186.726)
Employees and collaborators expenses	(2.689.104)	(246.094)	(2.441.673)	(1.337)	(4.666.621)	(2.112.788)	(2.546.179)	(7.654)	(2.689.104)	(4.666.621)
Impairment of intangible and tangible assets, excluding goodwill	(479.700)	-	(325.199)	(154.501)	(5.516.821)	-	(4.516.946)	(999.875)	(479.700)	(5.516.821)
Net expenses with provisions for risks and charges	-	-	-	-	(58.702)	-	-	(58.702)	-	(58.702)
Third party supplies, taxes and levies	(2.024.856)	(185.305)	(1.838.544)	(1.006)	(3.544.119)	(1.604.581)	(1.933.725)	(5.813)	(2.024.856)	(3.544.119)
Other expenses	(7.434)	-	-	(7.434)	(768.147)	-	-	(768.147)	(7.434)	(768.147)
Total	8.675.173	838.492	7.994.062	(157.380)	(4.654.398)	849.348	(3.493.373)	(2.010.373)	8.675.173	(4.654.398)
Profit of reported segment before tax	8.488.358	836.304	7.812.220	(160.166)						
Assets of reported segment, of which:	105.391.656	56.258.428	55.373.825	9.336.634	99.424.924	-	-	99.424.924	105.391.656	99.424.924
- financial investments	29.141.637	-	44.718.868	-	99.424.924	55.608.613	43.816.311	-	29.141.637	99.424.924
- trade and other receivables	20.587.989	11.637.005	8.465.285	485.699						
- available amounts	55.662.030	44.621.423	2.189.672	8.850.935						
Liabilities of reported segment, of which:	49.468.293	47.320.065	913.720	1.234.508	45.727.206	43.328.260	1.326.159	1.072.787	49.468.293	45.727.206
- client's amounts	46.652.465	46.652.465	-	-	38.013.416	38.013.416	-	-	46.652.465	38.013.416

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

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

<i>In lei</i>	June - 2019	June - 2018
Revenues		
Total revenues from reported segments	1.269.891	1.621.506
Revenues not allocated to segments	6.897	6.068
Write-off of discontinued operations	-	-
Consolidated revenues	1.276.788	1.627.574
Profit or loss		
Total profit on reported segments	8.675.173	1.183.874
Write-off of discontinued operations	-	-
Amounts not allocated	-	-
Consolidated profit before tax	8.675.173	1.18.874
Assets		
Total assets from reported segments	105.391.656	93.427.223
Assets from non-reported segments	9.012.480	27.039.763
Consolidation goodwill	-	-
Total assets	114.404.136	120.466.986
Liabilities		
Total liabilities from reported segments	48.084.536	59.705.144
Provisions for risks and charges	149.249	450.182
Deferred tax liabilities	-	0
Liabilities from reported segments	1.234.508	7.433
Total consolidated liabilities	49.468.293	60.162.760

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

Revenues from intermediation segment	June - 2019	June - 2018
Spot commissions	964.014	1.214.762
Foreign stock exchange commissions	268.643	336.562
Commissions from derivatives	-	-
Related activities	37.234	66.533
Related commissions and activities	1.269.891	1.617.857
Insurance intermediation	-	-
Distribution of fund units	1.216	2.995
Total revenues	1.271.107	1.621.506

Detailed description of financial statements lines

8. INTANGIBLE ASSETS

<i>In lei</i> Cost	Licenses and software	Payments in advance	Total
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
Balance as at January 1, 2019	4.860.235	27.819	4.888.055
Inflows	-	-	-
of which, by transfer	-	-	-
Outflows	-	-	-
of which, by transfer	-	-	-
Balance as at June 30, 2019	4.860.235	27.819	4.888.055
Amortization and impairment	Licenses and software	Payments in advance	Total
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
Balance as at January 1, 2019	3.029.332	-	3.029.332
Amortization during the year	335.164	-	335.164
Amortization for disposals	-	-	-
Balance as at June 30, 2019	3.364.497	-	3.364.497
Book values			
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	1.858.722
Balance as at January 1, 2019	1.830.903	27.819	1.858.722
Balance as at June 30, 2019	1.495.739	27.819	1.523.558

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

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

<i>In RON</i>	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non- current assets in progress	Total
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
Advances for property, plant and equipment	-	-	-	-	-
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
Balance as at January 1, 2019	6.036.262	1.577.518	305.467	12.823	7.932.070
Purchases and upgrading				9.520	9.520
Transfers to/from non-current assets in progress	-	-	-	-	-
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	-	-	-	-	-
- disposal	-	-	-	-	-
Balance as at June 30, 2019	6.036.262	1.577.518	305.467	22.343	7.941.590

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

9. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In RON</i>	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, 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
Balance as at January 1, 2019	196.817	1.325.621	248.716	-	1.771.154
Depreciation during the year	99.968	33.314	11.139	-	144.422
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-	-	-	-
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at June 30, 2019	296.785	1.358.935	259.856	-	1.915.576
Book values					
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	-	6.148.092
Balance as at January 1, 2019	5.839.445	251.897	56.750	12.823	6.148.092
Balance as at June 30, 2019	5.739.477	218.583	45.611	22.343	6.026.014

9. PROPERTY, PLANT AND EQUIPMENT (continued)

On June 30, 2019, 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.

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.

10. INVESTMENT PROPERTY

In lei

	Jun-19	Dec-18
Balance as at January 1, 2019	1.030.143	1.030.143
Transfers to property, plant and equipment during the year	-	-
Inflow from enforcement of guarantees received	-	-
Purchases during the year (asset exchange)	-	-
Investment property in progress - inflows	-	-
Investment property in progress - outflows	-	-
Advances for investment property	-	-
Disposals of investment property (asset exchange)	-	-
Plus revaluation amount	-	-
Less revaluation amount	-	-
Balance as at June 30, 2019	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.

During 2019, 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 the first semester 2019.

11. FINANCIAL INVESTMENTS

In lei

		June- 19	December-18
Available-for-sale financial assets		-	-
Available-for-sale financial assets – at cost, estimated at fair value	unquoted shares	-	-
Provision for financial assets available for sale at cost, estimated at fair value		-	-

In lei

Available-for-sale financial assets – at fair value, of which:

		-	-
	quoted shares	-	-
	unquoted shares	-	-
	unquoted fund units	-	-
Available-for-sale financial assets at associates – at fair value, of which:		-	-
	unquoted	-	-
		-	-

In lei

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss – held for trading

		June- 19	December-18
	quoted shares	8.610.566	6.854.947
	quoted fund units	221.960	224.960
	unquoted fund units	7.183.474	6.759.068
	quoted bonds	7.249.191	9.204.414
	unquoted bonds	1.377.387	3.630.241
	unquoted shares	4.484.872	13.189.172
	structured products	-	4.856.066
Other financial instruments			
Total financial assets at fair value through profit or loss		29.127.449	44.718.868
Total financial investments		29.127.449	44.718.868

11. FINANCIAL INVESTMENTS (continued)

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of June 30, 2019 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 quotation of June 30, 2019.

As at December 31, 2018, there were open positions on the House account on international markets for hedging operations in amount of RON 14.259.

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 June 30, 2019.

12. LOANS AND ADVANCES GRANTED

In lei

	June - 19	December - 18
Margin loans – gross value	3.715.598	3.627.451
Impairment of margin loans	-	-
Loans granted to affiliates	7.146.435	2.314.000
Interest on loans granted	141.544	31.687
impairment of loans to affiliates	(556.627)	(556.627)
Loans and advances granted – net value	10.446.949	5.416.511

In 2019, the Company granted loans to affiliates such as: Romlogic SA – RON 4.770.500, FireByte – RON 62.000. 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. 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 June 30, 2019 was RON 3.715.598. Clients secure margin loans with the securities purchased out of such loans, therefore there are no indications of impairment and this is the fair value at June 30, 2019 and December 2018.

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 June 2019	Value of holding in June 2019	Holding in 2018	Value of holding in 2018
Facos SA	0,00%	-	89,69%	4.785.875
SAI Broker SA	99,98%	4.130.582	99,98%	4.130.582
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%	1.036.900
Minesa	0,00%	-	29,10%	3.918.497
Firebyte	30,00%	50.233	30,00%	50.233
Total		5.584.807		14.289.178

SSIF BRK FINANCIAL GROUP SA holds control over SAI Broker SA (99.98%) and has a significant influence on Firebyte (30%).

During 2018-2019, there were no dividends to be collected from the associated companies.

During 2019, transactions with affiliated entities are as follows:

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
			- no net buy-backs of fund units at investments managed by SAI Broker
SAI Broker	99.98%	Investment management	- rental income in amount of RON 5.680
			-revenues from distribution and intermediation commissions in amount of RON 1.216

13. INVESTMENTS IN ASSOCIATES (continued)

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
Facos SA Suceava		Production of meat products	- income from interest on loans granted in amount of RON 47.411 - loan granted in amount of RON 13,3 millions
Anteco SA	19.93%	Manufacturing of furniture	- No transactions with ANTE shares in 2019
Petal SA	15.04%		- In S1 2019, acquisition of PETY shares in amount of RON 1.367
Minesa SA			- The sale of the participation was completed by collecting the amount representing the last tranche in the amount of RON 3.918.497,03
Romlogic Technology SA		SSIF BRK Financial Group SA is sole investor in FII Smart Money, which owns 88% of Romlogic Technology SA	- income from interest on loans granted in amount of RON 167.522 - loan granted in amount of RON 4.770.550
Firebyte Games SA	30%	Game development for mobile devices	

Related party transactions were conducted at arm's length.

As at June 30, 2019 and December 31, 2018 the balances of the Company's receivables against related parties were as follows:

<i>In lei</i>	June-19	December-18
SAI Broker	410	410
Facos SA Suceava	863.427	833.808
Firebyte Games SA	336.568	268.466
Confident Broker Asigurari SA	-	-
Romlogic Technology SA	6.087.983	1.243.412
Total	7.288.389	2.346.097

14. NON-CURRENT ASSETS HELD FOR SALE

<i>In RON</i>	June-19	December-18
Balance as at 1 January	544.721	544.721
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	-	-
Deficit further to revaluation	-	-
Balance as at June 30, 2019	544.721	544.721

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

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

	June-19	December-18
Trade receivables	128.743	127.266
Amounts receivable from the State budget	-	-
Net receivables from debtors	60.636	63.608
	34.336	41.055
	26.300	22.553
Other debtors	596.861	531.469
Total trade and other receivables	786.240	722.343

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

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

In RON

	June-19	December-18
Borrowers from the trading of the financial instruments	1.455.109	1.586.344
Borrowers in financial instruments settled by clients	7.918.149	10.680.718
Other financial assets	9.373.258	12.267.062

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

	June-19	December-18
Former employee and third party debtors – Stage 3	26.300	1.911.267
Impairment of former employee and third party debtors' liabilities	(1.888.714)	(1.888.714)
Former employee and third party debtors – net value	(1.862.413)	22.553

15. TRADE AND OTHER RECEIVABLES (continued)

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

<i>In lei</i>	June-19	December-18
Balance as at 1 January	1.836.213	1.847.109
Additional provisions	-	-
Write-off of provisions	(4.291)	(10.896)
Balance as at 31 December	1.831.922	1.836.213

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:

<i>In lei</i>	June-19	December-18
Profit for the period	8.675.436	1.183.874
Total income tax expense	0	0
Profit before tax (including on discontinued operations)	8.675.436	1.183.874
Tax rate	16%	16%

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

	June-19	December-18
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

	June-19	December-18
Account for clients	44.593.013	31.750.494
Cash and cash equivalents	11.050.557	2.191.875
Balance as at 31 December	55.643.570	33.942.368

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:

<i>In lei</i>	Value of share capital	No. of ordinary shares	Nominal value/share
January 1, 2018	54.039.987	54.039.987	0,16
December 31, 2018	54.039.987	54.039.987	0,16
January 1, 2019	54.039.987	54.039.987	0,16
June 30, 2019	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 June 30, 2019 the Company owns 319.967 shares.

In RON

	June-19	December-18
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

	June-19	December-18
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

During 2019, no dividends were granted to shareholders

20. RETAINED EARNINGS

In RON

	June-19	December-18
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	(11.918.605)	(4.459.507)
Current result	8.675.436	(4.654.398)
Total retained earnings	(4.017.730)	(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

<i>In lei</i>	June-19	December-18
Trade payables	421.736	433.878
Debts to employees	139.061	296.115
State budget debts	475.149	193.453
Sundry creditors from house transactions	61.271	2.592.970
Sundry creditors from clients' transactions	667.600	4.526.922
Sundry creditors from structured products	847.512	1.087.626
Total trade and other payables	2.612.329	9.130.964

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:

<i>In RON</i>	June-19	December-18
Long-term liabilities		
Finance lease liabilities	50.570	37.176
	50.570	37.176

22. BORROWINGS (continued)

In RON

	June-19	December-18
Short-term liabilities		
Secured credit lines	-	4.991.870
Current portion of finance lease liabilities	-	37.125
Total short-term liabilities	-	5.028.994

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

	June-19	December-18
Amounts payable to clients		
Creditor clients from transactions on the domestic market	40.073.797	26.414.432
Creditor clients from transactions on the foreign markets	6.525.677	9.519.475
Creditor clients from corporate services	52.990	9.000
	46.652.465	35.942.908

23. PROVISIONS FOR RISKS AND CHARGES

In lei

	June-19	December-18
Provisions		
Balance as at 1 January	149.249	450.182
Cancelled during the year	-	300.933
Established during the year	-	-
Balance as at 31 December	149.249	149.249

During 2019, no provisional revenues from litigation were resumed.

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 June 30, 2019, 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	
	June-19	June-18	June-19	June-18	June-19	June-18
Revenues from commissions on the spot market	964.014	1.913.978	-	-	964.014	1.913.978
Revenues from commissions on the foreign market	268.643	857.327	-	-	268.643	857.327
Revenues from commissions on derivatives	-	-	-	-	-	-
Income from related activities	37.234	1.779.371	-	-	37.234	1.779.371
Revenues from insurance intermediation	-	10.317	-	-	653	10.317
Revenues from allocation of unit funds	1.216	5.724	-	-	1.216	5.724
Subtotal of revenues from commissions and related activities	523.379	4.566.717	653	-	1.271.760	4.566.717
Income from rental of non-current assets	5.681	16.543	-	-	5.681	16.543
Other operating income	517.698	-	-	-	517.698	-
Total revenues	1.046.758	4.583.261	653	-	1.047.411	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

<i>In RON</i>	June-19	June-18
Employees and contractors	(1.604.710)	(3.635.165)
Mandatory social contributions and insurance	(990.358)	(721.848)
Employee's profit sharing	-	-
Remunerations for BoA members	(203.520)	(309.608)
BoA members' profit sharing	-	-
Total employee expenses in comprehensive income	(2.798.588)	(4.666.621)

The remuneration of the general managers is established by decision of the Company's Board of Directors 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, Racvan Rat.

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

During 2019, the remunerations granted to the BoA members amounted to RON 203.520.

28. OTHER OPERATING EXPENSES

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

<i>In RON</i>	June-19	June-18
Expenses with raw materials and consumables	(51.733)	(134.534)
Expenses with energy and water	(75.264)	(110.627)
Expenses with taxes and levies	(76.836)	(167.291)
Total	(203.833)	(412.453)

29. OTHER EXPENSES

<i>In RON</i>	June-19	June-18
Expenses with compensations, fines and penalties	(1.673)	(115.015)
Expenses with donations granted	-	(9.000)
Net expenses with tangible and intangible assets disposed	-	(180.393)
Other operating expenses	(5.116)	(444.285)
Total	(6.789)	(748.693)

Expenses with compensations, fines and penalties during 2019 a insignificant amount of RON 1.673 was registered.

30. FINANCIAL REVENUES AND EXPENSES

<i>In RON</i>	June-19	June-18
Net gains on transactions with financial assets at fair value through profit or loss	7.651.608	(1.604.123)

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

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Net gains on the valuation of financial assets at fair value through profit or loss	2.309.121	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	363.558	1.761.567
Revenues from transactions with available-for-sale financial assets	-	-
Dividend revenues:	888.556	338.370
Related to available-for-sale financial assets	-	-
Related to financial assets at fair value through profit or loss	888.556	338.370

Total trading revenues	11.212.843	2.500.856
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Total net changes in the fair value of financial assets at fair value through profit or loss, of which:	-	-
net changes in the fair value of financial assets at fair value through profit or loss	-	-
Revenues from interest on deposits	316.841	375.920
Revenues from interest on margin contracts and loan contracts	362.490	316.149
Net gains on interest/coupons related to bonds	332.935	786.916
Net gains on foreign exchange differences	-	-
Other net financial revenues	-	-

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

30. FINANCIAL REVENUES AND EXPENSES (continued)

<i>In RON</i>	June-19	June-18
Total financial revenues	12.225.109	3.979.841
Losses on transactions with derivatives – international markets	-	-
Total trading expenses	(3.402.450)	-
Expenses with definitive impairment of available-for-sale securities	-	-
Expenses with interest on financial liabilities carried at amortized cost	(151.135)	(194.491)
Total financial expenses	(10.358.484)	(194.491)
Net financial result carried to profit or loss	1.866.626	3.785.350
Recognized to other comprehensive income		
<i>In RON</i>		
Detailed on the following page	-	-
Recognized to other comprehensive income		
<i>In RON</i>		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
related to outstanding securities at the end of the period	-	-
Financial revenues recognized in other comprehensive income, after tax	-	-

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 first semester ended at June 30, 2019 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 at June 30, 2019 were 5% and (2018: 5%).

<i>In RON</i>	June-19	June-18
Banca Transilvania	-	66.874
OMV Petrom	-	152.000
INCERTRANS	12	19
FONDUL INCHIS DE INVESTITII BET FI INDEX INVEST	68	47.642
PETAL	-	1.595
SIF OLTENIA	-	13.300
UNIVERS	93.343	55.362
LEONTEQ	-	356
Bursa Romana de Marfuri	-	1.193
STK EMERGENT	-	-
BITTNET SYSTEMS	-	-
TRANSILVANIA CONSTRUCTII	-	-
FOJE	8.406	-
BURSA DE VALORI BUCURESTI	186.828	-
SAI BROKER SA	599.899	-
TOTAL	888.556	338.341

31. INCOME TAX EXPENSES

Reconciliation of effective tax rate

<i>In RON</i>	June- 2019	June-2018
Profit for the period	8.675.436	1.183.874
Total income tax expenses	-	-
Profit before tax (including from discontinued operations)	8.675.436	1.183.874
Tax rate	16%	16%
Income tax calculated by applying the tax rate to book profit	1.388.070	189.420
Impact of non-deductible expenses	6.332	14.596
Impact of non-taxable revenues	(1.512.826)	(57.767)
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	-	-
Accumulated tax loss	29.553.379	37.257.518
Impact of tax losses from previous years	(4.728.541)	(5.961.203)
Total income tax expenses calculated as per the tax rate	24.706.414	31.442.564
Income tax expenses not registered for negative amounts	(24.706.414)	(31.442.564)
Final income tax expenses	-	-
Final tax rate	-	-

32. EARNINGS PER SHARE

Basic earnings per share

The calculation of earnings per share as at June 30, 2019 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, 2018, the average number of outstanding ordinary shares was the same 337.749.919.

Profit attributable to ordinary shareholders

	June-19	June-18
Profit attributable to:		
Company's owners	8.675.436	1.183.874
Non-controlling interests	-	-
Profit for the period	8.675.436	1.183.874
Total comprehensive income attributable to:		
Company's owners	8.675.436	1.007.693
Non-controlling interests	-	-
Total comprehensive income for the period	8.675.436	1.007.693

Earnings per share

Basic earnings per share (lei)	24	0,0257	0,0035
Diluted earnings per share (lei)	24	0,0257	0,0035

Continued operations

Basic earnings per share (lei)	0,0257	0,0035
Diluted earnings per share (lei)	0,0257	0,0035

	June-19	June-18
Profit attributable to:		
Company's owners	8.675.436	1.183.874
Non-controlling interests	-	-
Profit for the period	8.675.436	1.007.693
Total comprehensive income attributable to:		
Company's owners	8.675.436	1.007.693
Non-controlling interests	-	-
Total comprehensive income for the period	8.675.436	1.007.693
Earnings per share		
Basic earnings per share (lei)	0,0257	0,0035
Diluted earnings per share (lei)	0,0257	0,0035
Continued operations		
Basic earnings per share (lei)	0,0257	0,0035
Diluted earnings per share (lei)	0,0257	0,0035

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.

<i>Year</i>	2018	2017	2016	2015	2014
Number of shares	337.749.919	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.
- **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.

33. FAIR VALUE HIERARCHY (continued)

June 30, 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss, of which:	14.871.764	6.770.067	17.932.568	39.574.399
quoted shares	6.085.044	2.525.522	-	8.610.566
quoted fund units	221.960	-	-	221.960
unquoted fund units	1.315.569	4.244.544	1.623.360	7.183.474
quoted bonds	7.249.191	-	-	7.249.191
unquoted bonds	-	-	1.377.387	1.377.387
unquoted shares	-	-	4.484.872	4.484.872
structured products	-	-	4.484.872	4.484.872
loans and advances granted	-	-	-	-
Derivatives in the form of financial assets	-	-	-	-
Other financial instruments	-	-	-	-
	14.871.764	6.770.067	17.932.568	39.574.399
<i>In RON</i>				
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	1.273.747	3.887.070	1.598.180	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	-	-	-	-
	19.555.348	6.745.856	23.834.175	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 June 2019 and 2018:

Changes in Level 3 fair value

In RON

	June-2019	2018
As at January 1	23.834.175	16.479.090
Total gain/loss carried to profit or loss	8.587.496	3.205.416
Total gain/loss carried to other comprehensive income	-	-
Acquisitions during the period(*)	5.030.439	30.000
Sales during the period(**)	(19.519.543)	(2.984.054)
Transfers to Level 3 in the fair value hierarchy(***)		7.103.723
As at December 31	17.932.568	23.834.175

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

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

During 2019, the the participation of the company within the company FACOS SA Suceava from the shares held in the share capital of the company FACOS SA was sold and collected, amounting to 13,3 million lei..

Control of the shares was transferred in February 2019.

(***)

- 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 June 30, 2019 was RON 10.446.949 .

33. FAIR VALUE HIERARCHY (continued)

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

No.	Financial assets	Fair value as at June 30, 2019	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	4.180.816	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.
2.	Unquoted minority interests		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.
3.	Unquoted minority interests	67.457	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.
4.	Unquoted bonds	236.599	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		5.862.258			

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

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
				Weighted average cost of capital: 12.75%	The lower the weighted average cost of capital, the higher the fair value
2.	Unquoted minority interests	4.785.875	Income approach - discounted cash flow method	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:	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

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

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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	10.446.949	Adjusted net asset method with probability of default	Annual cash flow discount rate (IRR) -5,5%, adjusted with probability of not receiving them	The lower the cash flow discount rate, the higher the fair value
7.	Unquoted fund units - Smart Money	1.623.360	Cost approach - adjusted net asset method	Market value of equity versus their book value: Weighted average cost of capital: 10,50%	In the balance sheet, the book value is identified by equity The lower the resulting price/accounting value, the lower the fair value The lower the weighted average cost of capital, the higher the fair value
Total		28.889.794			

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

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. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

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 Board 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.

These financial statements were approved today, August 13, 2019.

Chairman of the BOARD,
Nicolae Gherguș

Chief Accountant,
Sandu Pali

DECLARATION OF RESPONSABILITY

The undersigned,
Nicolae Gherguș, President of BOD
Razvan Legian Rat, Deputy General Manager
Sandu Mircea Pali, Chief Accountant

We declare on our own responsibility that, according to our knowledge, the financial individual statements on 30.06.2019, prepared in accordance with international financial reporting standards, offer a correct image and in accordance with the reality of the assets, obligations, financial position, profit and loss account of SSIF BRK FINANCIAL GROUP SA and the report of the Board of Directors, made in accordance with the provisions of the FSA, includes a correct analysis of the Company's development and performance as well as a description of the main risks and uncertainties specific to the activity carried out.

President of BOD
Nicolae Gherghus

Deputy General Manager
Razvan Legian Rat

Contabil Sef
Sandu Mircea Pali