Financial Statements

consolidated

la 31 decembrie 2019

Consolidated financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") for the year ended December 31, 2019

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BRK Financial Group

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Consolidated statement of financial position as at December 31, 2019

In RON	***Note***	**2019**	**2018**
Assets			
Intangible assets	**8**	2.308.808	2.938.484
Tangible assets	**9**	5.914.801	6.201.082
Investment property	**10**	669.959	918.186
Financial assets at fair value through other comprehensive income	**11**	41.468.492	41.103.333
Financial assets at amortized cost	**12**	-	0
Loans and advances granted	**15**	12.111.428	5.416.511
Trade and other receivables	**15**	1.065.958	967.850
Other financial assets	**12**	24.773.144	12.267.142
Bank account for clients	**17**	53.626.771	31.750.494
Cash and cash equivalents	**17**	1.240.115	3.766.687
Assets classified as held for sale		303.389	544.721
Total assets		**143.482.865**	**105.874.490**
Equity			
Share capital	**18**	54.039.987	54.039.987
Adjustment of share capital	**18**	4.071.591	4.071.591
Own shares	**18**	(24.047)	-24.047
Share premiums	**18**	5.355	5.355
Reserves from the revaluation of available-for-sale financial assets	**19**	0	0
Other reserves	**19**	11.163.983	10.992.183
Current result		7.283.070	0
Retained earnings	**20**	(13.564.158)	-13.676.231
Total equity attributable to Group's shareholders		**62.976.641**	**55.408.837**
Non-controlling interests		407	672
Total equity		**62.977.048**	**55.409.509**
Liabilities			
Trade and other liabilities	**21**	-	-
Financial lease liabilities	**22**	-	37.176
Deferred income	**23^1**	-	-
Deferred tax liabilities		-	-
Total non-current liabilities		**-**	**37.176**
Short-term bank liabilities	**22**	4.187.543	4.991.870
Current portion of finance lease liabilities	**22**	28.640	37.125
Amounts payable to clients (clients' available funds)	**22**	60.770.151	35.930.351
Trade and other payables	**21**	12.475.036	9.263.800
Deferred income	**23^ 1**	-	-
Provisions	**23**	3.044.447	204.659
Total current liabilities		**80.505.817**	**50.427.804**
Total liabilities		**80.505.817**	**50.464.981**
Total liabilities and equity		**143.482.865**	**105.874.490**

Consolidated statement of comprehensive income for the year ended December 31, 2019

In RON	*Nota*	2019	2018
Continued operations			
Revenues			
Revenues from commissions and related activities	25	6.139.262	5.972.278
Revenues from the negotiation of insurance and reinsurance contracts		-	-
Revenues from the sale of work and goods	25	-	-
Rental income	25	6.620	486
Sub-total operating revenues		**6.145.882**	**5.972.763**
Net finance losses on transactions with shares and bonds	30	4.921.791	(1.571.305)
Net finance gains on transactions with Turbo products	30	1.122.551	1.761.567
Net gains on financial assets measured at fair value through profit or loss, unrealised		5.855.070	(327.126)
Financial revenues from dividends	30	337.433	374.695
Financial interest revenues	30	2.433.554	1.496.675
Sub-total finance revenues		**14.670.399**	**1.734.506**
Income from the valuation of investment property and available-for-sale assets		110.393	-
Revenues from write-off of provisions for risks and charges		58.702	300.933
Income from adjustments for impairment of current assets		9.122	
Other income	26	1.088.906	303.160
Total revenues from continued operations		**22.083.404**	**8.311.362**
Expenses with raw materials and consumables	27	(210.262)	(245.014)
Expenses with energy and water	23	(129.718)	(109.187)
Expenses with staff and collaborators	28	(5.879.306)	(4.984.394)
Expenses with taxes and fees		(216.532)	(259.158)
Expenses with external services		(3.859.611)	(3.771.358)
Sub-total operating expenses		**(10.295.429)**	**(9.369.112)**
Expenses with interest	30	(374.117)	(194.491)
Net finance losses	30	-	-
Impairment of investments		(16.228)	(66.630)
Sub-total finance expenses		**(390.345)**	**(261.121)**
Reclassification of net losses recognized in the global income statement to the income statement, related to available-for-sale financial assets sold	14		
Adjustments of intangible and tangible assets		(1.019.593)	(1.142.527)
(Continued on next page)			
Expenses with provisions for risks and expenses	23	(2.953.900)	(55.410)
Other expenses	29	(105.517)	(937.669)
Net profit from the sale / disposal of fixed assets		-	(179)
Other expenses	12	(937.669)	(937.669)
Total expenses		**(14.764.784)**	**(11.656.652)**

Result of operating activities		**7.318.620**	**(3.345.290)**
Profit before tax		**7.318.620**	**(3.345.290)**
Income tax expense	31	(35.110)	
Profit from continuous activities		**7.283.510**	**(3.345.290)**
Profit from interrupted activities		-	
Profit of the period		**7.283.510**	**(3.345.290)**

In RON	**2.019**	**2018**
Other comprehensive income		
Lines that are or may be restated to profit or loss		
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss	-	0
Effect of restating the line above	-	0
Net changes in the fair value of available-for-sale financial assets	-	0
Changes in the value of equity securities	-	0
Other changes in equity	-	0
Items that cannot be restated to profit or loss		
Free shares received classified as available for sale		
Changes in the value of fixed assets used	-	0
Establishment / cancellation of profit reserves for granting free shares to employees		
Tax related to other elements of the overall result		
Total other comprehensive income for the period		
Continued activities	-	0
Discontinued activities	-	0
Total profit or loss and other comprehensive income for the period	-	0
Continued activities	-	0
Discontinued activities (Continued on next page)	-	0

Attributable profit:		**2019**	**2018**
Company's owners		7.283.070	-3.345.654
Non-controlling interests		440	440
Profit for the period		**7.283.510**	**-3.345.290**
Continued activities			
Earnings per share			
Basic earnings per share (lei)	32	0,022	-0,0099
Diluted earnings per share (lei)	32	0,022	-0,0099
Discontinued activities			
Earnings per share			
Basic earnings per share (lei)	32	-	-0,0099
Diluted earnings per share (lei)	32	-	-0,0099

Continued activities			
Basic earnings per share (lei)		0,022	
Diluted earnings per share (lei)		0,022	
Total comprehensive income attributable to:			
Company's owners	32	7.283.070	-3.345.654
Non-controlling interests	32	440	364
Total comprehensive income for the period		**7.283.510**	**-3.345.290**
Weighted average number of outstanding shares		337.749.919	337.749.919

The attached notes are an integral part of these financial statements.
These financial statements were approved today, _________.

Chairman of the BOA,
Nicolae Ghergus

Economic director,
Pali Mircea Sandu

Separate statement of changes in shareholders' equity for the year 2019

In RON

In RON	Share capital and other equity items	Revaluation differences	Legal and statutory reserves	Fair value reserves	Reserves from consolidation and equity securities	Other reserves	Retained earnings	Retained earnings from adoption of IFRS	Total shareholder equity	Non-controlling interests	Total equity
Balance as at January 1, 2019	**58.092.885**	**3.524.053**	**4.899.307**	**-**	**-**	**2.568.823**	**(8.694.197)**	**(4.982.034)**	**61.829.022**	**-**	**55.408.838**
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss									**-**		**-**
									-		**-**
Changes in the value of used non-current assets									**-**		**-**
Current result							**7.283.070**		**7.283.070**	**860**	**7.283.930**
Set-up of legal reserves			**283.873**						**283.873**		**283.873**
Other changes in equity									**-**		**-**
Total other comprehensive income											
Total comprehensive income for the period											
Balance as at December 31, 2019	**58.092.885**	**3.524.053**	**5.183.180**	**-**	**-**	**2.568.823**	**(1.411.127)**	**(4.982.034)**	**69.395.964**	**860**	**62.976.641**

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

	Share capital and other equity items	Revaluation differences	Legal and statutory reserves	Fair value reserves	Reserves from consolidation and equity securities	Other reserves	Retained earnings	Retained earnings from adoption of IFRS	Total shareholder equity	Non-controlling interests	Total equity
Balance as at January 1, 2018	58.092.885	856.771	4.767.793	2.043.236	2.687.191	4.407.821	-5.839.432	-4.982.034	62.034.232	946.471	62.980.702
Profit or loss							-279.451		-279.451	-86.628	-366.078
Other comprehensive income									0		0
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss				-1.780.164					-1.780.164		-1.780.164
Net changes in the fair value of available-for-sale financial assets				426.904					426.904	2	426.906
Changes in the equity securities					126.670				126.670		126.670
Changes in the value of used non-current assets		1.226.718					73.584		1.300.302		1.300.302
Set-up of legal reserves			41.935				-41.935		0		0
Other changes in equity							526		526	-531	-5
Total other comprehensive income	0	1.226.718	41.935	-1.353.260	126.670	0	32.175	0	74.239	-529	73.709
Total comprehensive income for the period	0	1.226.718	41.935	-1.353.260	126.670	0	-247.275	0	-205.212	-87.157	-292.369
Balance as at December 31, 2018	58.092.885	2.083.490	4.809.728	689.977	2.813.861	4.407.821	-6.086.707	-4.982.034	61.829.022	859.314	62.688.337

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

Consolidated statement of cash flows for the year 2019
In RON

in lei	**2019**	**2018**
Operating activities		
Gross result	**7.260.667**	**(3.345.290)**
Continued operations	(3.345.290)	(276.928)
Discontinued operations	-	(3.068.362)
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	973.142	2.069.918
Unrealised gains (-)/(+)losses of the measurement of financial assets	(10.676.895)	(6.450.603)
Value adjustments of short-term investments	-	-
Tax	-	101.624
Provisions for current and non-current assets	37.330	(31.260)
Provisions for risks and charges	2.895.198	(170.609)
Expenses with interest	374.117	216.946
Interest income	(2.308.167)	(1.478.985)
Dividend income	(1.422.354)	
Relative gains from Turbo certificates and IG	(796.680)	(1.777.151)
Gain/(loss) on sale of tangible assets	(110.393)	179
Income from foreign exchange differences for IB, IG	(26.320)	(239.085)
Increase/(Decrease) of operating cash before changes to working capital	**1.601.700**	**(11.104.317)**
(Increase)/Decrease in outstanding inventories	-	(14.539)
(Increase)/Decrease in balances of other receivables	(359.320)	(469.239)
Increase/(Decrease) in balances of trade and other payables	3.191.155	11.494.907
Increase/(Decrease) in balances of available-for-sale assets	-	-
Net cash flows generated by operating activities	**4.433.534**	**5.350.071**
		-
Cash flows from operating activities		
Income tax paid	-	3.564.643
Proceeds from interest	852.470	430.977
Interest paid	(221.543)	(278.316)
Total net cash flows generated by operating activities	**5.064.461**	**9.067.376**

Consolidated statement of cash flows *(continued)*

Cash flows from investing activities

Cash payment for purchase of tangible and intangible assets and investment property		
Cash payment for the purchase of intangible assets	(1.730.676)	(238.290)
Cash paid/received for purchase of financial instruments	19.736.881	499.073
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	22.315	51.814
Dividends received	1.422.354	338.370
Loans (granted)/reimbursed to related parties	(8.260.550)	(372.813)
Loans granted/reimbursed to shareholders	-	17.250
Proceeds from margin loans granted to clients	-	-
Proceeds from sales of turbo certificates	3.559.668	1.646.186
Interest received on subscribed bonds	443.617	
Total net cash flows generated by investing activities	**15.193.609**	**1.941.590**
Cash flows from financing activities:		
Dividends paid	(1.107.421)	(390)
Lease payments	(104.038)	(94.676)
Collections/payments of short-term bank loans	(804.327)	(101.162)
Total net cash flows generated by financing activities	**(908.364)**	**(941.144)**
Total cash flows	**19.349.705**	**10.067.822**
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	35.517.181	28.765.140
Increase/(Decrease) in cash and cash equivalents	19.349.705	10.067.822
Cash and cash equivalents at the end of the period in the Company's accounts	**54.866.885**	**35.847.342**
of which blocked (attachment)	4.980.780	4.980.780
Of which:		
Cash on behalf of clients	53.626.771	26.351.801
Cash on behalf of the company	1.240.115	3.420.184

The attached notes are an integral part of these financial statements.
These financial statements were approved today, _________

Chairman of BoA,
Nicolae Ghergus

Economic director,
Pali Mircea Sandu

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 Cluj-Napoca, str Motilor nr 119. The Company's consolidated financial statements for the year ended December 31, 2019 include the financial information of SSIF BRK Financial Group SA and its subsidiaries (herein after referred to as the “Group” or “Group entities”)

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

The associated entity has as object of activity research-development in other natural sciences and engineering.

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

The annual consolidated financial statements for 2019 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

These consolidated financial statements have been approved for publication in April 2020 by the Board of Administration of SSIF BRK FINANCIAL GROUP SA.

SSIF BRK FINANCIAL GROUP SA also issued separate financial statements for the financial year ended December 31, 2019 in accordance with IFRS.

Entitatile *Grupului*

Filialele grupului

As of December 31, 2019, the Group consolidated three subsidiaries and one associated entity, presented below:

Entity	Registered office	Type of relationship	Interest in subsidiary	
			2019	**2018**
S.A.I. Broker S.A.	Cluj-Napoca, Romania	subsidiary	99.98%	99.98%

The identification data of the group entities are presented below:

Name of the affiliate: Facos S.A.

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

Place of operations: loc. Scheia, jud Suceava

Legal form: S.A.

Tax reference code: RO714123

Main object of activity: fabricarea produselor din carne (inclusiv din carne de pasare)

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

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

As of 2004, the ISO 9001 and HACCP (ISO22000) integrated management system was implemented and certified.
Name of affiliate: SAI Broker SA
Company's registered office: Cluj-Napoca, str. Motilor nr. 119, judet Cluj
Place of operations: Cluj-Napoca, str Motilor nr. 119
Legal form: joint-stock company
Tax reference code: 30706475
Main object of activity: other financial intermediations
Description: SAI Broker SA is an investment fund management company established on September 26, 2012.

As at December 31, 2019, SAI Broker SA manages 9 investments funds totalling assets of RON 214.5 million:
- BET-FI Index Invest Closed Investment Fund
- FIX INVEST Open Investment Fund
- SMART Money private investment fund
- Optim Invest Closed Investment Fund
- Prosper Invest Open Investment Fund
- Fortuna Classic Open Investment Fund
- Fortuna Gold Open Investment Fund
- H.Y.B Invest Open Investment Fund
- ALPHA Invest Open Investment Fund

Name of affiliate: MINESA – INSTITUTUL DE CERCETARI SI PROIECTARI MINIERE S.A.
Company's registered office: Cluj-Napoca, str. Tudor Vladimirescu nr. 15-17, judet CLUJ
Place of operations: Cluj-Napoca, str. Tudor Vladimirescu nr. 15-17, judet CLUJ
Legal form: joint-stock company
Tax reference code: RO 4688949
Main object of activity: research and development in other natural sciences and engineering
Description: main activity is running of research and development activities

2. Basis of preparation

a) Statement of compliance

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

Within the meaning of Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by (EC) Regulation no.

1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, as revised.

b) Bases of measurement

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

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

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

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

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

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

Going concern

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

Fair value

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

i. Equity investments

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

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

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

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

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

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

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. Derivative financial instruments

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

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. Non-derivative liabilities

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

c) Basis of consolidation

(i) Business combinations

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

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

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

(ii) Subsidiaries

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

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

(iii) Investments in associates

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

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

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

As an exception to this treatment, however, IFRS requires that investments held by venture capital organizations, investment funds and other similar institutions be excluded from the scope of IAS 28 described in the preceding paragraph when measured at fair value. in accordance with IAS 39. The main reason is that for these companies there are usually market quotations, which is also the case for the group entities, and the cash flows of the associated entities are not closely related to those of the parent company.

(iv) Transactions written off upon consolidation

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

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

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

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

Any difference between the amount by which the non-controlling interests change and the fair value of the consideration paid or received is recognized directly in equity and attributable to the parent company's shareholders.

(vi) Non-controlling interests represent the interests of the shareholders that do not control the entity and comprise the share of capital and results that correspond to the percentage held by them.

d) Functional and presentation currency

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

e) 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.

f) Use of estimates and professional judgements

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

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

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

- *Financial instruments* – classification and measurement of financial instruments
- *Financial income and expenses*
- *Non-current assets held for sale* – treated as held for sale

3. Significant accounting policies

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

The accounting policies presented below have been consistently applied for all the periods presented in these consolidated financial statements and by all Group entities.

1. Adoptation of IFRS 9

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

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

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

IAS 39 (December 31, 2017)		IFRS 9 (January 1, 2018)		Impact from adoption of IFRS 9
Classification	**Carrying amount**	**Classification**	**Carrying amount**	
Available-for-sale financial assets - la cost, estimated at fair value	463.479	Financial assets at fair value through profit or loss	463.479	-
Available-for-sale financial assets at fair value	22.198.327	Financial assets at fair value through profit or loss	18.773.971	3.424.356
Financial assets at fair value through profit or loss	18.391.752	Financial assets at fair value through profit or loss	18.391.752	-
Other financial assets	12.304.536	Other financial assets (Sundry debtors from trading financial instruments)	12.304.536	-
Loans granted to affiliates and customers	7.971.985	Loans and advances granted – at fair value through profit or loss	7.740.557	(231.428)

TOTAL	61.330.079		57.674.296	3.192.928

b) Financial instruments

i. Non-derivative financial instruments

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

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

The Group has the following significant non-derivatives: financial assets at fair value through profit or loss, loans and receivables, and other financial assets measured at amortised cost.

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

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

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 available for sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories. The Group classified in this category all securities that are not included in short-term securities and for which there was the possibility of applying valuation methods to establish their fair value.

Subsequent to initial recognition, these securities are measured at fair value and subsequent changes, other than permanent impairment losses, are recognized in other comprehensive income and are presented in equity in the fair value reserve. When an investment is derecognized, the gain or loss accruing on other comprehensive income is transferred to the income statement.

Definitive impairment losses on these securities are recognized in expenses in the financial year in which the management estimates that they have occurred.

Common provisions for financial assets at fair value through profit or loss and available-for-sale financial assets.

When the Group is given free shares that are quoted (either as a result of the incorporation of reserves in the share capital of the issuer, or as a result of distributing dividends in the form of free shares), they do not cause any registration in the accounts, only the change in the number of shares held and implicitly their weighted average cost. At their first revaluation (at the end of the month in which the free shares were received), the new number of shares held is taken into account, therefore the value of the stake will be determined by multiplying the new amount of shares by the market price on the last day of the month at issue.

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

- at fair value - when it is possible to apply methods for evaluating them;
- at cost - when it is not possible to apply valuation methods;

The free shares received for these securities are recorded in the capital accounts in reserves from free shares, at the value at which the shares already existing in the balance are registered.

Discharging securities regardless of their classification is made at the average cost of acquisition weighted by the number of shares purchased, after each transaction.

ii. Derivative financial instruments

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

c) Impairmant

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 that after the initial recognition there was an event that caused a loss, and this event had a negative impact on the expected future cash flows of the asset and the loss can be estimated.

Objective evidence that financial assets (including equity instruments) are impaired may include default by a debtor, restructuring of an amount owed to the Group on terms that the Group would not otherwise accept, indications that a the debtor or an issuer will go bankrupt, the disappearance of an active market for an instrument. In addition, for an investment in equity instruments, a significant and long-term decrease in cost of its fair value is objective evidence of impairment.

The Group considers the impairment evidence for receivables at the level of a specific asset as well as at collective level. All receivables that are individually significant are tested for impairment. All receivables that are individually significant for which no specific impairment was found are then collectively tested to determine the existence of an impairment that has not yet been identified.

Receivables that are not individually significant are grouped according to similar risk characteristics and are collectively tested for impairment.

In order to test the collective impairment, the Group uses historical trends in the probability of default, the recovery period and the amount of losses incurred, adjusted according to the professional judgment of the management as to the likelihood that actual economic and credit conditions will be higher or lower than those indicated by historical trends.

An impairment loss on a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future expected future cash flows using the effective interest rate of the asset. Losses are recognized to profit or loss and are reflected in a receivables adjustment account. When a subsequent event causes the impairment loss to be deducted, it is reversed through profit or loss.

Impairment losses on available-for-sale investments are recognized by transferring to the income statement the cumulative loss that was recognized in other comprehensive income and presented in the fair value reserve within equity. The cumulative loss transferred from other comprehensive income to the income statement is the difference between the acquisition cost, net of principal and amortization, and the current fair value less any impairment loss previously recognized in profit or loss.

If, at a later period, the fair value of an impaired available-for-sale debt instrument increases and the increase may be objectively associated with an event that occurred after the impairment loss was recognized in profit or loss, then the impairment loss is resumed and the value of the reversal is recognized in the income statement. However, any subsequent recovery of the fair value of an impaired available-for-sale equity instrument is recognized in other comprehensive income.

ii. Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any evidence of impairment. If such evidence exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year.

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

d) Inventories

Inventories are carried at the minimum of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle and includes costs incurred for the acquisition of inventories, production or processing costs, and other costs incurred to bring the inventories to their current condition and location. In the case of inventories produced by the Group and those in progress, the cost includes the appropriate share of the administrative costs of production based on the normal operating capacity.

The net realizable value is the estimated selling price during the normal course of business less the estimated costs for completion and the costs for the sale.

e) Property, plant and equipment

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 Group and its cost 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;
- vehicles - 5 years
- other plant, fixture and furniture - 3-10 years;

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

f) Intangible assets

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.

g) Investment property

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

h) Leased assets

Leases by which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. At the time of initial recognition, the asset subject to the lease is measured at the minimum of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leasing contracts are classified as operating leases.

i) Lease payments

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

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

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

j) Property, plant and equipment held for sale

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

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

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

k) Non-derivative financial liabilities

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

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

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

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

l) Shared 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.

Buy-back of shares (treasury shares)

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

m) Employee benefits

i. Short-term benefits

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

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

ii. Share-based transactions

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

n) Provisions

A provision is recognized if, as a result of a prior event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and debt-specific risks. The amortized discount is recognized as financial expense.

o) Sale of goods and provision of services

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

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

p) Rental income

Rental income from investment property is recognized to profit or loss on a straight-line basis over the lease.

q) Financial revenues and expenses

Financial revenues include:

- revenues from interest on bank deposits,
- dividend revenues,
- gains on sales of:
  - available-for-sale financial assets, and
  - assets at fair value through profit or loss,
- changes in the fair value of assets at fair value through profit or loss.

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

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

Financial expenses comprise:

- impairment losses on financial assets at fair value through profit or loss;
- definitive impairment losses on available-for-sale financial assets;
- foreign exchange differences;
- foreign exchange losses.

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

r) Income tax

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

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

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

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

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits may be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that the related tax benefit is no longer probable. The Note 16 on *deferred tax assets and liabilities* includes cases where deferred tax assets have not been recognized as assets.

s) Earnings per share

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

t) Segment reporting

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

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

u) Standards and interpretations in force in the current year

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

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

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

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

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

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

x) Discontinued operations

A discontinued operation is a component of the Group's activities that represent a major segment of a distinct business or a geographic area of operations that was either stopped or classified as held for sale, or a branch purchased exclusively for resale. Classification as discontinued operation occurs at the time of interruption or when the activity meets the classification criteria as held for sale, whichever occurs first. When an operation is classified as discontinued, comparative information in the statement of comprehensive income is presented as if the activity had been discontinued from the beginning of the comparative period.

4. Significant accounting estimates and judgements in the application of accounting policies

The Group makes estimates and assumptions that affect the reported amount of assets and liabilities in the next financial year. The estimates and assumptions are continually assessed and are based on past experience and other factors, including expectations of future events considered reasonable under the given circumstances. In addition to historical experience and information, the Group also considered the effects of the current conditions in the financial industry in the assessment of these estimates.

5. Classification as investment entity

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 as of January 1, 2018, when, after assessing the criteria mentioned in the amendments, the Group's management concluded that the Group meets the classification criteria of investment entity.

In 2018, the Group reassessed the classification criteria of investment entity and concluded that still meets such criteria, given that the Company:

a) Received funds from more investors in order to render investment management services for such investors;

b) has committed both to its investors that the scope of its activity is to invest primarily to obtain proceeds from growing the value of its investments, revenues from investments or both; and

c) measures and assesses the performance of its investments on a fair value basis.

In addition, the Company also has the specific characteristics of an investment entity, as follows:

(a) Investment-related services

The company is a joint-stock company providing investment management services to its investors, its main object of activity consisting of operations specific to investment companies.
The company provides advisory and support services for investments and administrative services directly or through a subsidiary, to third parties and / or its investors.

(b) Scope of activity

The objective of the Company is to carry out lucrative activities specific to its object of activity and to obtain profit that is further distributed amongst shareholders and / or its own sources to finance the necessary and timely financial investments allowed by the statutory object of activity and the legal provisions in force.

The Group's strategic guidelines and annual investment strategy approved by the General Meeting of Shareholders are public information and are presented on the official website of the parent company and can be consulted by third parties, potential investors, in order to support the investment decision in the parent company.

The objective of the parent company is to manage the portfolio investments and to permanently identify investment opportunities while ensuring a reasonable level of investment risk spread in order to offer its shareholders the opportunity to achieve attractive performance while increasing the capital invested.

(c) *Exit strategy*

Starting January 2018, the Group applies an exit strategy based on the continuous monitoring of investments made through the investment strategy approved by the Group's management and on the ongoing analysis of current market conditions, aiming at identifying the optimal exit times in order to achieve the objectives established by the annual revenues and expenditure budgets, namely achieving higher aggregate returns.

The Group applies an exit strategy tailored to the specificity of each category of investment, defined on the basis of the following elements: the applied strategy, the time to maintain the investment and the timing of the exit transaction.

(d) *Fair value measurement*

As of January 1, 2018 all of the Group's financial investments are measured at fair value. Investments in subsidiaries and associates, including loans granted to them by the parent or the consolidated subsidiary, are classified as financial assets at fair value through profit or loss.

The process of estimating the fair value of financial instruments held by SSIF BRK Financial Group SA is carried out according to the internal procedure and related methodology.

i. Implications of the Group's classification as investment entity

A company that is an investment entity should not consolidate any of its subsidiaries, except those subsidiaries that provide investment services.

As a result, the Group amended the accounting policy regarding investments in subsidiaries and associates by measuring them at fair value through profit or loss as of January 1, 2018.

When a company becomes an investment entity, it must account for this change as a deconsolidation adjustment on its investments in subsidiaries as presented in the consolidated IFRS financial statements.

ii. Implications due to the classification of the Company as an investment entity

Consequently, on January 1, 2018, the Company classified investments in subsidiaries and associates as financial instruments at fair value through profit or loss and recognized the difference between their fair value as at January 1, 2018 and their carrying amount in the consolidated financial statements under IFRS for the year ended December 31, 2017 to profit or loss and retained earnings of the year ended December 31, 2018 as a deconsolidation adjustment.

Due to the fact that on December 31, 2017 the Company did not consolidate its subsidiaries and associates in accordance with IFRS 10 "Consolidated Financial Statements", the Company used the accounting values in the individual IFRS financial statements prepared for the financial year ended December 31, 2017 to determine deconsolidation adjustment.

iii. Disclosure

For each subsidiary not consolidated in the financial statements, the Group has provided the following information in this respect: the name of the subsidiary, the place of business and the ownership share.

Also, where an investment firm or one of its subsidiaries provides financial support or other support to a subsidiary not consolidated in the financial statements (for example, through the acquisition of assets or instruments issued by that subsidiary), it must provide information on the type and amount of the support granted, and the reasons why it has granted such support to the subsidiary.

6. Financial risk management

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

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

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

General risk management setting

The Board of Administration of each of the Group's companies is responsible for establishing, monitoring and supervising the risk management setting at company level.

Such management framework is supervised and monitored by the Board of Administration of the parent.

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

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

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

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

Categories of risk

Credit risk

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

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

Exposure to credit risk

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

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:

In RON	**December-19**	**December-18**
Banca Transilvania	21,737,005	5,610,360
BRD - Group Societe Generale	6,180,052	5,699,184
UniCredit Bank	80,966	25,559
First Bank	3,527,399	15,539,401
Idea Bank	8,024,423	5,058,764
Libra Bank	4,046,080	15,847
Intesa San Paolo Bank	2,108,194	2,060,794
Banca Comerciala Feroviara	9,162,766	2,175
Other commercial banks	-	3,439
Total bank deposits	-	1,499,455
Cash	-	2,203
Total current accounts and bank deposits	**54,866,886**	**35,517,180**

Exposures from fair value bonds

In RON	**December-19**	**December-18**
Cellini corporate bonds	106,905	3,731,008
Impact Developers corporate bonds	1,492,067	9,204,414
Golden Food Snack corporate bonds	49,253	
Bucharest City Hall municipal bonds 25	53,554	53,691
Hunedoara county council municipal bonds 26	18,155	19,882
Total bonds	**1,719,935**	**13,008,996**

Exposures from loans granted to affiliates at fair value

In RON	**December-19**	**December-18**
Romlogic Technology SA	9,315,550	1,243,412
Firebyte Games SA	694,338	423,935
Facos SA	-	833,808
Gocab Software	950,000	-
Total loans granted	**10,959,888**	**2,501,156**

Liquidity risk

Liquidity risk is the risk that the Group has difficulty in meeting the obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of these consolidated financial statements, the Group has outstanding loans.

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

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

The risk of liquidity takes two forms:

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

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

Determination:

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

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

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

The following holdings were classified as high liquidity:
- bank accounts (cash and deposits);
- shares' adjusted value;
- OPC adjusted value.

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at December 31, 2019 were as follows:

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2019					
Active financiare					
Cash and cash equivalents	54.866.886	54.866.886	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	45.445.493	-	-	-	45.445.493
Loans and advances granted	6.414.492	1.224.550	5.869.048	5.391.283	-
Bonds at fair value	1.619.168	-	-	1.619.168	-
Other financial assets	24.873.831	-	-	-	24.773.064
Total financial assets	**133.219.870**	**56.091.436**	**5.869.048**	**7.010.451**	**70.218.557**
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4.187.543**	**-**	**-**	**-**	**-**

In RON

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	34.017.725	33.720.433	-	-	-
Bank deposits	1.499.455	-	1.499.455	-	-
Available-for-sale financial assets	32.476.846	-	-	-	32.476.846
Financial assets at fair value through profit or loss	5.571.980	1.496.456	295.060	3.780.464	-
Loans and advances granted	13.008.997	41.360	3.762	12.963.874	-
Bonds at fair value	12.267.142	2.236.516	-	-	10.030.546
Financial assets at amortised cost	**98.842.145**	**37.494.765**	**1.798.277**	**16.744.338**	**42.507.392**
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4.991.870**	**-**	**-**	**-**	**-**

The ratio presented herein above is specific to financial companies and it is therefore currently calculated only by the parent. The Group also comprises companies that conduct non-financial operations.

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

Investment opportunities are selected through:

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

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

i)Price risk

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

The Company is exposed to the risk associated with the change in the price of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 31% of the total shares traded on an active market held by the Company as at December 31, 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 4,468,609 (December 31, 2017: RON 4,014,760), a negative change of 10% having an equal and opposite net impact.

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

Sector of activity	2019	%	2018	%
Commerce	1.923.955	4,24%	4.477.266	9,84%
Constructions	324.773	0,72%	13.428.510	29,52%
Finance-banking	19.608.301	43,18%	11.358.025	24,97%
Consumer goods	262.611	0,58%	4.999.229	10,99%
Industry	3.372.521	7,43%	100.795	0,22%
Other	19.919.092	43,86%	11.122.020	24,45%
Total	**45.411.253**	**100,00%**	**45.485.844**	**100%**

As can be seen from the table above, as of December 31, 2019, the Company held mainly shares in companies operating in the financial-banking and insurance field, with a share of 43.18% of the total portfolio, increasing compared to the share of 24 , 97% registered on December 31, 2018.

Operational risk

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

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

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

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

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

Interest rate risk

As of December 31, 2019, the Group has contracted the following loans:

- a credit line, granted for a period of 1 year, in order to support the current activity of the Group (trading segment). The interest related to the credit line is composed of the 3-month ROBOR reference index and a 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 following tables present the Company's exposure to interest rate risk.

In RON	**Accounting value**	**Within 3 months**	**3 -12 months**	**More than 1 year**	**No pre-set maturity**
Decembrer 31, 2019					
Financial assets					
Cash and cash equivalents	54.866.886	54.866.886	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	45.445.493	-	-	-	45.445.493
Loans and advances granted	6.414.492	1.224.550	5.869.048	5.391.283	-
Bonds at fair value	1.619.168	-	-	1.619.168	-
Other financial assets	24.873.831	-	-	-	24.773.064
Total financial assets	**133.219.870**	**56.091.436**	**5.869.048**	**7.010.451**	**70.218.557**
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4.187.543**	**-**	**-**	**-**	**-**

In RON	**Accounting value**	**Within 3 months**	**3 -12 months**	**More than 1 year**	**No pre-set maturity**
Decembrer 31, 2018					
Financial assets					
Cash and cash equivalents	34.017.725	33.720.433	75.357	-	-
Bank deposits	1.499.455	1.499.455	-	1.499.455	-
Financial assets at fair value through profit or loss	27.938.867	-	-	-	32.476.846
Loans and advances granted	5.571.980	1.649.469	295.060	3.782.920	-
Bonds at fair value	13.008.997	214.447	767	12.794.549	100.000
Other financial assets	12.267.142	2.236.596	-	-	10.030.546
Total financial assets	**94.304.166**	**39.320.401**	**371.183**	**18.076.924**	**42.607.392**
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	**4.991.870**	**0**	**0**	**0**	**0**

Currency risk

The parent of the Group, BRK Financial Group and one of its subsidiaries are financial institutions regulated and authorized by the Financial Supervisory Authority and is subject to the European regulations and the CRD - CRR legislative package to the relevant Technical Standards.

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

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

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

Exposures to foreign exchange risk comprise the following elements:

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

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

In RON

December 31, 2019 **Financial assets**	**RON**	**EUR**	**USD**	**Other**
Cash and cash equivalents	54.426.285	360.101	52.274	28.226
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	36.234.632	-	-	3.140.472
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	55.391	1.563.777	-	-
Loans and advances granted	12.484.881	-	-	-
Other financial assets	10.770.148	7.953.764	6.149.920	-
Total financial assets	**113.971.337**	**9.877.642**	**6.202.193**	**3.168.698**
Financial liabilities	4.991.870	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	**4.991.870**	**-**	**-**	**-**

December 31, 2018 Financial assets	RON	EUR	USD	Other
Cash and cash equivalents	33.720.433	274.547	20.398	2.347
Bank deposits	1.499.455	-	-	-
Financial assets at fair value through profit or loss	23.082.802	4.823.219	32.847	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	3.804.582	9.204.414	-	-
Loans and advances granted	5.571.980	-	-	-
Other financial assets	309.420	8.755.578	3.202.144	-
Total financial assets	**67.988.671**	**23.057.759**	**3.255.389**	**2.347**
Financial liabilities	4.991.870	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	4.991.870	-	-	-

7. Capital management

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

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

Parent BRK FINANCIAL GROUP SA and one of its subsidiaries are subject to prudential regulations regarding minimum capital requirements and minimum own funds so as to hedge risks:

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

For the last two years, the capital adequacy indicators have registered the following values:

Ratio	December 31, 2019	December 31, 2018
Total own funds	49.166.922	53.844.125
Total capital requirements	13.562.951	9.995.306
Risk exposures	169.536.884	124.941.331

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

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

The ratios mentioned above are not calculated currently for the group subsidiaries because they only apply to financial institutions.

As regards the ratios at Group level, the solvency rates are presented below:

	2019	**2018**
Rate of patrimony solvency (Equity/Total liabilities x100)	58,43%	57,52%
Rate of financial autonomy (Equity/Permanent capital x100)	97,40%	97,25%
General gearing ratio (Total liabilities /Equity x100)	71,14%	73,85%

Business combinations

- **S.A.I. Broker S.A.**

In 2012, the parent set up SAI Broker SA, with an initial share capital of RON 906,000. As at December 31, 2017 the share capital increased to RON 2,206,180, 99.98% of which is held by SSIF BRK Financial Group.

The company was set up with the purpose of developing the activity of investment fund management in order to broaden the range of financial products addressed to the clients. As at December 31, 2019 SAI Broker SA manages 9 investment funds.

As at December 31, 2019, the total equity of SAI Broker SA are worth RON 4.742.483.

The subsidiary is consolidated by applying the acquisition method, as a result of which the net asset of the consolidated subsidiary has been fully taken over, together with the recognition of non-controlling interests. See Note 3. Significant accounting policies, paragraph a) Basis of consolidation, (ii) Subsidiaries.

8. Operating segments

The Group has five main segments that have different characteristics, and implicitly require separate disclosure:

- intermediation
- trading
- investment fund management
- manufacture and selling of meat preparations and cans
- insurance services

Strategic business units offer different services and products, being managed separately because they involve different know-how and marketing strategies. The Executive Director reviews at least monthly the activities related to the main segments. Some of the segments also have common expenses that cannot be separated without a very high degree of subjectivism.

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

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

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

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.

c) The investment fund management activity. One of the subsidiaries currently manages 7 investment funds (2017: 7 funds).

d) Meat preparations and cans manufacture and sale. It comprises both the manufacture, and the sale of such products.

e) Insurance services segment

The information related to segments that are reported is as follows:

Information on reported segments for the financial year ended December 31, 2019

	December- 2019				
	Total, of which: ∑	**Intermediation**	**Trading**	**Investment fund management**	**Not allocated**
Income from commissions and related activities	**6.139.472**	2.958.823	-	3.180.649	-
Rental income	**6.620**	-	-	-	6.620
Net financial gains from transactions	**11.776.572**	-	11.776.572	-	-
Financial income from dividends	**337.433**	-	337.433	-	-
Interest income	**2.308.167**	-	2.308.167	-	-
Distribution income UF	**-**	-	-	-	
Other incomes	**1.688.858**	-	1.443.228	-	245.630
Total income	**22.257.122**	**2.958.822**	**15.865.400**	**3.180.649**	**252.250**
Net financial losses	**-**	-	-	-	-
Expenses with staff and collaborators	**(5.879.306)**	(668.002)	(4.188.326)	-	(1.022.978)
Value adjustments of intangible and tangible assets excluding goodwill	**(964.020)**	-	-	-	(964.020)
Net expenses with provisions for risks and expenses	**(2.669.526)**	-	(16.228)	-	(2.653.298)
Expenses regarding external benefits, taxes and fees	**(4.451.442)**	(557.757)	(3.536.936)	(87.463)	(269.285)
Other expenses	**(1.009.318)**	-	-	-	(1.009.318)
Total expenses	**(14.973.611)**	**(1.225.759)**	**(7.741.490)**	**(87.463)**	**(5.918.899)**
Reported segment profit before tax	**7.283.510**	1.733.062	8.123.912	3.093.186	(5.666.649)
	-	-	-	-	-
Reported segment assets, of which:	**139.494.465**	**82.274.130**	**57.220.335**	**-**	**-**
- Financial investments	41.468.577	-	41.468.577	-	-
- Trade and other receivables	37.354.505	28.455.880	8.898.624	-	-
- Availability	54.424.236	53.643.306	780.930	-	-
Reported segment liabilities, of which:	**80.504.968**	**60.958.694**	**15.720.342**	**-**	**3.825.931**
- customer amounts	**60.770.150**	60.770.150	-	-	-

December- 2019

	Total, of which: ∑	Intermediation	Trading	Investment fund management	Not allocated
Income from commissions and related activities	**6.139.472**	2.958.823	-	3.180.649	-
Rental income	**6.620**	-	-	-	6.620
Net financial gains from transactions	**11.776.572**	-	11.776.572	-	-
Financial income from dividends	**337.433**	-	337.433	-	-
Interest income	**2.308.167**	-	2.308.167	-	-
Distribution income UF	**-**	-	-	-	
Other incomes	**1.688.858**	-	1.443.228	-	245.630
Total income	**22.257.122**	**2.958.822**	**15.865.400**	**3.180.649**	**252.250**
Net financial losses	**-**	-	-	-	-
Expenses with staff and collaborators	**(5.879.306)**	(668.002)	(4.188.326)	-	(1.022.978)
Value adjustments of intangible and tangible assets excluding goodwill	**(964.020)**	-	-	-	(964.020)
Net expenses with provisions for risks and expenses	**(2.669.526)**	-	(16.228)	-	(2.653.298)
Expenses regarding external benefits, taxes and fees	**(4.451.442)**	(557.757)	(3.536.936)	(87.463)	(269.285)
Other expenses	**(1.009.318)**	-	-	-	(1.009.318)
Total expenses	**(14.973.611)**	**(1.225.759)**	**(7.741.490)**	**(87.463)**	**(5.918.899)**
Reported segment profit before tax	**7.283.510**	1.733.062	8.123.912	3.093.186	(5.666.649)
	-	-	-	-	-
Reported segment assets, of which:	**139.494.465**	**82.274.130**	**57.220.335**	**-**	**-**
- Financial investments	41.468.577	-	41.468.577	-	-
- Trade and other receivables	37.354.505	28.455.880	8.898.624	-	-
- Availability	54.424.236	53.643.306	780.930	-	-
Reported segment liabilities, of which:	**80.504.968**	**60.958.694**	**15.720.342**	**-**	**3.825.931**
- customer amounts	**60.770.150**	60.770.150	-	-	-

9 . Reconcilation of revenues, profit or loss, assets and liabilities of reported segments

Reconcilations

In RON	**December- 2019**	**December- 2018**
Revenues		
Total revenues related to reportable segments	6.139.472	5.972.948
Revenue not broken down by segment	6.620	-
Elimination of interrupted activities	-	-
Consolidated revenues	**6.146.092**	**5.972.948**
Income statement		
Total profit related to reportable segments	7.283.510	- 3.345.290
Elimination of interrupted activities	-	-
Unallocated amounts:	-	-
Consolidated loss before tax	**7.283.510**	**- 3.345.290**
Assets		
Total assets related to reportable segments	139.494.465	97.067.153
Assets related to non-reportable segments	3.988.400	9.482.546
Goodwill from consolidation	-	-
Total assets	**143.482.865**	**106.549.699**
Liabilities		
Total liabilities related to reportable segments	73.635.438	48.994.924
Provisions for risks and expenses	3.044.447	149.249
Deferred tax liabilities	-	-
Liabilities related segments unreported	3.825.931	1.145.118
Total consolidated liabilities	**80.505.817**	**50.289.292**

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

Revenues from intermediation segment	**Dec-19**	**Dec-18**
Spot commissions	1.972.585	2.230.910
Foreign stock exchange commissions	535.604	768.930
Revenue from commissions on derivative products	-	-
Revenue from related activities	453.844	146.100
Related commissions and activities	2.962.034	3.145.940
Insurance intermediation	-	653
Distribution of fund units	2.352	4.701
Total revenues	**2.964.386**	**3.151.295**

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

The fund management segment registered in 2018 income from the administration of the following investment funds:

- **BET-FI Index Invest Closed Investment Fund** registered with the Financial Supervisory Authority under no. PJR05SAIR/120031 of January 29, 2013.

The purpose of establishing the Fund is exclusive and consists in attracting financial resources available from individuals and companies through a regular public offering of fund units and investing these resources predominantly in shares that are part of the BET-FI index.

- **FIX INVEST Open Investment Fund**, authorised by the Financial Supervisory Authority under no. A/8/14.02.2014.

- **SMART Money Private Investment Fund** endorsed by the Financial Supervisory Authority under no. A/19/09.04.2014.

- **Optim Invest Closed Investment Fund** operating under Permit no. A/171/22.05.2015 issued by the Financial Supervisory Authority and registered in the FSA Registry under no. CSC08FIIRS/120040.

The Fund is set up to privately attract the financial resources of qualified natural or legal person investors for the purpose of them investing primarily in shares issued by companies and securities of undertakings for collective investment in transferable securities and / or other undertakings for collective investment in accordance with the provisions of the applicable regulations.

- **Prosper Invest Open Investment Fund** operating under Permit no. A/44/20.03.2015 issued by the Financial Supervisory Authority and registered in the FSA Registry under no. CSC06FDIR/120093.

The objective of the fund is to gather financial resources through a continuous offer of securities to invest in capital markets, subject to a high degree of risk, specific to the investment policy provided in the prospectus.

- In January 2017, SAI Broker SA took over the management of the Fortuna Classic Open Investment Fund and the Fortuna Gold Open Investment Fund from SAI Target Asset Management SA. The Fortuna Classic Fund is registered in the FSA Registry under no. CSC06FDIR / 120008 dated 18.12.2003.

The fund has the sole purpose of conducting collective investments, placing money in liquid financial instruments and operating on the principle of risk diversification and prudential management.

The Fortuna Gold Fund is listed in the FSA Registry under no. CSC06FDIR / 120009 dated 18.12.2003. The fund has the sole purpose of conducting collective investment, placing money in liquid financial instruments and operating based on the principle of risk diversification and prudential management.

- **FIA H.Y.B. Inves**t operating under the Permit no. CSC09FIAR/120003 issued by the Financial Supervisory Authority from 08.08.2019.

The objective of the Fund is to increase the long-term capital invested through investments in debt instruments such as high-yield bonds (non-investment grade or junk).

- **FIA Alpha Inves**t operating under the Permit no. CSC09FIAR/120002 issued by the Financial Supervisory Authority from 08.08.2019.

The objective of the Fund is to increase the long-term capital invested through investments in listed shares with favorable development prospects.

The table below shows the revenue from the management of investment funds and other income of the investment fund management segment:

December 31, 2019	Revenues from fund management	Revenues from underwriting and other fees	Total revenues
Fdi Fix Invest	27.734	-	27.734
Fdi Prosper Invest	74.401	94.511	168.912
FII BET FI Index Invest	107.465	-	107.465
Fii Smart Money	60.310	-	60.310
Fii Optim Invest	2.177.780	-	2.177.780
Fdi Plus	-	-	-
Fdi Fortuna Classic	631.402	-	631.402
Fdi Fortuna Gold	6.304	-	6.304
Fia H.Y.B. Invest	680	-	680
Fia Alpha Invest	62	-	62
Total	**3.086.138**	**94.511**	**3.180.649**

In RON

December 31, 2018	Revenues from fund management	Revenues from underwriting and other fees	Total revenues
Fdi Fix Invest	27.267		**27.267**
Fdi Prosper Invest	71.445	12.213	**83.658**
FII BET FI Index Invest	137.772		**137.772**
Fii Smart Money	73.121		**73.121**
Fii Optim Invest	1.871.501		**1.871.501**
Fdi Plus			**0**
Fdi Fortuna Classic	625.536		**625.536**
Fdi Fortuna Gold	7.499		**7.499**
Total	**2.814.141**	**12.213**	**2.826.354**

10. Intangible assets

In RON	Licenses and software	Payments in advance	Set-up expenses	Goodwill	Total
Cost					
Balance as at January 1, 2018	4.486.927	283.523	-	-	**4.770.450**
Inflows	1.448.416	452.142	-		**1.900.558**
Of which by transfer	366.551	-			
Outflows	(143.962)	(520.743)	-		**(664.705)**
Transfer to intangible assets	-	(366.551)	-		**(366.551)**
Balance as as December 31, 2018	4.587.355	214.922	-	-	**4.802.277**
Balance as at January 1, 2019	6.079.632	27.820	-	-	**6.107.452**
Inflows	33.742	-	-		**33.742**
Of which by transfer	-	-	-		-
Outflows	(1.692)	-	-		**(1.692)**
Of which, bt transfer	-	-	-		-
Balance as at December 31, 2019	6.111.682	27.820	-	-	**6.139.501**
Amortization and impairment					
Balance as at January 1, 2018	1.800.423	-	-		**1.800.423**
Amortization during the year	733.428	-	-		**733.428**
Impairment losses recognised as expenses	-	-	-		**-**
Amortization for disposals	(101.639)	-	-		**(101.639)**
Balance as as December 31, 2018	2.432.212	-	-		**2.432.212**
	-				
Balance as at January 1, 2019	3.168.968	-	-		**3.168.968**
Amortization during the year	663.419	-	-		**663.419**
Impairment losses recognised as expenses	(1.692)	-	-		**(1.692)**
Amortization for disposals	-	-	-		**-**
Balance as at December 31, 2019	3.830.694	-	-		**3.830.693**

Book Values	Licenses and software	Payments in advance	Set-up expenses	Goodwill	Total
Balance as at January 1, 2018	2.686.505	283.523	-	-	2.970.027
Balance as as December 31, 2018	2.155.143	214.922	-	-	2.370.066
Balance as at January 1, 2019	2.910.664	27.820	-	-	2.938.484
Balance as at December 31, 2019	2.280.987	27.820	-	-	2.308.808

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

Advances for intangible assets consist of advances paid for the purchase of a new Customer Relationship Management (CRM) system.

The useful lives used for the calculation of intangible assets are on average 3 years, except for the one mentioned in the following paragraph, amortized on a straight-line basis.

The reasons that support the indeterminate useful life valuation, i.e. the factors that have played a significant role in determining that the asset has an indefinite useful life are determined by the fact that the subsidiary cannot estimate the time period in which the asset will produce economic benefits, there being no contractual or legal limitation in this regard.

The value of this asset is tested for impairment annually. As at December 31, 2019 the Group did not set up any impairment in respect of this asset. In the period elapsed between the date of acquisition up to December 31, 2019, there were no redemptions in relation to the funds raised.

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

11. Property, plant and equipment

In RON	**Land and buildings**	**Equipment and vehicles**	**Furniture, office equipment and other**	**Non-current assets in progress**	**Total**
Balance as at January 1, 2018	**5.833.799**	**1.528.651**	296.538	**-**	**7.658.988**
Purchases and upgrading	192.963	**109.456**	19.643	205.786	**527.848**
Revaluation of non-current assets:	9.500	**-**			**9.500**
compensation of depreciation against revaluation of assets	-	**-**	-	-	**-**
value increase registered	-	**-**	-	-	**-**
Transfers from investment property	-	**-**	-	-	**-**
Outflows:		**-**			**-**
- sale	-	**-**	(2.615)	(192.963)	**(195.577)**
- disposal	-	**-**	-	-	**-**
Balance as at December 31, 2018	**6.036.262**	**1.638.107**	**313.567**	**12.823**	**8.000.759**
Balance as at January 1, 2019	**6.036.262**	**1.638.107**	**304.488**	12.823	**7.991.680**
Purchases and upgrading	-	13.922	-	9.520	**23.442**
Revaluation of non-current assets:	9.500	-	-		**9.500**
compensation of depreciation against revaluation of assets	-	-	-	-	**-**
value increase registered	-	-	-	-	**-**
Transfers from investment property	-	-	-	-	**-**
Outflows:		-	-		**-**
- sale	-	-	-	-	**-**
- disposal	-	-	-	-	**-**
Balance as at December 31, 2019	**6.045.762**	**1.652.030**	**304.488**	**22.343**	**8.024.622**

Depreciation and impairment					
Balance as at January 1, 2018	**14.471**	**1.220.315**	**221.511**	**-**	**1.441.826**
Depreciation during the year	211.288	105.307	27.639	-	**329.763**
Depreciation related to disposal of fixed assets	-	-	(436)	-	**(436)**
Depreciation related to disposals of fixed assets	-	-	-	-	**-**
Depreciation of sales	-	-	-	-	**-**
Balance as at December 31, 2018	**225.759**	**1.325.622**	**248.714**	**-**	**1.771.153**
					-
Balance as at January 1, 2019	**225.759**	**1.325.622**	**248.714**	**-**	**1.771.153**
Depreciation during the year	199.937	84.146	25.640	-	**309.723**
Depreciation related to disposal of fixed assets	-	-	-	-	**-**
Compensation of depreciation against revaluation of assets	-	-	-	-	**-**
Balance as at December 31, 2019	**425.696**	**1.409.768**	**274.354**	**-**	**2.109.818**
In RON					
Book values:					
Balance as at January 1, 2018	5.819.328	308.337	75.027	-	6.202.692
Balance as at December 31, 2018	5.810.502	312.485	64.853	12.823	6.200.664
Balance as at January 1, 2019	5.810.502	312.486	55.773	12.823	6.191.585
Balance as at December 31, 2019	5.620.066	242.261	30.134	22.343	5.914.804

The property, plant and equipment of the Group consist of land and buildings comprising:

- headquarters of work points for the intermediation operations and the registered office of the parent;

- land and buildings for the current operations carried out by subsidiaries and the offices thereof.

On December 31, 2019, the parent uses its registered office in Cluj-Napoca, Str. Motilor nr. 119, as well as the real estate owned in Suceava and Iasi, where the brokerage agencies operate.

As at December 31, 2019, the Company does not own land, and the ones related to the buildings used are included in the value of the building.

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

Pledged or mortgaged property, plant and equipment

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

Details on such guarantees are available in Note 22 Borrowings.

Revaluation

The fixed assets of the parent representing buildings were revalued as at December 31, 2018. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

Further to revaluations, there were increases in the value of property, plant and equipment used for operations, which reflected in reserves as at December 31, 2017.

The value of the fixed assets comprising the segment of manufacture of meat cans and preparations were adjusted for consoldiation purposes in order to align to the Group policies and represent prudential values adequate to the current context in which they run their activity.

12. Investment property

In RON	**Dec-19**	**Dec-18**
Balance as at January 1, 2019	918.186	989.474
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	-	(111.956)
Advances for investment property	-	40.668
Disposals of investment property (asset exchange)	(248.227)	-
Plus revaluation amount	-	-
Less revaluation amount	-	-
Balance as at December 31, 2019	**669.959**	**918.186**

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

Prezentari privind reevaluarea

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

In 2019, no significant increase were found in the value of investment property for operating activities. Therefore, the Group did not conduct new revaluations at the end of 2019.

13. Financial investments

	2019	**2018**
Financial assets designated at fair value through profit or loss		

Financial assets designated at fair value through profit or loss - held for trading		**36.283.740**	**27.408.534**
	listed shares	24.871.622	7.212.177
	listed fund units	566.500	224.960
	unlisted fund units	9.125.683	6.962.401
	listed bonds	1.613.030	9.277.988
	unlisted bonds	106.905	3.731.008
	unlisted shares	3.057.124	8.683.265
Other financial instruments		2.127.627	4.856.066
Total financial assets designated at fair value through profit or loss		**41.468.492**	**46.519.844**
Total financial investments		**41.468.492**	**46.519.844**

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of December 31, 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 1,070,697 relying on the valaution report prepared by an ANEVAR authorised valuer for the company's ownership in Romlogic Technology SA.

The structured products held are valued at the Bucharest Stock Exchange quotation or on other international markets as at December 31, 2019, and the price refers to a liquid market.

As at December 31, 2019, there were open positions on the House account on international markets for hedging operations in amount of RON 1,754,174.

In the category of financial assets designated at fair value through profit or loss, the following are included:

-listed shares at BSE (BIO, BRD, CBKN, CMP, MECF, PTR, ROCE, RRC, SFG, TLV, TUFE) in the amount of RON 434,947;
-unlisted shares at Firebyte și Gocab, respectively and loans granted to Firebyte și Gocab in the amount of RON 480,295;
- municipal bonds listed on the BSE (PMB25, HUE26) in the amount of RON 71,709;
- corporate bonds listed on the BSE (IMP22E) in the amount of RON 1,492,067;
-corporate bonds unlisted (Chronostyle International SA) in the amount of RON 100,767.
- fund units held in investment funds (FDI Certinvest Obligatiuni, Fdi Transilvania and Fdi SanoGlobinvest) in the amount of RON 314,212.

Other financial instruments include short-term deposits, with maturities between 3M and 12M.
Loans granted represent the loans that Sai Broker SA granted to Firebyte Games SA in 2018 and 2019, respectively the loan granted to GoCab Software SA in 2019.

On 03.01.2019 SAI Broker SA concluded with Firebyte Games SA a contract for financing the company's activity. The object of the contract is the granting of a loan of 171,948 lei. The value of the loan represents the receivables that SAI Broker SA holds towards Firebyte Games SA, by the maturity of the loans granted by SAI Broker SA.

For the loans due on 30.06.2019, in the amount of 285,253 lei, the decision was taken to convert them into shares of Firebyte Games SA, an operation that is in the authorization phase at ORC. For the loan due on December 31, 2019, amounting to 50,000 lei, to determine the fair value, the company's management performed an analysis regarding the recoverability of the receivable and resulted in a fair value reduction of 30%, reflecting the probability of non-collection of the receivable.

Financial instruments traded on international markets are of the type of futures contracts, options and difference contracts (CFDs) and are used for speculative and hedging purposes for market maker operations. These are valued at the quotation on 31.12.2019.

14. Loans and advances granted

In RON		**2019**	***2018***
Loans and advances granted to affiliated parties			
Guarantees established		-	3.627.451
Loans granted to affiliated entities		10.586.435	2.536.099
Interest on loans granted		403.665	31.687
Receivables increase of share capital of affiliated parties being registered		500.000	
Provisions for fixed assets		(3.446.502)	(623.257)
Total Loans and advances granted to affiliated parties		**8.043.599**	**5.571.980**
			0
Margin loans granted to customers			
Margin loans granted to customers		4.067.830	3.627.451
Total margin loans granted to customers		**4.067.830**	**3.627.451**
Total Loans and advances granted		**12.111.428**	**9.199.431**

During 2019, the parent company BRK Financial Group granted loans to affiliated companies as follows: to Romlogic SA - 8,080,550 lei, to FireByte the amount of 50,000 lei, GoCab Software the amount of 950,000 lei. In order to determine the fair value, the Company's management took into account the future net cash flows related to these Loans, these loans having a maturity of less than 1 year on December 31, 2019. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted until the maturity of the loan agreement.

The loans granted to the affiliated companies are included in stage 2 according to the policy described in Note 3 to these financial statements.

The loans granted to the company's clients in the form of margin loans are included in stage 1 according to the policy described in Note 3.

The loan granted to the company in 2018 Facos SA in the amount of RON 820,000 was fully repaid during 2019.

For the loan granted to Romlogic Technology SA, the management of BRk Financial Group based on the accounting policy described in these financial statements in Note 3 considers that these loans are in default stage 2, so a depreciation of 25% of the total value of the loan in the absolute amount of RON 3,366,249 to determine the fair value.

Financial instruments traded on international markets are of the type of futures contracts, options and difference contracts (CFDs) and are used for speculative and hedging purposes for market maker operations. These are valued at the quotation on 31.12.2018.

For the loan granted to FireByte SA, the management of the parent company BRk Financial Group based on the accounting policy described in these financial statements in Note 3 considers that this loan is in default stage 2, so a depreciation of 25% of the total value of the loan in the absolute amount of RON 80,252 for determining the fair value.

The Group kept the clients' possibility to carry out margin transactions. The fair value of margin loans granted to clients as at December 31, 2019 was RON 4,067,830. For the margin loans, the clients bring as guarantees the securities purchased with these loans, therefore there are no indications of depreciation and this represents the fair value on December 31, 2019.

15. Investments in associates

The associates (where there is significant influence) are mentioned below. The significant influence is due to the presence of the respective company on the board of administration.

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

Company	Holding at December 31, 2019	Value of holding at December 31, 2019	Holding in 2018	Value of holding in 2018
Facos	0,00%	-	89,69%	4.785.875
Sai Broker	99,98%	6.070.389	99,98%	4.130.582
Minesa	0,00%	-	29,10%	3.918.497
Romlogic Technology	37,52%	2.139.479	0,00%	-
Firebyte	30,00%	50.233	30,00%	50.233
Facos	0,00%	-	89,69%	4.785.875
Total		**8.566.011**	-	**13.252.278**

During 2019, transactions with affiliated entities are as follows:

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
SAI Broker	holding 99.98%	Investment management	- acquisition of fund units at FIA ALPHA INVEST managed by SAI Broker in the amount of 100 thousand lei -Subscription in fund units to FIA HYB Invest managed by SAI Broker in the amount of 500 thousand lei

			-sale of IMPE22 bonds worth 308,925 lei - revenues from distribution and intermediation commissions amounting to 7,122 lei - rental income in the amount of 17,070 lei - Dividends granted 1,107,235 lei
Facos SA Suceava		Production of meat products	- the sale of the 89.69% participation held for the amount of 13,348,192 lei - loan repayment in the amount of 820 thousand lei lei. There were no transactions with ANTE shares in 2019
Minesa SA	holding 29.10%		
Romlogic Technology SA		SSIF Brk Financial Group SA is the sole investor in FII Smart Money which is an 88% shareholder in Romlogic Technology S.A.	- interest income related to loans granted in the amount of 537,183 lei - the acquisition of a number of 65,000 shares worth 2,092,706 lei - Granting loans amounting to 8,080,550 lei
Gocab Software	holding 10%		- granting a loan in the amount of 950,000 lei
Firebyte Games SA	holding 30%	Mobile game development	- interest income in the amount of 8,433 lei -subscription of capital increase in the amount of 500,000 lei

Related party transactions were conducted at arm's length.

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

In RON	**December-19**	**December-18**
SAI Broker	-	-
Facos SA Suceava	-	833.808
Firebyte Games SA	336.820	268.466
Gocab Software	-	-
Romlogic Technology SA	9.694.848	1.243.412
Total	**10.990.100**	**2.345.687**

16. Non-current assets held for sale

In RON	**2019**	**2018**
Balance as at January 1,	**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	(241.332)	-
Excess further to revaluation	-	-
Deficit further to revaluation	-	-
Balance as at December 31, 2018	**303.389**	**544.721**

For these, evaluation reports were performed in accordance with the International Evaluation Standards and the working methodology recommended by ANEVAR by the company Napoca Business for land and by Darian RS for apartments.

During 2019, part of the assets held for sale were sold, namely land in Cluj, Borhanci neighborhood and the apartment in Botosani, obtaining a gain of RON 93,558.

For the apartment in Alba Iulia at the balance sheet date, there were advanced negotiations for the sale, which materialized in January of 2020 by selling this apartment.

17. Trade and other receivables

In RON		**2019**	**2018**
Trade receivables		452.110	217.304
Amounts receivable from the State budget		0	0
Net receivables from debtors		51.739	63.608
	Employees with payment accruals	29.283	41.055
	Former employee and third party debtors	22.456	22.553
Other debtors		562.108	544.026
Total trade and other receivables		**1.065.957**	**824.938**

Borrowers from the trading of the financial instruments of the Group come from transactions concluded in December 2019 that have the first two days of January 2020 as settlement date.

Similarly, *Borrowers in financial instruments settled by clients* come from transactions concluded in December 2019 that have the first two days of January 2020 as settlement date.

In RON	**December-19**	**December-18**
Borrowers from the trading of the financial instruments	2.088.901	1.586.344
Borrowers in financial instruments settled by clients	22.684.163	10.680.718
Other financial assets	**24.773.064**	**12.267.062**

The exposure of the Group to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables, are disclosed in Note 4 Financial risk management.

Debtors' gross balances and impairments are as follows:

In RON	**December-19**	**December-18**
Former employee and third party debtors – Stage 3	1.902.048	1.911.267
Impairment of former employee and third party debtors' liabilities	(1.879.592)	(1.888.714)
Former employee and third party debtors – net value	**22.456**	**22.553**

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

In RON	**2019**	**2018**
Balance as at January 1,	1.888.714	1.847.109
Additional provisions	0	52.500
Write-off of provisions	-9.122	-10.896
Balance as at December 31,	**1.879.592**	**1.888.714**

In 2019, the Group reversed to income adjustments for receivables recovered in amount of RON 9,122.

18. Deferred income tax assets and liabilities

Deferred income tax assets not recognized

The deferred tax assets were not recognized for the following:

In RON	2019	2018
Current and previous tax losses	(37.972.924)	(37.972.924)
Total	**(37.972.924)**	(37.972.924)
Tax rate	16%	16%
Unrecognised deferred tax assets	**(6.075.668)**	**(6.075.668)**

There are still deferred tax assets not recognized in relation to financial instruments for which the impairment was not deductible in 2011.

Deferred income tax liabilities not recognized

In RON	**December-19**	**December-18**
Profit of the period	7.318.620	(3.345.290)
Total income tax expense	-	-
Profit before tax (including discontinued operations)	**7.318.620**	**(3.345.290)**
Income tax rate	16%	16%

Deferred income tax assets and liabilities recognized

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

19. Cash and cash equivalents

In RON	**2019**	**2018**
Account for clients	53.626.771	31.750.494
Cash and cash equivalents	1.240.115	3.766.687
Balance as at 31 December	**54.866.885**	**35.517.180**

The cash and cash equivalents position also includes short-term deposits.
Client balances in bank accounts are highlighted and managed separately from those of the company and can only be used on the basis of clients' trading orders.

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

20. Capital and reserves

The share capital and shares issued are as follows:

In RON	**Value of share capital**	**No. of ordinary shares**	**Nominal value/share**
January 1, 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
December 31, 2019	54.039.987	54.039.987	0,16

In 2019, there were no changes in share capital or the number of shares issued.

As at December 31, 2019 the Company owns 319,967.

In RON	**2019**	**2018**
Share capital	54.039.987	54.039.987
Adjustment of share capital	4.071.591	4.071.591
Own shares	(24.047)	(24.047)
Premiums	5.355	5.355
Total	**58.092.886**	**58.092.886**

21. Reserves and revaluation differences

In RON	**2019**	**2018**
Differences from the revaluation of property, plant and equipment	3.524.052	3.524.052
Legal and statutory reserves	4.890,171	4.719.397
Fair value reserves	0	0
Other reserves	2.748.760	2.748.760
-of which from the application of IAS 29	2.748.760	2.748.760

(inflation adjustment)		
Consolidation reserves	-	
Consolidation reserves related to equity securities	-	
Legal reserves related to own shares	-	0
Total reserves and revaluation differences	**11.163.983**	**10.992.209**

Revaluation differences

The revaluation differences did not change in 2019.

Legal reserves

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

Other reserves

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

Dividends and other distributions to shareholders

In 2019, no dividends were granted to shareholders.

Consolidation reserves

The caption comprises capital values arising further to the separation of capital, the largest share arising from the increase in 2015 of the ownership in one of the subsidiaries already controlled.

22. Rerained earnings

In RON	**2019**	**2018**
Retained earnings	(6.99.621)	(9.503.112)
Profit carried forward from transition to IFRS	6.052.406	6.052.406
Retained earnings IAS 29	(6.880.234)	(6.880.234)
Current result	7.283.510	(3.345.290)
Total retained earnings	**(13.455.303)**	**(13.676.231)**

Retained earnings by transition to IFRS

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

Retained earnings IAS 29

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

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

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

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

Account	Debit	Credit
Share capital adjustments		4.071.591
Revaluation differences*		59.884
Other reserves**		2.748.760
Retained earnings from the first-time adoption of IAS 29	6.880.234	
Total	**6.880.234**	**6.880.234**

* Inclusion of revaluation reserves from 2011.
**Inclusion of revaluation reserves from 2007 upon merger with Investco.

23. Trade and other payables

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

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

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

Trade payables are largely related to the segment of manufacture of meat cans and preparations.

24. Borrowings

The loans contracted by the Group are as follows:

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 Bucuresti Bocsa	Non-current assets in use	157.000	721.698
3	Property Cluj- Motilor	Non-current assets in use	1.032.700	4.747.115
4	Apartment Iasi	Non-current assets in use	41.000	188.469
5	Property Cluj - Eistein	Investment property	170.100	781.916
6	Apartment Alba Iulia	Available-for-sale property	66.000	303.389
	Total		**1.505.200**	**6.919.103**

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

In RON	December-19	December-18
Amounts payable to clients		
Creditor clients from transactions on the domestic market	50.328.348	26.414.432
Creditor clients from transactions on the foreign markets	10.616.746	9.519.475
Creditor clients from corporate services	-	9.000
	60.945.094	**35.942.908**

25. Provisions

In RON	December-19	December-18
Provisions		
Balance as at January 1,	**149.249**	**450.182**
Cancelled during the year	(58.702)	(300.933)
Established during the year	2.712.000	-
Balance as at December 31,	**2.802.547**	**149.249**

During 2019, RON 58,702 were resumed at income from provisions and provisions were established for the decision of the court given in the Harinvest litigation in absolute value of RON 2,712,000.

26. Contingent assets and liabilities

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

As at December 31, 2019, the Group has RON 4,980,779.71 blocked in the client account. This amount represents the turnover calculated for some clients who have traded through the company and are under criminal investigation and the precautionary attachment was enforced in 2016. As a result of the audits carried out by the company's internal auditor, the amount blocked was RON 4,980,779.71, amount already blocked by the parent in a dedicated account opened with the settlement bank. The Group is currently undertaking the necessary steps to clarify the amount in the client account affected by the precautionary attachment.

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

27. Operating revenues

In RON	**Continued activities**		**Discontinued activities**		**Total**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues from commissions on the spot market	1.969.165	2.230.910			1.969.165	2.230.910
Revenues from commissions on the foreign market	535.604	768.930			535.604	768.930
Income from related activities	0	7.495			0	7.495
Revenues from insurance intermediation	453.844	146.100		653	453.844	146.753

Revenues from allocation of unit funds	0	0			0	0
Revenues from investment fund management	3.180.649	2.818.842			3.180.649	2.818.842
Sub-total revenues from commissions and related activities	6.139.263	5.972.277		**653**	6.139.263	5.972.930
Income from leases of non-current assets	6.620	486			6.620	486
Sub-total revenues	**6.145.883**	**5.972.763**		**653**	**6.145.883**	**5.973.416**

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

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

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

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

28. Other revenues

Alte venituri din exploatare, cuprind venituri de natura diversa cu un caracter repetitiv extrem de redus, anulari de dividende neridicate, plusuri la inventariere, recuperari de sume, etc

29. Material expenses

Material expenses include expenses with raw materials and consumables, energy and water and expenses with merchandise:

	Continued operations		**Discontinued operations**		**Total**	
In RON	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Expenses with compensations, fines, penalties	(58.791)	(853.091)	-	-	(58.791)	**(853.091)**
Expenses with donations granted	(26.555)	(200)	-	-	(26.555)	**(200)**
Net expenses regarding intangible and tangible fixed assets sold	61.810	(29.658)	-	-	61.810	**(29.658)**
Other operating expenses	(20.171)	(83.832)	-	-	(20.171)	**(83.832)**
Total	**(43.707)**	**(966.781)**	**-**	**-**	**(43.707)**	**(966.781)**

30. Employee-related expenses

In RON		**2019**	**2018**
Expenses with employees and collaborators		(4.030.347)	(2.863.421)

Expenses with mandatory social security		(1.565.369)	(1.670.074)
Employees' profit sharing		-	-
Expenses with allowances of BoA members		(283.590)	(450.899)
BoA members' profit sharing		-	-
Expenses with commissions payable to brokers		-	-
Total salary-related expenses in the comprehensive income account		**-5.879.306**	**-4.984.394**

In the parent company, the remuneration of the general managers is established by decision of the

Company's Board of Administration and the other benefits granted are in accordance with the collective employment contract concluded at company level.

During 2019, the management of the company was ensured by the Deputy General Manager in the person of Ms. Monica-Adriana Ivan and by the Deputy General Manager in the person of Mr. Razvan Rat.

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

During 2019, the allowances granted to the members of the Board of Directors amounted to 189,687 thousand lei.

31. Other expenses

	Continues operations		**Discontinued operations**		**Total**	
In RON	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Expenses with compensations, fines and penalties	(58.791)	(853.091)	-	-	(58.791)	**(853.091)**
Expenses with donations granted	(26.555)	(200)	-	-	(26.555)	**(200)**
Net expenses with tangible and intangible assets disposed	61.810	(29.658)	-	-	61.810	**(29.658)**
Other operating expenses	(20.171)	(83.832)	-	-	(20.171)	**(83.832)**
Total	**(43.707)**	**(966.781)**	**-**	**-**	**(43.707)**	**(966.781)**

Within the Expenses with compensations and fines in 2019, an amount of RON 58,791 was registered.

32. Financial revenues and expenses

Continued operations

Carried to profit or loss

in RON	2019	2018
0	0	0
Net finance gains on transactions with shares and bonds	**-**	**-**
• Net losses on transactions in financial assets at fair value through profit or loss	2.981.984	(1.469.581)
• Net gains on the valuation of financial assets at fair value through profit or loss	7.794.877	2.005.042
• Net gains on transactions in derivatives - Futures	-	-
• Net gains on transactions in derivatives – international markets	-	-
• Net gains on transactions in derivatives – international markets	-	-
• Income from transactions with available-for-sale financial assets	-	-
• Income from free shares related to financial assets at fair value through profit or loss	-	-
Sub-total net finance gains on transactions with shares and bonds	**10.776.861**	**535.461**
Net gains on transactions with Turbo products	**1.122.551**	**1.761.567**
Dividend revenues:	**-**	**-**
• Related to available-for-sale financial assets	-	-
• Related to financial assets at fair value through profit or loss	337.433	374.695
Sub-total dividend revenues	**337.433**	**374.695**
Total trading revenues	**12.236.845**	**2.671.723**
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	-	-
Write-offs of allowances for securities sold	-	-
Gains on financial instruments – margin contracts (reversed allowances)	-	-
Net gains on adjustments of receivables	-	-
Income from interest on operating leases	-	-
	-	**-**
Finance interest income		
• Revenues from interest on deposits	996.968	404.759
• Revenues from interest on margin contracts and loan contracts	971.229	316.149
Net gains on interest/coupons related to bonds	465.357	786.916
Sub-total finance interest income	**1.968.197**	**720.908**
Other net financial revenues	**-**	**232**
Total financial revenues	**14.205.042**	**3.392.863**
Interest on finance liabilities carried at amortised cost	(16.166)	(205.640)

Details on the next page

Net loss on foreign exchange differences	-	(101.956)
Expenses with definitive impairment of available-for-sale securities	-	(66.630)
Total finance expenses	**-16.166**	**-374.226**
Net financial result carried to profit or loss	**14.188.876**	**3.018.637**

Recognized to other comprehensive income in RON	**2019**	**2018**
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
Net changes in the fair value of available-for-sale financial assets:	-	-
related to securities sold during the period		
related to outstanding securities at the end of the period	-	-
Financial revenues recognized in other comprehensive income, after tax	**-**	**-**

Net income on transactions in financial assets at fair value through profit or loss means the income from the disposal of securities less cost of those securities for transactions for which the difference is positive. If the difference is negative, they are presented in *Net expenses with trading financial assets at fair value through profit or loss*.

Net income on transactions in available-for-sale financial assets means the income from the disposal of securities (classified as held for sale) less the cost of those securities for transactions for which the difference is positive. If the difference is negative, they are recorded as *Net losses on transactions in available-for-sale financial assets*.

Expenses with definitive impairment of available-for-sale securities represent estimated expenses, representing definitive value losses of such securities, which were not held in the equity adjustment accounts, but were recorded / reclassified to expenses because the Company estimates that they will not may be recovered.

33. Income tax expenses

Reconciliation of effective tax rate

In RON	**2019**	**2018**
Accumulated result of the year	**7.283.510**	**(3.345.290)**
Write-off of effect of the following items		
Consolidation registrations	(3.069.881)	(2.387.541)
Registrations related to restatement of separate financial statements of some subsidiaries	-	-
Total income tax expenses	-	-
Deferred income tax assets	-	-
Profit before tax (including from discontinued operations)	**4.213.629**	**(5.732.831)**
Tax rate	0	0
Income tax calculated by applying the tax rate to book profit	1.649.234	(162.099)
Impact of deductible legal reserve	543.255	-
Impact of non-deductible expenses	(260.493)	267.261
Impact of non-taxable revenues	-	141.749
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	18.892.944	-
Impact of tax losses from previous years	(3.022.871)	(6.075.668)
Total income tax expense calculated according to the tax rate	**6.115.409**	**6.115.409**
Income tax expenses not registered for negative amounts	(17.457.318)	6.115.409
Final income tax expenses	-	-
Attributable to continued operations	0	0
Attributable to discontinued operations	0	0
Final tax rate	0,00%	0,00%

34. Earnings per share

Basic earnings per share

The calculation of earnings per share as at December 31, 2019 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,517,661. As at December 31, 2018, the average number of outstanding ordinary shares was the same 337,749,919.

Profit attributable to shareholders

	2019	2018
Profit attributable to:		
Company's owners	7.283.510	(3.345.654)
Non-controlling interests	436	364
Profit for the period	7.283.510	(3.345.290)
Continued operations	7.283.510	(3.345.290)
Discontinued operations	-	-
Total comprehensive income attributable to:		
Company's owners	7.283.510	(3.345.654)
Non-controlling interests	436	364
Total overall result for the period, of which:	7.283.510	(3.345.290)
Continuous activities	7.283.510	
Discontinued activities	(0)	(0)
Earnings per share		
Basic earnings per share (lei)	0,02	(0)
Diluted earnings per share (lei)	.	(0)
Continuous activities		
Basic earnings per share (lei)	(0)	(0)
Diluted earnings per share (lei)	(0)	(0)
Discontinued activities		
Basic earnings per share (lei)	-	-
Diluted earnings per share (lei)	-	-

The result presented follows the calculation of income tax.

Numarul mediu ponderat al actiunilor ordinare

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

Year	**2019**	**2018**	**2017**	**2016**	**2015**
Number of shares	337.749.919	337.749.919	337.749.919	337.749.919	337.749.919

35. Fair value hierarchy

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

- **Level 1**: quoted prices (not adjusted) on active markets. For securities at fair value through profit or loss, the price is the one at the end of the period, on the last trading day. For the available-for-sale securities, valuation methods based on market variables were applied depending on how active the instrument is, as shown in the Company's accounting policies.

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

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

December 31, 2018	Level 1	Level 2	Level 3	**Total**
Financial assets available for sale				
Financial assets at fair value through profit or loss, of which:	19.986.152	6.949.189	19.584.504	**46.519.845**
Listed shares	4.353.391	2.858.786	-	**7.212.177**
Listed fund units	224.960	-	-	**224.960**
Unlisted fund units	1.273.747	3.887.070	1.801.513	**6.962.330**
Listed bonds	9.277.988	-	-	**9.277.988**
Unlisted bonds	-	-	3.731.008	**3.731.008**
Unlisted shares	-	-	8.683.336	**8.683.336**
Structured products	4.856.066	-	-	**4.856.066**
Loans and advances granted	-	-	5.571.980	**5.571.980**
Derivative financial instruments, such as financial assets	-	-	-	**-**
Other financial instruments	-	-	-	**-**
	19.986.152	**6.745.856**	**19.787.837**	**46.519.845**

December 31, 2019	Nivel 1	Nivel 2	Nivel 3	**Total**

Financial assets available for sale				
Financial assets at fair value through profit or loss, of which:	22.277.168	10.869.391	18.679.187	**51.825.745**
Listed shares	18.751.086	6.120.536	-	**24.871.622**
Listed fund units	566.500	-	-	**566.500**
Unlisted fund units	1.346.552	4.748.855	3.030.276	**9.125.683**
Listed bonds	1.613.030	-	-	**1.613.030**
Unlisted bonds	-	-	106.905	**106.905**
Unlisted shares	-	-	3.057.124	**3.057.124**
Structured products	-	-	-	**-**
Loans and advances granted	-	-	12.484.881	**12.484.881**
Derivative financial instruments, such as financial assets	-	-	-	**-**
Other financial instruments	1.754.174	-	-	**1.754.174**
	24.031.342	**10.869.391**	**18.679.187**	**53.579.920**

The table below presents changes in the book value of investments classified to Level 3 of the fair value hierarchy in 2019 and 2018:

in RON

	2019	**2018**
As at January 1	**19.787.837**	**4.415.825**
Total gain/loss carried to profit or loss	1.149.128	873.247
Total gain/loss carried to other comprehensive income	-	-
Acquisitions during the period(*)	3.578.008	489.569
Sales during the period(**)	(15.693.242)	(3.050.982)
Transfers to Level 3 in the fair value hierarchy(***)	0	7.202.723
Other transfers	9.857.455	9.857.455
As at December 31	**18.679.186**	**19.787.837**

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

No.	**Financial assets**	**Fair value as at December 31, 2019**	**Valuation technique**	**Unobservable inputs range**	**Relationship of unobservable inputs to fair value**
1	Unquoted majority interests	34.911	Income approach - discounted cash flow method	Weighted average cost of capital: 11.39% Long-term income growth rate: 2.6% Weighted average cost of capital: 10.50% Discount for lack of liquidity: 15.60% Long-term income growth rate: 1.30%	The lower the weighted average cost of capital, the higher the fair value The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	-	Income approach - discounted cash flow method	Market value of equity by reference to their book value: Weighted average cost of capital: 10.50% Discount for lack of control: 10% Long-term income growth rate: 2%	The lower the weighted average cost of capital, the higher the fair value The lower the liquidity discount, the higher the fair value

				Weighted average cost of capital: 11.39%	
				Long-term income growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value
				Weighted average cost of capital: 10.50%	
3	Unquoted minoritary interests	646.235	Cost method - adjusted net asset method	Discount for lack of liquidity: 15.60%	
				Long-term income growth rate: 1.30%	In the balance sheet, the carrying amount is identified by equity. The lower the resulting price / carrying amount, the lower the fair value.
				Market value of equity by reference to their book value:	The lower the weighted average cost of capital, the higher the fair value
				Weighted average cost of capital: 10.50%	
4	Unquoted minoritary interests	2.375.978	Income approach - discounted cash flow method	Discount for lack of control: 10%	
				Long-term income growth rate: 2%	The lower the discount for lack of control, the higher the fair value
				Weighted average cost of capital: 11.39%	
				Long-term income growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	106.905	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	12.484.881	Income approach – Adjusted net asset method with probability of default		
7	Unquoted fund units - Smart Money	3.030.276	Cost method - adjusted net asset method		
	Total	**18.679.187**			

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	0	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 revenue growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	4.785.875	Income approach - discounted cash flow method	Weighted average cost of capital: 12.75%	The lower the weighted average cost of capital, the higher the fair value
				Discount for lack of liquidity: 15.60%	The lower the liquidity discount, the higher the fair value
				Long-term revenue growth rate: 1.30%	The higher the long-term income growth rate, the higher the fair value
3	Unquoted minoritary interests	67.462	Cost method -adjusted net asset method	Market value of equity in relation to their carrying amount:	In the balance sheet, the carrying amount is identified by equity. The lower the resulting price / carrying amount, the lower the fair value.

4	Unquoted minoritary interests	3.829.999	Income approach - discounted cash flow method	Weighted average cost of capital: 10.50% Discount for lack of control: 10% Long-term revenue growth rate: 2%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for lack of control, the higher the fair value The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	3.731.008	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
6	Loans and advances granted	5.571.980	Income approach – Adjusted net asset method with probability of default		
7	Unquoted fund units - Smart Money	1.598.180	Cost method -adjusted net asset method		
	Total	**19.584.504**			

Benefits of key management personnel

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

Investments in Associates

Note 13 *Investments in Associates* in these financial statements presents all associates and transactions that have taken place within the period.

36. Restatements of the financial statements related to 2016

Societatea detine in patrimoniu *active financiare disponibile pentru vanzare,* categorie in care a clasificat toate titlurile neincluse la titluri tranzactionate pe termen scurt si pentru care a existat posibilitatea aplicarii unor metode de evaluare pentru stabilirea valorii lor juste.

Ulterior recunoasterii initiale, aceste titluri au fost evaluate la valoarea justa iar modificarile ulterioare, altele decat pierderile din depreciere definitive, recunoscute la alte elemente ale rezultatului global. Acestea sunt prezentate in cadrul capitalurilor proprii In rezerva privind valoarea justa. Atunci cand o investitie este derecunoscuta, castigul sau pierderea acumulata In alte elemente ale rezultatului global este transferata in contul de profit sau pierdere.

Pierderile din depreciere aferente investitiilor disponibile pentru vanzare sunt recunoscute transferand in contul de profit si pierdere, pierderea cumulata care a fost recunoscuta la alte elemente ale rezultatului global. Pierderea cumulata transferata de la alte elemente ale rezultatului global in contul de profit sau pierdere este diferenta dintre costul de achizitie, net de rambursarile de principal si amortizare, si valoarea justa curenta minus orice pierdere din depreciere recunoscuta anterior in contul de profit sau pierdere.

Daca, intr-o perioada ulterioara, valoarea justa a unui instrument de capital disponibil pentru vanzare depreciat creste, orice recuperare ulterioara a valorii juste este recunoscuta la alte elemente ale rezultatului global.

Pierderile din deprecierea definitiva a acestor titluri sunt recunoscute pe cheltuieli in exercitiul financiar in care conducerea apreciaza ca acestea au aparut. Pentru unele active financiare disponibile pentru vanzare, s-a constatat ca acestea erau depreciate la 31.12.2016, cu suma de 1.713.523 lei depreciere care nu a fost recunoscuta in contul de profit si pierdere aferent anului 2016. Acest aspect a fost corectat in prezentele situatii financiare, astfel ca soldurile aferente anului 2016 au fost retratate pentru a reflecta respectiva depreciere.

Pana la data de 31 decembrie 2015 valoarea activelor imobilizate ale segmentului de conserve si preparate din carne a fost prezentata in situatiile financiare consolidate dupa aplicare unei ajustari de valoare care provine de la prima aplicare a IFRS, cu impact asupra valorii nete asa cum este prezentat in situatiile de mai jos. In situatiiile financiare consolidate intocmite pentru 31.12.2016 a existat o discontinuitate in privinta acestui tratamanent, fara sa fi fost prezentata vreo modificare a politicii contabile. In prezentele situatii financiare acest fapt a corectat.

Asa cum a fost detaliat si la Nota 19, Valoarea titlurilor puse in echivalenta cuprinde cresterile capitalurilor proprii de la data dobandirii influentei semnificative. Aceasta crestere de valoare este inregistrata in capitaluri sub titlul de *Rezerve din consolidare aferente titlurilor puse in echivalenta.*
Avand in vedere ca societatea la care se detin titluri nu a efectuat reevaluarea terenurilor la valoare justa si ca urmare politicile contabile aplicate de acea societate nu sunt uniforme cu cele aplicate de grup, s-a efectuat o evaluare a societatii, iar valoarea capitalurilor proprii a fost considerata conform rezultatelor acestei evaluari.
Raportul de evaluare a fost intocmit de catre evaluatori autorizati in conformitate cu Standardele Internationale de Evaluare si a metodologiei de lucru recomandate de catre ANEVAR, de catre dl. Marius Sufana.
In situatiile financiare consolidate intocmite pentru data de 31.12.2016 nu a fost reflectata diferenta de valoare dintre valoarea din bilant si cea evaluata, acest fapt fiind retratat in prezentele situatii financiare consolidate.

De asemenea, exista unele diferente de valori mai mici intre coloana comparativa 2016 si situatiile fiannciare consolidate intocmite pentru aceeasi data. Aceasta situatie se datoreaza faptului ca situatiile financiare consolidate au fost reintocmite pentru data de 31.12.2016 potrivit unei metodologii de lucu diferita, rezultand diferente la incadrarea unor conturi, o reasezare a structurii unor pozitii din situatiile financiare efectuata in scopul oferirii unei imagini mai fidele a situatiile financiare si o mai buna corelare intre datele prezentate in situatiile financiare si cele detaliate in notele explicative.

Ca urmare, exista pe langa diferentele semnificative explicate si diferente mai mici care se datoreaza situatiei explicate mai sus.

Prezentam mai jos pozitiile din situatiile financiare ale anului 2016 care au suferit retratari:

37. Impact of IFRS 9 “Financial instruments” as of January 1, 2018

IFRS 9 "Financial Instruments" presents the provisions for the recognition and measurement of financial assets, financial liabilities and certain contracts for the purchase or sale of non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement" and includes new principles for the classification and measurement of financial instruments, a new model of credit risk for the calculation of impairment of financial assets, and new general requirements for hedge accounting. The Group adopted IFRS 9 starting January 1, 2018. The Company owns the following types of financial instruments that fall under IFRS 9: equity instruments, debt instruments (fund units, bonds, cash and current accounts and deposits with banks), other financial assets and liabilities.

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

	IAS 39	IAS 39 value as at December 31, 2017	IFRS 9 reclassification	IFRS 9 value as at January 1, 2018
1.) Financial assets at amortized cost as per IFRS 9				
-resulting from financial assets measured at amortized cost	amortized cost	562.580	cost amortizat	562.580
- from financial assets at amortised cost	amortized cost	7.971.985	valoare justa prin contul de profit si pierdere	7.740.557
Total financial assets measured at amortized cost	**X**	**8.534.565**	**X**	**8.303.137**
2.) Financial assets at fair value through profit or loss as per IFRS 9				
-resulting from available-for-sale financial assets	Available-for-sale financial assets	14.303.652	valoare justa prin contul de profit si pierdere	14.303.652
-resulting from financial assets held for trading	Financial assets held for trading	18.284.162	valoare justa prin contul de profit si pierdere	18.284.162
Total financial assets at fair value through other comprehensive income as per IFRS 9	**X**	**32.587.814**	**X**	**32.587.814**
3.) Financial assets at fair value through other comprehensive income as per IFRS 9				
- resulting from available-for-sale financial assets	Available-for-sale financial assets	5.855.767	Fair value through profit or loss	5.855.767
Total financial assets at fair value through other comprehensive income as per IFRS 9	**X**	**5.855.767**	**X**	**5.855.767**
Total 1.)+2.)+3.)	**X**	**46.978.146**	**X**	**46.746.718**

The differences resulting from the adoption of IFRS 9 as of January 1, 2018 will be recognized in retained earnings. The impact of the transition consists in a net increase of RON 3,002,994, net of tax, of retained earnings and a net decrease of reserves by the same amount.

38. Subsequent events

The events subsequent to the balance sheet date were taken into account when assessing the conditions that existed on 31.12.2019 regarding the receivables positions and the significant estimates that were made, including those regarding the establishment of provisions for litigation.

The events subsequent to the balance sheet date were taken into account when assessing the conditions that existed on 31.12.2018 regarding the receivables positions and the significant estimates that were made, including those regarding the establishment of provisions for litigation.

- ✓ January 14, 2020 - Financial Calendar for 2020.
- ✓ January 21, 2020 - BRK Financial Group SA decided to convert into shares the loans and interest calculated on time granted to Romlogic Technology SA.
- ✓ January 27, 2020 - The company's Board of Directors, meeting in the meeting of January 23, 2020, approved the basic prospectus in connection with the structured product issuance program which includes the range of products that could be subject to future turbo certificate issuance and certificates with protected capital.
- ✓ January 31, 2020 - BRK Financial Group SA informs investors about the fact that the sentence expressed in file no. Was published on the court portal. 1034/90/2014 / a13 by the Piteşti Court of Appeal.
- ✓ January 31, 2020 - Publication of the Auditor's Report - art. 82, Law 24/2017 - S2 2019, prepared by the financial auditor JPA Audit & Consultancy SRL.
- ✓ February 10, 2020 - BRK Financial Group SA concluded a contract for the supply of market making quotations for the shares of the issuer Medlife SA.
- ✓ February 12, 2020 - BRK Financial Group SA informs investors on the conclusion of a contract for the supply of market making quotations for the shares of the issuer Teraplast SA.
- ✓ February 27, 2020 - Availability of Preliminary Annual Report.
- ✓ February 28, 2020 - SSIF BRK Financial Group S.A. publishes the Preliminary Annual Financial Report as of December 31, 2019.
- ✓ March 2, 2020 - SSIF BRK Financial Group S.A. concluded on March 2, 2020 a loan agreement with SC Firebyte Games SA for the amount of 500,000 lei.
- ✓ March 10, 2020 - BRK Financial Group SA concluded a contract for the supply of market making quotations for the shares of the issuer Nuclearelectrica SA.
- ✓ March 13, 2020 - BRK Financial Group SA informs investors that the steps regarding the lifting of the insurance seizure instituted by the Public Ministry - the Prosecutor's Office attached to the High Court of Cassation and Justice - D.I.I.C.O.T. Central Structure in the criminal investigation file with no. 394 / D / P / 2007 on 25.09.2015, so that on 13.03.2020 the company was informed about the lifting of the insurance seizure for the amount of 4,980,779.61 lei.
- ✓ March 17, 2020 - SSIF BRK Financial Group SA informs investors about the measures adopted by the executive management in the context of COVID-19
- ✓ March 20, 2020 - BRK Financial Group SA suspends the provision of market maker quotations for the following financial instruments: AAGES (AAG), MedLife (M), TeraPlast (TRP) and Nuclearelectrica (SNN) until normalcy and the lifting of the state of emergency by The President of Romania on the national territory.

These financial statements were approved today, April 24, 2020.

Chairman of the BOA,
Nicolae Ghergus

Economic director,
Pali Mircea Sandu

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