Str. Soveja nr. 96, bl. 70, sc. D, et. P, ap. 51 CP 900402, Constanta, Romania
Company Capital 64.000 RON Trade Registry No.: J13/716/1993 Tax code 2985617
Fax: 0372/008368 Email: office@romancoaudit.ro
Authorization of the Chamber of Financial Auditors of Romania 186/2002 Endorsement by the Financial Supervision Authority 280/2015

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of SSIF VIENNA INVESTMENT TRUST S.A.
Splaiul Unirii, nr. 4, Bloc B3, Sector 4, Bucharest
Sole Registration Code 7475775

Report regarding the financial statements

Opinion

We audited the financial statements of SSIF VIENNA Investment Trust S.A. (The company) as attached, which include the statement of the financial position as of 31 December 2018, the statement of the global result, the situation of the equity changes, the statement of the cash flows, and the notes to the financial statements, including a summary of the important accounting policies.

The specified financial refer to:

- **Total capital:** **4,892,476 RON;**
- **Net profit of the financial period:** **1,264,496 RON**

In our opinion, the financial statements of the company present a truthful image, under all important aspects, of the financial position of the company as of 31 December 2018, of the financial performance and of the cash flows accruing to the financial year concluded on this date, in compliance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to bodies authorized, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments.

Basis for the opinion

The audit took place in compliance with the International Standards of Audit (ISA), the EU Regulation no. 537 of the Parliament and of the European Council (the "Regulation"), and the Law no. 162/2017 regarding the statutory audit of the consolidated annual financial statements and amending some normative acts (the "Law"). The auditor's responsibilities based on these standards are described in detail in the section on ***The auditor's responsibilities in an audit of the financial statements*** of the present report.

The auditor is independent of the Company, according to the Ethic Code of the Professional Accountants issued by the International Ethic Standards Board for Accountants (the IESBA code), corroborated to the relevant ethical requirements for the audit of the financial statements in Romania, including the Regulation and the Law, and fulfilled their ethical responsibilities in accordance with these requirements and with the IESBA Code.

The auditor considers that the obtained audit evidence is sufficient and adequate so as to provide a basis for the audit opinion.

Key aspects of the Audit

The key audit aspects are the ones which, based on the Auditor's professional judgement, posed the highest importance to the auditing of the financial statements for the referenced period. These aspects were approached in the in the context of the overall financial statement audit, and in making the opinion thereon. We determined that there were no key aspects to communicate in our report.

Other information - Directors' Report

The managers are responsible for the elaboration and submission of the report in compliance with the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to bodies authorized, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments, as amended and supplemented later on and for that internal control that is considered necessary so to allow the elaboration of the report which shall not contain important deformations, due to fraud or error.

Related to the audit of the financial statements accruing to the financial year concluded on December 31, 2018, the Auditor's responsibility is to read the Directors' Report and, as part of the same approach, to appreciate whether the presented information is significantly inconsistent with the financial statements or with the knowledge acquired during the audit or whether they seem significantly distorted.

The Auditor read the Directors' Report and found that it was prepared, in all its significant aspects, in compliance with the Rule issued by the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards applicable to the entities which are authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instrument and Investment Sector.

The Auditor's Opinion on the financial statements does not cover the Directors' Report.

Based on the activities performed during the Financial Statement Audit, in the Auditor's opinion:

a) The information presented in the Directors' Report for the financial year concluded on December 31, 2018 complies with the financial statements, in all its significant aspects.
b) The Directors' Report was prepared, in all its significant aspects, in compliance with art. 8-13 of the Rule issued by the Financial Supervisory Authority no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards applicable to the entities which are authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Instrument and Investment Sector.

Based on the knowledge and understanding obtained during the audit of the financial statements for the financial year concluded on December 31, 2018 regarding the Company and its environment, [the Auditor] identified no information included in the Directors' Report to be significantly erroneous.

The responsibility of the management and of the persons responsible with governance for the financial statements

The company management holds the responsibility of the elaboration and truthful presentation of the financial statements in compliance with the Norm of the Financial Supervisory Authority no. 39/2015, for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to bodies authorized, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments, and for that internal control considered necessary by the management so to allow the elaboration of individual financial statements that do not contain important deformations, caused either by fraud, or by error.

In preparing the financial statements, the management is responsible of assessing the Company's ability to remain in business, presenting, where appropriate, aspects related to the business going-concern and using the going-concern accountancy, unless the management intends either to liquidate the Company or to stop operations, or to have no realistic alternative apart from them.

The persons in charge with the governance are responsible of overseeing the Company financial reporting process.

The auditor's responsibilities within an audit of the financial statements

The auditor's objective is to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or to error, and also to issue a report that includes the auditor's opinion. Reasonable insurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect significant misstatement, if any. Distortions may be caused either by fraud or by error and are considered to be significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism during the audit. Moreover:

- The auditor identifies and evaluates the risks of material misstatement of the financial statements, whether caused by fraud or by error, designing and executing audit procedures in response to those risks and obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.

- The auditor understands the internal audit relevant to the audit, in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of internal control of the Company.

- The auditor assesses the appropriateness degree of the applied accounting policies and the reasonableness of the accounting estimates and of the related presentations of information as performed by the management.

- The auditor formulates a conclusion as to the appropriateness degree of the management's use of the going concern principle, and we determine, based on the obtained audit evidence, whether there is significant uncertainty about events or conditions that could raise significant doubts about the Company's going concern capacity. If we conclude that there is significant uncertainty, we must draw the attention in the auditor's report as for the respective presentations in the financial statements or, if those presentations are inappropriate, to change our view. The auditor findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on the basis of the going concern principle.

- The auditor assesses the presentation, structure and contents of the financial statements, including the information presentation and the extent to which the financial statements reflect the transactions and events they are based upon in a way that leads to a faithful presentation.

The auditor communicates to the governance-responsible persons, among other things, the planned scope and the timely programming of the audit, as well as the main findings, including any significant internal control deficiencies identified throughout the mission.

Furthermore, the Auditor provides the governance-responsible persons with a statement regarding the conformity with the ethical independence requirements and communicates all the relations and further matters which might be reasonably considered as able to affect the Auditor's independence and, where applicable, the accruing safety measures.

Among the information communicated to the governance-responsible persons, the Auditor determined the aspects posing the highest importance in auditing the financial statements of the current period and which are considered to be key audit aspects. These aspects are described in the Audit Report unless the legislation or regulations prevent the public disclosure of such aspects or unless, under extremely rare circumstances, the Auditor considers an aspect should not be communicated in the report as the adverse consequences might reasonable overshadow the public interest benefits of such a communication.

Report concerning other legal and regulatory provisions

We hereby confirm that:

- The Audit Opinion is consistent with the additional report addressed to the Company Audit Committee, issued on the same date as the Audit Report. Moreover, in the audit performance, we kept our independence to the audited Company.
- We provided the Company with no prohibited non-audit services mentioned under article 5 paragraph (1) of the

EU Regulation no. 537/2014.

Other aspects

The present audit report is addressed exclusively to the shareholders of the Company and was performed only for presenting the aspects pertaining to the audit of the financial statements, and for no other purposes. To the extent allowed by the law, the auditor accepts and undertakes the responsibility only for the performed audit and for the formulated opinion otherwise than towards the company and its shareholders.

Financial Auditor Rusu Gheorghe PhD Econ., Registered with the Chamber of Financial Auditors of Romania under no. 886/2001	
	Affixed round stamp *ROMAR-CO AUDIT SRL * 2 * Constanta*
ROMAR-CO AUDIT SRL, *Authorization by the Chamber of Financial Auditors of Romania no. 186/2002*	*Affixed illegible signature*
	Affixed round stamp *Chamber of Financial Auditors of Romania* *Rusu Gheorghe* *No. 886*
Constanta, **May 8, 2019**	

I, the undersigned **Gabriela-Monica STEGARU, sworn interpreter and translator** for **French and English,** as per the Authorization no. 12963 as of 12.10.2016, issued by the Ministry of Justice of Romania, do hereby certify the accuracy of the translation made from Romanian to English, also that the presented text was translated entirely, without omissions, and that, by translating it, the content and meaning of the written document were not altered.

Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR

MINISTERUL JUSTIȚIEI Aut. Nr. 12963 GABRIELA-MONICA STEGARU ENGLEZĂ-FRANCEZĂ TRADUCĂTOR AUTORIZAT

VIENNA Investment Trust

Statement of Global Result
For the Financial Year ended on December 31, 2018

in RON

	Note	31-Dec.-2018	31-Dec.-2017
Revenues from taxes, fees and commissions	6	510,733	287,393
Expenses with taxes, fees and commissions	7	(215,157)	(183,535)
Net income		**295,576**	**103,858**
Revenues from interests and differences in the exchange rate		165,961	138,599
Expenses with interests and differences in the exchange rate		(94,046)	(149,377)
Net income	8	**(71,915)**	**(10,778)**
Net profit/loss from the financial assets at the fair value through profit or loss	9	**(522,294)**	**989,568**
Administrative expenses	10	(488,157)	(356,704)
Personnel expenses	11	(596,742)	(512,233)
Expenses with the fixed asset depreciation	14	(24,794)	(17,269)
Total operating expenses		**(1,109,694)**	**(886,206)**
Profit from continuing operations before tax		**(1,264,496)**	**196,442**
Expenses with the corporate tax		-	-
Net Profit / Loss corresponding to the financial period		**(1,264,496)**	**196,442**

DIRECTOR,

SIMIONESCU ADRIAN

Affixed round stamp:
"VIENNA INVESTMENT S.A., ROMANIA"

Signature
Affixed illegible signature

ELABORATED BY ,
SC NEAGA&ASOCIATII CONTABILITATE, CONSULTANTA SI AUDIT SRL
NEAGA NELY
(Certified Chartered Accountant)
Registered with the Body of Chartered and Certified Accountants of Romania under No.: 4113/2007

Affixed round stamp:
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Affixed oval stamp:
"Body of Chartered and Certified Accountants of Romania Bucharest Branch CHARTERED ACCOUNTANT, NEAGA NELY, No. 19765 A"
Signature

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Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR

MINISTERUL JUSTIȚIEI
Aut. Nr. 12963
GABRIELA-MONICA
STEGARU
ENGLEZA-FRANCEZA
TRADUCĂTOR AUTORIZAT

Translation from Romanian into English

VIENNA Investment Trust

Statement of the Financial Position
As on December 31, 2018

in RON	Note	31-Dec.-2018	31-Dec.-2017
Assets			
Cash and cash equivalents	12	4,718,244	18,595,384
Financial assets assigned at the fair value through profit and loss	4	3,383,414	4,399,448
Trade receivables, from transactions and likewise	13	1,046,830	868,290
Accrued expenses		1,360	755
Tangible assets	14	69,503	86,957
Intangible assets	14	1,482	2,290
Total assets		**9,220,833**	**23,953,124**
Liabilities			
Commercial and other kinds of liabilities	15	46,552	41,880
Advance payments received from customers and for trading	16	4,281,805	17,754,272
Total liabilities		**4,328,357**	**17,796,152**
Equities			
Company share capital	17	9,571,785	9,571,786
Reserves	17	302,556	302,556
Retained result		(4,981,865)	(3,717,370)
Total equities	17	**(4,892,476)**	**6,156,972**
Total liabilities and equities		**9,220,833**	**23,953,124**

DIRECTOR,

SIMIONESCU ADRIAN

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GABRIELA-MONICA
STEGARU
TRADUCATOR AUTORIZAT
ENGLEZA-FRANCEZA

Statement of the Evolution of Equities
For the Financial Year ended on December 31, 2018

in RON	Note	Company Share capital	Legal reserve	Other reserves	Result brought forward from the First-Time Adoption of IAS 29	Retained earnings	Total equities
Balance as on January 01, 2017		**9,571,785**	**292,477**	**257**	**(5,118,333)**	**1,214,344**	**5,960,530**
Profit year 2017		-	-	-	-	196,442	**196,442**
Profit distribution 2017		-	9,822	-	-	(9,822)	-
Balance as on December 31, 2017		**9,571,785**	**302,299**	**257**	**(5,118,333)**	**1,400,964**	**6,156,972**
Loss year 2018		-		-	-	(1,264,496)	**(1,264,496)**
Balance as on December 31, 2018		**9,571,785**	**302,299**	**257**	**(5,118,333)**	**136,468**	**4,892,476**

DIRECTOR,

SIMIONESCU ADRIAN

Affixed round stamp:

"VIENNA INVESTMENT S.A., ROMANIA"

Signature

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SC NEAGA&ASOCIATII CONTABILITATE, CONSULTANTA SI AUDIT SRL

NEAGA NELY

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Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR

VIENNA Investment Trust

Statement of Cash Flows
For the Financial Year ended on December 31, 2018

	in RON	Note	31-Dec.-2018	31-Dec.-2017
	Cash flows from operating activities			
+	Amounts received from clients and on behalf of clients		(9,174,658)	11,640,304
-	Payments to clients, suppliers and employees		(2,615,923)	(1,796,718)
-	Paid corporate tax		-	-
	Net cash from operating activities		**(11,790,581)**	**9,843,586**
	Cash flows from investment activities			
+	Dividends collected		189,032	128,011
+	Interests collected		136,644	27,492
+	Sale of financial assets		723,476	2,064,015
-	Purchases of financial assets		(3,131,561)	(94,792)
+	Sale of tangible/ intangible fixed assets			-
-	Purchase of tangible/ intangible fixed assets		(4,150)	(122,733)
	Net cash from investment activities		**(2,086,559)**	**2,001,993**
	Net increase /decrease of cash and cash equivalents		**(13,877,140)**	**11,845,579**
	Cash and cash equivalents at the beginning of the period		**18,595,384**	**6,749,805**
	Cash and cash equivalents at the end of the period		**4,718,244**	**18,595,384**

DIRECTOR,

SIMIONESCU ADRIAN

Affixed round stamp:
"VIENNA INVESTMENT S.A., ROMANIA"

Signature

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MINISTERUL JUSTIȚIEI Aut. Nr. 12963 GABRIELA-MONICA STEGARU ENGLEZA-FRANCEZA TRADUCATOR AUTORIZAT

Translation from Romanian into English

VIENNA Investment Trust

SSIF VIENNA INVESTMENT TRUST SA

The annual financial statements for the year ended on **December 31, 2018**

Prepared in accordance with the
Instruction no. 1/2017 and Rule no. 39/2015 for the approval of the accounting regulations compliant with the International Financial Reporting Standards, applicable to the entities that are authorised, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments.

I, the undersigned **Gabriela-Monica STEGARU**, **sworn interpreter and translator** for **French and English**, as per the Authorization no. 12963 as of 12.10.2016, issued by the Ministry of Justice of Romania, do hereby certify the accuracy of the translation made from Romanian to English, also that the presented text was translated entirely, without omissions, and that, by translating it, the content and meaning of the written document were not altered.

Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR

MINISTERUL JUSTIȚIEI Aut. Nr. 1296[illegible] GABRIELA-MONICA STEGARU ENGLEZA-FRANCEZA TRADUCATOR AUTORIZAT

1. REPORTING ENTITY

S.S.I.F. VIENNA INVESTMENT TRUST S.A. was established on December 28, 1994 under the name S.C. INCOVAL S.A. The Company was registered with the Trade Registry under no. J40/28786/1994, it was assigned the sole registration number 7475775 and it is a joint-stock Company having a mixed private share capital, both Romanian and foreign, amounting to RON 4,453,451.80, out of which, in foreign currency: USD 34,800 highlighted in RON at the foreign exchange rate of the foreign exchange market published by the National Bank of Romania (NBR) of RON/USD 0.1772.

The Entity is authorised to operate by the Financial Supervisory Authority of Romania under Decision no. 3006 as on September 02, 2003. The normative acts regulating the Entity operation are Law no. 31/1990 on the trade companies, and Law no. 126/2018 regarding the financial instrument markets.

Scope of business: Other financial brokerage n.e.c. (not elsewhere classified), NACE code 6499.

The turnover consists of incomes from commissions based on intermediation contracts (financial investments services). During the year 2018, the Entity also gained incomes from consultancy activities regarding the capital structure and other related aspects.

Company registered office: Splaiul Unirii, no. 4, Bloc B3, Et. 6, Birou 6.2, Sector 4, Bucharest, 030121, Romania, Tel.: 0212074880; Fax: 0212074898.

S.S.I.F. VIENNA Investment Trust SA has no branches or subsidiaries and is not a part of a group of companies.

The Members of the Board of Directors as on December 31, 2018 and December 31, 2017 were as follows:

- Chairperson: Simionescu Adrian
- Member: Toma Constantin
- Member: Marica Constantin

2. THE BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Declaration of Conformity

According to the (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 regarding the application of international accounting standards and to the Rule (of the Financial Supervisory Authority - ASF) no. 39/2015 for the approval of Accounting Regulations in line with the International Financial Reporting Standards, applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority in the Sector of Financial Instruments and Investments, the Company prepared the Financial Statements for the year concluded on December 31, 2018 in accordance with the International Financial Reporting Standards ("IFRS"), adopted by the European Union ("EU"). The Company accounting records are made in Romanian New Lei (RON), in accordance with the Romanian Accounting Regulations.

The Financial Statements were approved by the Board of Directors on May 10, 2019.

2.2. The Presentation of Financial Statements

The Financial Statements contain the statement of the financial position, the statement of the global result, the statement of the equity changes, the statement of cash flows and the explanatory notes.

The Company presents the statement of the financial position in the order of liquidation.

The assets and financial liabilities are off-set, and the net amount is reported in the statement of financial position only if there is a legal enforceable right to offset the acknowledged amounts and if there is an intention to settle on a net base or to realize the assets and to extinguish the debts simultaneously.

The earnings and the expenses are not offset in the profit or loss in the statement of the global result except for the cases provided for or allowed by a standard or by an accounting interpretation and as specifically presented in the Company accounting policies.

2. THE BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.3. The Bases of the Assessment

The Financial Statements are prepared based on the historical cost or depreciated cost, except for the financial assets available for trading, which are assessed at the fair value. The historical cost is generally based on the fair value of the counter-provision performed in exchange for the assets.

2.4. The Functional and Presentation Currency

The Functional and Presentation Currency is the Romanian New Leu (RON) rounded up/down to the nearest whole unit.

2.5. Reasoning and Accounting Estimates

During the preparation of the Financial Statements in accordance with the International Financial Reporting Standards ("IFRS"), the management used estimates as regards determining the reported values of the assets, liabilities, incomes and expenses. The estimates are constantly reviewed and are recognised in the period when the estimate is reviewed.

The fair value of financial instruments

The fair value of the traded financial instruments on the active markets on each reporting date is based on the market prices or on the price set by the dealer (for the long term the price is bid, while on the short term the price asked is given), without any deductions of costs related to the transaction.

For financial instruments not traded on an active market, the fair value is determined by using adequate valuation techniques. These techniques may include:

- The use of recent transactions under competitive conditions
- The analysis of the current fair value of another instrument having substantially similar characteristics
- The analysis of the updated cash flows or other valuation templates.

The Company uses the following hierarchy to determine and present the fair value of the financial instruments based on the valuation techniques:

- Level 1: listed (unadjusted) prices on the active markets for identical assets or liabilities;
- Level 2: other techniques for which all inflows having a significant effect on the recorded fair value are observable, either directly or indirectly, and
- Level 3: techniques which use inflows having a significant effect on the recorded fair value which are not based on observable market data.

An analysis of the fair values of the financial instruments and other further details regarding the way in which the same are valuated is presented in Note 4.

2.6. The Principle of the Business Continuity

The Financial Statements were prepared based on the principle of business continuity, which implies that the Company shall be able to realise the assets and to pay the liabilities under normal business conditions.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described hereinafter were applied consistently by the Company throughout the financial years presented in these Financial Statements.

3.1. Transactions and Balances in Foreign Currency

The Company transactions in foreign currency are recorded at the foreign exchange rates communicated by the National Bank of Romania ("NBR") for the transaction date. The balances in foreign currency are converted into Ron at the foreign exchange rates communicated by the NBR for the Balance Sheet date. The earnings and losses resulted from the transaction settlements in foreign currency and from the conversion of the monetary assets and liabilities expressed in foreign currency are recognised in the profit and loss account, within the financial result.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The main foreign exchange rates used for the conversion into Ron of the balances expressed in foreign currencies were as follows:

Currency	on December 31, 2018	on December 31, 2017
CAD	2.9925	3.1051
EURO	4.6639	4.6597
USD	4.0736	3.8915

3.2. Cash and cash equivalents

The cash and cash equivalents included in the statement of financial position and in the statement of the cash flows include the cash-at-bank and the cash-in-hand, and short term deposits with an initial maturity of 3 months or less.

3.3 Financial assets and liabilities

A financial instrument is any contract simultaneously generating a financial asset of an entity and a financial liability or an instrument of equity of a different entity.

The Company adopted the IFRS 9 ("IFRS 9") with the transition date January 1, 2018. According to the transitional provisions of IFRS 9, the Company decided not to retreat the comparative figures. Therefore, the comparative information for the year 2017 is reported in accordance with IAS39 and it is not comparable to the one reported for the year 2018. Considering that there were no significant differences between the book values of the financial assets and of the financial liabilities on the date of the transition, they were not recognized.

The result of the adoption of IFRS 9 consisted in amendments to the accounting policies concerning the recognition, classification and evaluation of financial assets and liabilities, and concerning the depreciation of the financial assets. Furthermore, IFRS 9 significantly modifies other standards referring to the financial instruments, such as IFRS 7 "Financial instruments: Disclosures". As a result, the new disclosure requirements were adopted for the current period. The comparative notes present the information included in the financial statements for the previous year.

The main changes to the accounting policies of the Company resulting from the adoption of IFRS 9 are presented below:

The new approach regarding the classification of financial assets is based on the characteristics of cash flows and on the business model on the basis of which an asset is owned.

The Classification of Financial Assets:

The Company recognizes all the financial assets and liabilities on the date of the trading thereof. The date of the transaction is the date when the Company commits to purchase or sell an asset.

According to IFRS 9, the Company classifies the financial assets in the following categories:

- Financial assets at fair value through profit and loss (FVPL); or
- Financial assets at depreciated cost.

The classification and measuring of financial assets is based, generally, on the business model of the Company regarding the management of the assets and on the characteristics of their cash flow. Based on these factors, the Company classifies the financial assets into one of the following categories:

- The financial assets held for the collection of contractual cash flows, having the cash flows represented solely by payments of principal and interest (SPPI) are classified and valuated at the depreciated cost. The Company includes the deposits placed at banks in this category;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- The financial assets held for trading, regardless of the characteristics of the cash flow, are valued at the fair value through profit and loss. In this category, the Company includes the stock portfolio it holds.

In case the financial assets are held for the collection of cash flows, as well as for sale, they are valued at the fair value through other elements of the global result.

The financial assets which do not meet the criteria regarding the collection of cash flows must mandatorily be valued at the fair value through profit and loss.

After the initial recognition, a financial asset is classified as being valued at the depreciated cost, only if two conditions are met simultaneously:

- the asset is held within a business model whose objective is to keep the financial assets in order to collect the contractual cash flows;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows representing solely payments of principal and interests.

Financial assets at fair value through the profit or loss

The financial investments are recognized on the date of trading, the date when the Company commits to purchasing an asset. According to IFRS 9, financial investments in fund units are classified in the category of financial assets at fair value through profit and loss (FVPL).

The financial investments in shares do not meet the criteria regarding the collection of cash flows and are valued at fair value.

The derecognition of financial assets and financial liabilities

Financial assets

Under some circumstances, the renegotiation or modification of the contractual cash flows of the financial assets lead to the derecognition of the existing financial assets.

A financial asset is derecognised when:

- the contractual rights over the cash flows resulting from financial assets expired;
- the Company retains the contractual rights to receive the cash flows from the financial asset, but undertakes a contractual obligation to pay them in full to a Third Party without significant delays, within a intermediation arrangement; or
- the Company transferred their rights to receive cash flows, and or a) substantially transferred all the risks and benefits associated to the financial asset, or b) neither substantially transferred, nor retained all the risks and benefits associated to the financial asset, but transferred the control over the respective financial asset.

Financial liabilities

A financial liability is derecognised when the liability is extinguished, cancelled or expired.

When a financial liability is replaced by another financial liability to the same creditor, but with significantly different contractual terms or when the terms of the current liability are significantly changed, such a change or modification is treated as a derecognition of the initial liability, followed by the recognition of a new liability, and the difference between the net book values is recognised in the Statement of incomes and expenses.

Under some circumstances, the renegotiation or modification of the contractual cash flows of the financial assets leads to the derecognition of the existing financial assets. In case the contractual conditions are significantly changed on the basis of renegotiations, the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset take place, the modified financial asset being considered to be "new" financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The compensation of financial assets and liabilities

The financial assets and financial liabilities are compensated, and the net amount is reported in the statement of financial position if and only if there is an enforceable legal right to offset the recognized amounts, and if there is an intention to settle the transaction on the net value or to realise the assets and to simultaneously extinguish the liability. In 2018, the Company did not offset financial assets and liabilities.

3.4. Tangible Fixed Assets

(a) Recognition and evaluation

The cost of an element of tangible fixed assets must be recognised as an asset if and only if the generation for an entity of future economic benefits related to the asset is probable and the cost of the asset can be evaluated in a reliable manner.

The Tangible Fixed Assets are registered in the acquisition cost, diminished with the cumulated depreciation and the cumulated depreciation.

(b) Subsequent Costs

The Company recognises the replacement cost of a tangible fixed asset in the carrying amount if the economic benefits included in the respective fixed asset are likely to be transferred to the Company and the cost of such fixed asset can be credibly measured. All the other costs are recognised as expenses in the profit and loss account at the time of their performance.

The expenses generated by the replacement of a component of the elements of tangible fixed assets, highlighted separately, including overhaul inspections or repairs, are capitalised. Other subsequent expenses are capitalised to the extent that they improve the future performances of those elements of tangible fixed assets. All the other repair and maintenance expenses are recorded in the profit and loss account at the time of their performance.

(c) Depreciation of the tangible fixed assets

The depreciation is calculated through the linear method during the estimated life for every element in the category of the tangible fixed assets.

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

Machinery and equipment	3 to 5 years
Fixtures, furniture and fittings	3 to 6 years

The on-going tangible fixed assets are not depreciated before commissioning.

The book value of the tangible fixed assets is revised upon every date of the statement of financial position or when events or circumstances indicate the fact that the value of the assets could no longer be retrieved. If that is the case, the book value is diminished up to the recoverable value.

The tangible fixed assets are derecognised upon their failure or when no future economic benefits are expected following their use or failure. The earnings or loss resulting from the derecognition of a tangible fixed asset (determined as the difference between the net collections upon failure and the book value of the element) is included in the Statement of profit or loss for the year when the asset is derecognised.

3.5. Intangible fixed assets

Intangible fixed assets

The intangible fixed assets (including IT software) purchased by the Company having a determined useful life, are evaluated at cost or re-evaluated cost minus the cumulative depreciation and the cumulative depreciation losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Subsequent expenses

The subsequent expenses are capitalised only they increase the value of the future economic benefits incorporated in the assets they are assigned for. All the other expenses, including the expenses for the goodwill depreciation and the internally generated brands, are recognised in the profit and loss account when they are borne.

(b) Depreciation of the intangible fixed assets

The depreciation is calculated for the asset cost or another value substituting the cost, minus the residual value. The depreciation is recognised in the profit or loss account using the linear method for the estimated useful life period for the intangible fixed assets, other than the goodwill, as of the date when they are available for use, this approach reflecting as faithfully as possible the envisaged way to consume the economic benefits incorporated in the asset.

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

IT software	1 to 3 years

The depreciation methods, useful lives and remaining values are reviewed at every financial year-end and adjusted according.

3.6. Non-financial assets

The non-financial assets include trade receivables, stocks and expenses recorded in advance.

The Company receivables are initially recognised at fair value, and later evaluated at the depreciated cost on the basis of the effective interest method, except for the provision for depreciation.

The Company receivables result from the relationship with its clients, debtors, and staff, with the State Budget, from subsidies or assimilated amounts, and down-payments paid to the suppliers.

When receivables are estimated not to be collected in full, adjustments for depreciation are recorded in the accounting, at the level of the amount which can no longer be recovered.

3.7. Other liabilities

A liability is an actual obligation of the Company resulting from past events and its settlement is expected to result in an outflow of resources incorporating economic benefits. A liability is recognised in accounting and presented in the balance sheet when it is likely that an outflow of resources incorporating economic benefits will result from the settlement of a present obligation and when the value that this settlement will be made on can be credibly evaluated.

The liabilities of the Company result from its relationship with the suppliers, creditors, staff, the State Budget and other entities and they are initially recognised at fair value and then measured at cost.

3.8. Employee Benefits

(a) Short-term benefits

The employee short-term benefits include salaries, indemnities and social security contributions. The short-term benefits are recognised as expenses as the services are provided.

(b) Plans for determined contributions

The Company makes payments on behalf of its own employees to the Romanian state system of pensions, health care insurance and unemployment, during the normal activity performance. All the Company employees are members and, also, legally bound to contribute (through the social security contributions) to the pension system of the Romanian state (a State plan of determined contributions). All the accruing contributions are recognised in the result of the period when they are performed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plans for determined benefits

A plan for determined benefits is a post-employment benefit plan other than a determined contribution plan.

The Company has no obligation towards its employees, by virtue of the Romanian law, as regards the pensions and it does not participate in any other pension plan. The indemnity for sickness benefit is only granted in case the retirement decision remains final.

(d) Other employee long-term benefits

The Company does not grant other long-term benefits to the employees besides the ones listed hereinabove.

3.9. Provisions

The provisions are recognised in the Statement of Financial Position when an obligation appears for the Company related to a past event, and it is likely that, in the future, economic resources need to be used to extinguish such obligation, and a reasonable estimation of the obligation amount can be made. In order to determine the provision, the future cash flows are updated using a discount rate before tax reflecting the current market conditions and the risks specific to the respective debt. The updated depreciation is recognised as a financial expense.

Are structuring provision is recognised when the Company has approved an official and detailed restructuring plan, and the restructuring either has started, or was publicly announced. The future operational losses are provisioned.

On December 31, 2018 and on December 31, 2017, the Company did not constitute any provisions in the Statement of Financial Position.

3.10. Recognition of incomes and expenses

The incomes are recognised to the extent that the Company is likely to obtain economic benefits, and the incomes can be credibly estimated, regardless of the moment when the payment is made. The incomes are evaluated at the fair value of the amount collected or to be collected, taking the contractual payment terms into consideration and excluding the taxes or duties. The Company evaluates its income arrangements according to a series of specific criteria, in order to determine whether it holds the capacity of Agent or Principal. The Company concluded that it holds the capacity of Principal within all their income arrangements.

The specific recognition criteria presented further on must also be complied with before the income recognition:

(a) Incomes from commissions and fees

The Company obtains incomes from commissions and fees resulting from the provision of intermediation services on the capital market.
The incomes from commissions are recognised in the profit and loss account in the period when the said services are provided. The incomes are recognised at the value collected by the Company.

(b) Incomes from interests

The incomes from interests are recognised in the profit and loss account through the effective interest method. The incomes from interests originate in the interests accruing to the current accounts and to the deposits with the crediting institutions.

(c) Incomes from dividends

The incomes from dividends are recognised in the profit or loss account on the date when the Company right to receive such incomes is established.

In the case of dividends received in the form of shares as an alternative to the cash payment, the incomes from dividends are recognised at the level of the received cash amount, in accordance to the accruing contribution increase.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company records incomes from dividends at the net value.

(d) Net incomes from trading

The results obtained from trading activities include the earnings minus the losses related to the trading assets and liabilities and they include all the realised and not-realized fair value changes and the exchange rate differences, if applicable.

(e) Commission expenses

The Company pays commissions and fees corresponding to the provision of management services for the financial intermediation companies, namely commissions of trading intermediation, custody commissions, and other expenses with commissions and fees charged by the financial intermediaries. These expenses are recognised based on the accrual-based accounting.

3.11. Share capital

Upon the issue of shares, any component giving rise to a financial liability for the Company is presented as a liability in the statement of financial position, initially evaluated at the fair value, net of the trading costs, and subsequently at the depreciated cost until it is extinguished. The remaining issue earnings are allocated to the equity component and are included in the Shareholders' equity, net of trading costs.

The dividends are treated as a profit distribution for the period when they are declared and approved by the General Meeting of Shareholders.

3.12. Legal reserve

In accordance with the Romanian legislation, the companies must distribute an amount equal to, at least, 5% of the profit before tax, into legal reserves, until they reach 20% of the share capital.

When this level is reached, the Company can perform additional allocations only from the net profit. The legal reserve is the limit of a 5% quota applied to the accounting profit, prior to the determination of the profit tax.

3.13. Profit tax

The profit tax accruing to the financial year includes the current tax and the deferred tax. The profit taxis recognised in the financial year result, except for when it accrues to the business combinations or to elements recognised directly in the equities or to other elements of the comprehensive result.

The current tax is the tax paid on the period profit or receivable for the period loss, determined based on the percentages applied on the reporting date and on all the adjustments regarding the profit tax payment obligations accruing to the previous periods.

The deferred tax is determined for the temporary differences occurring between the tax calculation tax base for assets and liabilities and their carrying amount is used for reporting in the Financial Statements. The deferred tax is not to be recognised for the following temporary differences: the initial recognition of the goodwill, the initial recognition of the assets and liabilities resulting from transactions which are not business combinations and impact neither the accounting profit, nor the fiscal one, and differences resulting from investments in subsidiaries, under the condition that they not be returned within the foreseeable future. The deferred tax is calculated based on the forecasted manner of realisation or discount of the carrying amount of the assets and liabilities, by using the taxation rates provided for in the legislation into force to be applied on the reporting date.

The receivable regarding the deferred taxis only recognised to the extent that taxable profit is likely to be obtained in the future, subsequently to the compensation with the fiscal loss of the previous years and with the recoverable profit tax. The deferred tax receivable is decreased to the extent that the accruing fiscal benefit is unlikely to be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The additional taxes occurring from the dividend distribution are recognised on the same date as the dividend payment obligation.

The profit tax quota used for calculating the current and deferred tax amounted, on December 31, 2018, to 16% (as on December 31, 2017: 16%).

3.14. Amendments to the Accounting Policies and adoption of revised or modified IFRS

a) Amendments to the Accounting Policies and to the Disclosable Information

The adopted Accounting Policies are consistent with the ones in the previous financial year, except for the following amended IFRS, which were adopted by the Company as on January 1, 2018:

IFRS 9: Financial Instruments

The final version of IFRS 9 Financial instruments reflects all the project stages regarding the financial instruments and replaces IAS 39 Financial Instruments: classification and measurement and all the previous versions of IFRS 9. The standard introduces new requirements regarding the classification and measurement, depreciation and hedge accounting against risks. The Management performed an evaluation on the effects of the standard and considers that it does not produce significant effects over the financial statements of the Company according to note 4 of these financial statements.

IFRS 15: Revenues from Contracts with Customers

IFRS 15 sets forth a new five-step model framework which shall apply to the revenues from a contract concluded with a Customer (with limited exceptions), regardless of the transaction type or of industry. Furthermore, the standard requirements shall apply to the recognition and measurement of the revenues and losses from the sale of certain assets of different nature than the financial one, which are not the result of the entity regular activity (e.g.: sale of tangible and intangible fixed assets). It shall provide for the extended information disclosure, including the disaggregation of the total revenue, information on the performance obligations, changes in the contractual balances of the assets and liabilities accounts between periods and reasonings and key-estimates. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

IFRS 15: Revenues from Contracts with Customers (clarifications)

The subject of the clarifications is to clarify the IASB's intentions when it elaborated the requirements of the IFRS 15 standard: Revenues from Contracts with Customers, especially the accounting for the identification of performance obligations, modifying the formulation of the principle of "distinctly identifiable" assets, of the considerations regarding the principal and agent , including the valuation of the fact that an entity acts in the quality of a principal or agent, as well as the application of the control and licensing principle, providing additional guidance regarding the accounting of the intellectual property and overriding royalties. Also, the clarifications foresee additional practical solutions available or the entities which either apply IFRS 15 completely retrospectively or choose to apply the modified retrospective approach. The Management executed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

IFRS 2: Classification and measurement of the share-based payment transactions (amendments)

The amendments set forth the accounting requirements of the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, of share-based payment transactions with a net settlement feature for withholding tax obligations, as well as for the modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 4: The application of IFRS 9 Financial instruments along with IFRS 4 Insurance Contracts (amendment)

The amendments address the concerns generated by the implementation of the Standard regarding the financial instruments, IFRS 9, prior to the implementation of the new standard regarding the insurance contracts that the Board is developing to replace the IFRS 4. The amendments provide two options for entities that issue insurance contracts: a temporary exemption from applying IFRS 9, and an overlay approach allowing entities that issue contracts within the IFRS 4 application scope to reclassify, from the profit or loss account to other comprehensive income items, some of the income and expenses arising from designated financial assets.

The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

INTERPRETATION OF IFRIC 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of the advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation sets forth that, for the purpose of determining the exchange rate, the date of the transaction is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, the entity must determine a date of the transaction for each payment or receipt of the advance consideration. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

- The IASB issued the Annual Improvements to the IFRS Standards - 2014-2016 Cycle, which is a collection of IFRS Amendments. The Management estimated that they do not cause a significant impact over the financial statements.

b) Issued standards and interpretations which have not yet come into force

The issued standards, which are not yet in force on the issue date of the Annual Financial Statements at individual level are listed below. The Company expects this list of issued standards and interpretations to be applicable at a future date. The Company intends to adopt these standards when they come into force. The Company is undergoing the assessment of the impact of adopting these standards, the amendments to the existing standards and the interpretations over the individual financial statements of the Company in the initial application period.

FRS 16: Leasing contracts

The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets forth the principles for the recognition, measurement, presentation and disclosure of information about the leasing agreements of the two parties to a contract, namely, the Customer ("Lessee") and the Supplier ("Lessor"). The new standard provides that Lessees recognise most of the Leases in the new financial statements. The Lessees shall only have available one accounting model framework for all the Agreements, with certain exceptions. The Lessor's accounting shall remain significantly unchanged. The Management estimates that this standard will have impacts over the financial statements of the company as they are presented in Note 18.

Amendment to IFRS 10 Reinforced financial statements and IAS 28: Investments in Associates and Joint Ventures: sale of or contribution with assets between an investor and their associate and joint ventures

The amendments refer to an inconsistency identified between the IFRS 10 requirements and those of IAS 28, regarding the sale of or contribution with assets between an investor and their associate and joint ventures. The main consequence of the amendments is that a total profit or loss is recognised when the transaction involves an enterprise (whether it is or not in the form of a subsidiary). A partial profit or loss is recognised when a transaction involves assets that do not represent an enterprise, even if they are in the form of subsidiaries. In December 2015, IASB postponed indefinitely the date of entry into force of this amendment while waiting for

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

the results of a research project regarding the bookkeeping through the equity method. The amendments have not yet been adopted by the EU. The Management performed an evaluation on the standard effects and considers that there is no significant impact over the financial statements.

IFRS 9: Prepayment Features with Negative Compensation (amendments)

The amendment is effective for annual periods beginning on or after January 1, 2019, and earlier application is permitted. The amendment allows financial assets with prepayment features, that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be a "negative compensation"), to be measured at the depreciated cost or at fair value through other elements of the global result. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

IAS 28: Long-term Interests in Associates and Joint Ventures (amendments)

The amendments are effective for annual periods beginning on or after January 1, 2019, and earlier application is permitted. The amendments relate to whether the measurement and, in particular, the requirements relating to the impairment of long term interests in associates and joint ventures that, in substance, form part of the "net investment" in the respective associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The amendments clarify the fact that an entity applies the requirements in IFRS 9 Financial instruments before applying the IAS 28 to long-term interests that the equity method do not apply. In applying the IFRS 9, does not take account of any adjustments to the carrying amount of long-term interests that result from the application of IAS 28. These amendments have not yet been adopted by the EU. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

INTERPRETATION OF IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation is effective for annual periods beginning on or after January 1, 2019, and earlier application is permitted. The interpretation approaches the accounting of income tax in case the tax treatments involve a high degree of uncertainty affecting the application of IAS 12. The interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

Conceptual Framework in the IFRS standards

The IASB issued the revised Conceptual Framework for Financial reporting on March 29, 2018. The Conceptual Framework sets an extensive set of concepts for financial reporting, the setting of the standards, guidance for those who prepare financial statements in the elaboration of consistent accounting policies and assistance for users in understanding and interpreting the standards. Also, the IASB issued a separate attached document, Amendments of References for the Conceptual Framework in the IFRS standards, which establishes the amendments to the affected standards for the purpose of updating the references of the revised Conceptual Framework. The objective of the document is to support the transition to the revised Conceptual Framework for the entities developing accounting policies using the Conceptual Framework when no IFRS standard applies to a certain transaction. For those who prepare financial statements and develop accounting policies on the basis of the Conceptual Framework, the document is effective for annual periods beginning on or after January 1, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1: Presentation of financial statements and IAS 8: Accounting policies, amendments of accounting estimates and errors: The definition of the term "material" (amendments)

The amendments are effective for annual periods beginning on or after January 1, 2020, and earlier application is permitted. The amendments clarify the definition of the term "material" and the way it must be applied. The new definition mentions that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Furthermore, the explanations accompanying the definition were improved. The amendments ensure as well that the definition of the term "material" is consistent throughout all the IFRS Standards. These amendments have not yet been adopted by the EU. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

IASB issued the Annual Improvements to the IFRS Standards - 2015-2017 Cycle, which is a collection of IFRS Amendments. The amendments are effective for annual periods beginning on or after January 1, 2019, the earlier application thereof being permitted. These improvements have not yet been adopted by the EU. The Management performed an evaluation on the effects of the standard and considers that there is no significant impact over the financial statements.

IAS 12 Income tax: The amendments clarify that the consequences of payments on financial instruments classified as equity on the income tax must be recognised according to how the transaction or past events having generated a distributable profit were recognised.

IAS 23 Borrowing Costs: The amendments clarify paragraph 14 in the standard according to which, when a qualifying asset is available for its desired use or for sale and some of the specific loans accruing to the respective qualifying asset remain overdue at the time, the respective loan must be included in the funds that an entity borrows, in general.

4. FAIR VALUE DETERMINATION

On December 31, 2018, the Company held the following financial instruments recorded at fair value in the statement of financial position:

Financial assets designated at fair value through profit and loss	**Dec. 31, 2018**	**Dec. 31, 2017**
Owned Listed Shares	2,060,133	4,236,474
Owned Unlisted Shares	162,974	162,974
Other owned listed financial instruments	1,160,307	0
	3,383,414	**4,399,448**

Fair Value Hierarchy

The Company uses the following hierarchy for determining and presenting the fair value of the financial instruments based on the valuation techniques:

- Level 1: quoted prices (unadjusted) on the active markets for identical assets or liabilities.
- Level 2: other techniques for which all inflows having a significant effect over the recorded fair value are directly or indirectly observable
- Level 3: techniques using inflows having a significant effect over the recorded fair value which are not based on observable market data.

On December 31, 2018, the Company owned the following financial instruments recorded at fair value in the statement of financial position:

On December 31, 2018:

	Level 1	Level 2	Level 3	Total
Listed financial assets	3,220,440	-	162,974	3,383,414
	3,220,440	-	**162,974**	**3,383,414**

On December 31, 2017:

	Level 1	Level 2	Level 3	Total
Listed financial assets	4,236,574	-	162,974	4,399,448
	4,236,574	-	**162,974**	**4,399,448**

Movements of the financial assets designated at fair value

Balance at the beginning of the period	**4,399,448**
Acquisitions	4,602,488
Sales	-4,893,859
Revaluations	-724,664
Balance at the end of the period	**3,383,414**

5. RISK MANAGEMENT

In accordance with the performed activity, S.S.I.F. Vienna Investment TRUST S.A.is exposed to the following risks as a result of the use of financial instruments:

- Credit and counterparty risk;
- Residual risk;
- Concentration risk;
- Market risk;
- Liquidity risk;
- Operational risk;

This note presents information concerning the Company exposure to every individual risk mentioned hereinabove, the Company objectives, the risk evaluation and management policies and processes and the procedures for the capital management.

General framework regarding the risk management

The Company Board of Directors holds the general responsibility for establishing and supervising the risk management framework at the Company level.

The Company policies for risk management are defined so as to ensure the identification and analysis of the risks that the Company faces, to establish the appropriate limitations and controls, as well as to monitor the risks and the compliance with the established limitations. The risk management policies and systems are subject to regular review in order to reflect the changes occurred in the market conditions and in the Company activities. The Company, through its training and management standards and procedures, aims at developing an orderly and constructive control environment, where all the employees understand their roles and obligations.

The Company internal audit supervises the way the management monitors the compliance with the risk management policies and procedures and revises the appropriation of the risk management framework with reference to the risks the entities deal with.

Credit risk

The credit risk is the risk for the Company to bear a financial loss as a result of the failure to comply with the contractual obligations by a Customer or Counterparty in a financial instrument, and this risk mainly results from the trade receivables and the financial investments of the Company.

(i) Trade receivables and other receivables

The Company exposure to the credit risk is mainly influenced by the individual characteristics of every Customer and of the country where the latter performs its activity. Most Company Customers perform their activity in Romania.

The Company Customer base consists of natural and artificial persons making investments on the capital market.

(ii) Financial Investments

The Company limits its exposure to the credit risk by investing only in liquid instruments issued by counterparties having a satisfactory credit quality. The Management constantly monitors the credit quality and, considering that the Company invested only in instruments having a high credit quality, the Management does not expect these counterparties to fail to comply with their contractual obligations.

The maximum exposure to the credit risk is equal to the exposure in the balance sheet on the reporting date and it amounted to:

	Dec 31, 2018	**Dec 31, 2017**
Financial assets designated at fair value through profit and loss	3,383,414	4,399,448
Credits and receivables	1,046,830	868,290
Cash and cash equivalents	4,718,244	18,595,384
TOTAL	**9,148,488**	**23,836,122**

The Company monitors the credit risk exposure through the aging method applied to the receivables it holds. The Company has limited exposure to the credit risk given the specificity of the performed activity of intermediating financial transactions for the natural and artificial person Customers, transactions which are performed based on advance payments received from the Customers.

Residual risk

The Company will approach and control risk so that the used recognised techniques for mitigating the credit risk may prove less effective than the forecasts. Any residual risk resulting from the dynamic coverage strategies must be reflected in the own funds requirement.

Concentration risk

The concentration risk is the risk appearing as a result of the exposures to counterparties, groups of related counterparties and counterparties from the same economic sector, geographical region, same business or merchandise or of the application of the credit risk mitigation techniques and it includes particularly the risks associated to the high indirect exposures to the credit risk.
The control of the concentration risk is performed by monitoring the budgeted amounts/percentages regarding the exposure: per business sectors, counterparty categories, main currencies and territorial profile.

Market risk

The market risk is the risk that the market price variation, such as the foreign exchange rate, interest rate and equity instrument price, affect the Company revenues or the value of the held financial instruments.
The objective of the market risk management is to manage and control the exposure to the market risk within acceptable parameters and, at the same time, to optimise the investment profitability.

Exposure to foreign exchange risk

The Company exposure to the foreign exchange risk is presented hereinafter, based on the notional values in Ron equivalent:

on December 31, 2018	RON	EUR	CAD	Other currencies	Total
Financial assets					
Financial assets designated at fair value through profit and loss	3,383,413	-	1	-	3,383,414
Credits and receivables	324,330	579,850	132,193	10,457	1,046,830
Cash and cash equivalents	4,710,966	6,613	665	-	4,718,244
Total financial assets	**8,418,709**	**586,463**	**132,859**	**10,457**	**9,148,488**
Financial liabilities					
Trade liabilities	23,624	-559	-	-	23,065
Other liabilities	23,487	-	-	-	23,487
Advance payments collected from Customers	4,281,805	-	-	-	4,281,805
Total financial liabilities	**4,328,916**	**-559**	**0**	**0**	**4,328,357**
Net financial assets	**4,089,793**	**587,022**	**132,859**	**10,457**	**4,820,131**

5. RISK MANAGEMENT

on December 31, 2017	RON	EUR	CAD	Other currencies	Total
Financial assets					
Financial assets designated at fair value through profit and loss	4,399,443	-	5	-	4,399,448
Credits and receivables	133,810	244,307	478,045	12,128	868,290
Cash and cash equivalents	18,020,260	143,979	431,145	-	18,595,384
Total financial assets	**22,553,511**	**388,286**	**909,195**	**12,128**	**23,863,120**
Financial liabilities					
Trade liabilities	19,753	-	-	-	19,753
Other liabilities	22,127	-	-	-	22,127
Advance payments collected from Customers	17,754,272	-	-	-	17,754,272
Total financial liabilities	**17,818,424**	**0**	**0**	**0**	**17,818,424**
Net financial assets	**4,735,087**	**388,286**	**909,195**	**12,128**	**6,044,696**

Exposure to the price risk of the held-for-trading financial assets

The price risk of the held-for-trading financial assets is the risk that the value of such instruments may fluctuate as a result of the market price changes, either because of issuer-specific factors or because of factor affecting all the instruments traded on the market. The Company holds financial assets for trading amounting to 3,383 thousand Ron on December 31, 2018 (on December 31, 2017: 4,399 Thousands Ron). For such assets, an increase of ten per cent in the trading price on the reporting date would determine an increase of the Company result and of the equity on December 31, 2018 by 338.60 thousand Ron (on December 31, 2017: 439.90 thousand Ron); a similar change in reverse would determine a decrease of the Company result and equity by 423.60 thousand Ron (on December 31, 2017: 439.90 thousand Ron).

Liquidity risk

The liquidity risk is the risk that the Company may face difficulties in complying with the obligations associated to the financial debts discounted in cash or through the transfer of another financial asset. The Company approach regarding the liquidity risk is to make sure, to the extent that this is possible, it holds, at any time, enough liquidities to cope with the liabilities when they reach their maturity, both under normal conditions, as well as under stress conditions, without bearing unacceptable losses or putting the Company reputation at risk.

The Company has no engaged loans, since it only needs liquidities to cover the current operational expenses and discounts performed within the compensation - discounting systems that it operates. Taking into account that a significant weight of the Company assets consists of high liquidity investments, the liquidity risk level that the Company is exposed to is very low.

The contractual maturities of the financial liabilities, including the estimated interest payments and excluding the impact of the compensation agreements, are as follows:

on December 31, 2018	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Trade liabilities and other liabilities	46,552	46,552	46,552	-	-	-	-
Advance payments collected from Customers	4,281,805	4,281,805	4,281,805	-	-	-	-
Total	**4,328,357**	**4,328,357**	**4,328,357**	-	-	-	-

on December 31, 2017	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Trade liabilities and other liabilities	41,880	42,022	42,022				
Advance payments collected from Customers	17,754,272	17,754,130	17,754,130	-	-	-	-
Total	**17,796,152**	**17,796,152**	**17,796,152**	-	-	-	-

The cash flows included in the maturity analysis are not forecasted to occur significantly earlier or at significantly different values.

The Company keeps sufficient liquid assets (residual maturity below 3 months) in order to cover all the due liabilities.

Operational risk

Operational risk means the loss risk resulting either from the use of inappropriate internal processes, persons or systems or which did not perform their task appropriately, or from external events, and it includes the legal risk.

The policy of the Board of Directors is to maintain a solid capital base necessary for keeping the trust of the investors, creditors and market in order to support the future entity development. The Board of Directors monitors the profitability of the employed capital, defined by the Company as the net profit from the exploitation activity divided to the total equity, except for the non-controlling interests.

The coverage rates of the Company own funds requirements for the reference periods were as follows:

Equity rates and equity levels	Dec. 31, 2018	Dec. 31, 2017
Basic level 1 equity rate	40.06%	42.04%
Basic level 1 equity Surplus(+)/Deficit(-)	4,341,613.98	5,320,529.23
Basic level 1 equity rate	40.06%	42.04%
Basic level 1 equity Surplus(+)/Deficit(-)	4,158,487.35	5,107,959.49
Total equity rate	40.06%	42.04%
Total Equity Surplus(+)/Deficit(-)	3,914,318.52	4,824,533.15

The specific requirements issued by Autoritatea de Supraveghere Financiară in Romania ("ASF", i.e. the Romanian Financial Supervisory Authority, formerly known as "CNVM" – Comisia Națională a Valorilor Mobiliare, i.e. National Securities Commission – "NSC") regarding the equities are: the initial share capital should be higher than 730 thousand euro, the equities should exceed 730 thousand euro, namely, the equities should be higher or equal to the amount of capital requirements, the requirements being complied with throughout the activity performance in 2018 and 2017.

The Company equities are determined in compliance with the requirements of Regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

For the calculation of the Company equity, the following elements extracted from the Company analytical balance shall be taken into account:

- Positive elements:
  - Subscribed and paid up share capital;
  - Legal reserves, statutory reserves and other reserves.
- Negative elements:
  - Result carried forward, representing loss;
  - Loss of the current period recorded until the equities determination date;
  - Book-keeping registration value of the intangible fixed assets.

According to the reporting accruing to December 31, 2018, the Company equities registered a value increase of Ron 4,890,993.84, namely, Euro 1,048,691 (2017: Ron 5,958,238, namely, Euro 1,278,674).

Within the Company, for a good administration of the risk management, willing to establish new methods to manage its level, each individual department continuously aims at updating and improving the specific procedures and rules, to the extent that, at one point in time, it may be considered that the Company is exposed through the activity performance of that department, based on the rules in force at that time.

6. INCOMES FROM TAXES, FEES AND COMMISSIONS

The incomes from financial service provision and brokerage operations recognised in the profit and loss account are:

	Dec. 31, 2018	Dec. 31, 2017
Trading commissions	311,334	148,231
Commissions for other services	14,456	10,626
Incomes from consultancy activities	68,244	70,022
Other operating incomes	116,699	58,514
Total incomes	**510,733**	**287,393**

The main income sources, in 2018, consist of the incomes from commissions accruing to the brokered transactions and incomes from consultancy.

7. EXPENSES FROM TAXES, FEES AND COMMISSIONS

The expenses from taxes, fees and commissions consist of:

	Dec. 31, 2018	Dec. 31, 2017
Intermediation commissions	61,805	27,734
Trading commissions	112,345	115,981
Paid contributions	27,067	30,843
Taxes paid for trading	13,941	8,977
Total expenses	**215,157**	**183,535**

8. NET FINANCIAL INCOME

	Dec. 31, 2018	Dec. 31, 2017
Expenses from foreign exchange rate differences	-94,046	-148,682
Expenses regarding interests	0	-695
Incomes from foreign exchange rate differences	29,317	110,832
Incomes from interests	136,644	27,767
Net income	**71,915**	**-10,778**

9. NET PROFIT / LOSS FROM FINANCIAL ASSETS

	Dec. 31, 2018	Dec. 31, 2017
Losses regarding the assigned securities	-4,593,188	-1,621,403
Incomes from dividends	189,031	128,011
Incomes from other capital assets	1,051	393
Incomes from security investments	3,851,527	2,458,959
Other financial incomes	29,285	23,608
Net income	**-522,294**	**989,568**

10. PERSONNEL-RELATED EXPENSES

	Dec. 31, 2018	Dec. 31, 2017
Expenses with the management salaries	254,855	188,165
Expenses with the salaries of the operational personnel	301,965	210,424
Expenses with the insurances and social security	39,922	113,644
Total	**596,742**	**512,233**

The number of employees within the Company amounted to:

	Dec. 31, 2018		Dec. 31, 2017	
	At year end	Average per year	At year end	Average per year
Number of employees	**8**	**8**	**6**	**7**

11. CASH AND CASH EQUIVALENTS

	Dec. 31, 2018	Dec. 31, 2017
Liquid assets	853,964	1,921,463
Liquid assets for clients	3,864,128	16,672,181
Other securities	152	1,740
Total	**4,718,244**	**18,595,384**

Other securities are meal tickets which are found in the balance, not distributed to the employees and treasury advances.

12. TRADE RECEIVABLES, FROM TRADING AND ASSIMILATED AMOUNTS

	Dec. 31, 2018	Dec. 31, 2017
Security deposits for commercial activities	42,719	42,720
Security deposits for trading activities	270,791	269,729
Receivables regarding the trading activities	723,299	549,035
Receivables regarding the social securities	10,021	6,806
Total	**1,046,830**	**868,290**

The security deposits for trading activities are necessary for the performance of transactions on the Bucharest Stock Exchange, Central Depositary and the Keler intermediation company.
The receivables regarding the trading activities are amounts paid in advance to the Keler and Interactive Broker financial intermediation companies for trading purposes.

13. TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible Fixed Asset

Cost	Technical installations and means of transport	Furniture, office automation and other equipment	Total
Balance on January 1, 2017	**127,236**	**14,706**	**141,942**
Acquisitions	88,150	0	88,150
Exits	0	0	0
Balance on December 31, 2017	**215,386**	**14,706**	**230,092**
Acquisitions	6,531	0	6,531
Exits	0	0	0
Balance on December 31, 2018	**221,917**	**14,706**	**236,623**

Depreciation	Technical installations and means of transport	Furniture, office automation and other equipment	Total
Depreciation expenses	15,232	492	15,724
Eliminated upon the asset exit	0	0	0
Balance on December 31, 2017	**129,165**	**13,970**	**143,135**
Depreciation expense	23,495	491	23,986
Eliminated upon the asset exit	0	0	0
Balance on December 31, 2018	**152,660**	**14,461**	**167,121**

Intangible Fixed Assets

	Cost		Depreciation
Balance on January 1, 2017	**75,818**	**Balance on January 1, 2017**	**74,407**
Acquisitions	2,424	Depreciation expenses	1,545
Exits	281	Eliminated upon the asset exit	281
Balance on December 31, 2017	**77,961**	**Balance on December 31, 2017**	**75,671**
Balance on January 1, 2018	**77,961**	**Balance on January 1, 2018**	**75,671**
Acquisitions	0	Depreciation expenses	808
Exits	0	Eliminated upon the asset exit	0
Balance on December 31, 2018	**77,961**	**Balance on December 31, 2018**	**76,479**

15. TRADE LIABILITIES AND OTHER DIFFERENT KINDS OF LIABILITIES

	Dec. 31, 2018	Dec. 31, 2017
Liabilities regarding the social securities	16,639	12,463
Liabilities to the State budget	4,631	7,642
Trade liabilities	23,065	19,753
Payable dividends	1,513	1,513
Liabilities to the supervisory entity	398	203
Other liabilities	306	306
Total	**46,552**	**41,880**

The trade liabilities are current invoices, mainly for the internet and telecommunications services, utilities and book-keeping. The commissions due to the companies from the Capital Market are current liabilities to the Bucharest Stock Exchange, Central Depositary and Brokers' Association.

The liabilities to the state budget and the social security contributions are the taxes, duties and contributions accruing to the salaries for December 2018, due on January 25, 2019.

The liabilities to the F.S.A. consist of the 0.08% share of the purchase transactions, accruing to the fourth quarter.

Other various creditors are former customers who could not be returned their account liquidities.

16. ADVANCE PAYMENTS RECEIVED FROM CLIENTS AND FOR TRADING

	Dec. 31, 2018	Dec. 31, 2017
Amounts from clients for trading	4,281,519	17,754,130
Liabilities regarding the trading activities	286	142
Total	**4,281,805**	**17,754,272**

17. CAPITAL, RESERVES, PROFITABILITY

a) Share capital

The subscribed and paid up share capital on December 31, 2018 amounted to Ron 4,453,452, namely, the counter value of 167,423 shares having a nominal value of 26.60 Ron/share.

On December 31, 2018, the shareholding structure was as follows:

Shareholder	No. of Shares	Share value	%
Toma Constantin	123,070	3,273,662.00	73.51%
Simionescu Adrian	41,856	1,113,369.60	25.00%
Certasig SA	1,048	27,876.80	0.62%
Israel Credit Line Compl	754	20,056.40	0.45%
Thomas Mayer	573	15,241.80	0.34%
Prime Invest House Roman	61	1,622.60	0.04%
Prime Invest 2000	61	1,622.60	0.04%
Total	**167,423**	**4,453,451.80**	**100.00%**

The shareholding structure did not change in 2018.

In 2018, no new shares and no new bonds were issued.

The elements assimilated to the share capital are the value of the inflation capital adjustment for the period from 1995 to 2002.

b) Dividends

In 2018, no dividends were distributed to the Shareholders.

c) The legal reserve

According to the legal requirements, the Company constitute legal reserves amounting to a minimum of 5% of the profit recorded, until the level of 20% of the share capital. The legal reserves cannot be distributed to the shareholders. The value of the legal reserves in the balance on December 31, 2018 amounts to Ron 302,556 (2017: Ron 302,299).
The legal reserves can be used to cover the operating activity losses.

d) Result brought forward

The result brought forward is a credit balance, representing the positive results recorded by the Company in the previous years, amounting to Ron 1,400,964, and a debit balance, amounting to Ron 5,118,333, representing the result brought forward from the inflation adjustment of the share capital for the period from 1995 to 2002.

e) Asset Profitability

The EU Regulation no. 575/2013, Art. 431-455 and the Regulation of the Financial Supervisory Authority no. 3/2014, Art. 134 provide that the Company should publish, in its Annual Financial Statements, the asset profitability indicator, calculated as the ratio between the net realised profit and the total asset value.
For the financial year concluded on December 31, 2018, the asset profitability indicator was 13.71%, (2017: -0.82%).

18. LEASING CONTRACTS

The Company concluded an Operational Leasing Contract on November 17, 2017 for the acquisition of a Mercedes V 250 CDI automobile amounting to Euro 57,188.09, the contract being rolled-out over a period of 57 months.
The Company has the capacity of Lessee within the operational leasing contracts for means of transportation and the headquarter location. These leasing contracts have renewal terms and are concluded for periods of 4 and 5 years. Renewals are negotiated upon the contract expiry date.
The value of the payment instalments (VAT excluded), according to operational leasing contracts is the following:

Under 1 year	56,152
In the 1 to 5-year periods	148,985
Total leasing payments	**205,137**

The leasing contracts that do not substantially transfer all the risks and benefits related to holding the ownership right over leased items are considered to be operational leasing agreements.

Up to December 31, 2018, the operational leasing payments were recognised as expenses in the statement of profit and loss based on the linear method, during the leasing contract period. The payment commitments for leasing were recognised as expenses in the period when they were incurred.

Starting on January 1, 2019 the Company has been applying the IFRS 16 and recognised the assets and liabilities from leasing in the balance sheet, except for the contracts rolled-out over a period of a maximum of 12 months or for the leasing contracts having an asset of insignificant value as a scope of contract.

For the initial recognition, the Group and the Company, implicitly, chose to apply the prospective method, namely, the recognition of the leasing liabilities and of the assets related to the right of use at the beginning of the reporting period when the entity applies the IFRS 16 for the first time.

Upon the initial recognition, the asset related to the right of use and the liability resulting from the leasing contract are valued at the updated value of the leasing payments which are not paid at the said date.

The impact of the IFRS 16 application on January 1, 2019 is the following:

	Other assets
Asset related to the right of use (RON)	205,137
Leasing contract liability (EUR)	5,431

19. CORPORATE TAX

	Dec. 31, 2018	**Dec. 31, 2017**
Tax loss to recover	**-1,483,089**	**-1,546,272**
Operating result	-818,999	-765,079
Financial result	-445,498	961,521
Gross result	***-1,264,496***	**196,442**
Total deductions	**-24,794**	**-27,091**
Total non-taxable income	**-189,031**	**-128,011**
Total non-taxable expenses	**38,105**	**21,843**
Fiscal profit / loss	**-2,923,305**	**-1,483,089**

20. OFF-BALANCE-SHEET ELEMENTS

The value of the financial instruments and of the available funds held by the Company clients as on December 31, 2017, depending on the Client type, is as follows:

- 30 artificial persons compared to 30 artificial persons, in 2017, with available funds in the account amounting to Ron 2,202,718 (2017: Ron 15,308,816), and a stock portfolio, highlighted off-balance sheet, at a market value of Ron 64,925,010 (2017: Ron 36,041,592);
- 325 natural persons, compared to 325 natural persons, in 2017, with available funds in the account amounting to Ron 2,078,299 (2017: Ron 2,444,781), and a stock portfolio, highlighted off-balance sheet, at a market value of Ron 25,229,524 (2017: Ron 28,639,254).

21. TRANSACTIONS WITH THE AFFILIATES

(a) Trading operations with affiliates

The Company brokered transactions with financial instruments on the internal and international financial markets for Clients, Affiliates, under normal market conditions.

	Dec. 31, 2018	Dec. 31, 2017
Volume of transactions with financial instruments	290,706	831,498
Volume of brokerage commission and fees for the provided financial services	1,474	4,178
Balance of available funds	596,489	1,013,812
Balance of financial instruments	556,814	850,778

The Company granted no loans, advance considerations or guaranties in favour of the affiliates.

(b) Key management personnel

December 31, 2018
Members of the Board of Directors:
Simionescu Adrian – Chairperson
Toma Constantin - Member
Toma Marica – Member
Members of the Executive Management:
Simionescu Adrian - General Manager -CEO
Fulea Lucian - Trading Department Manager

December 31, 2017
Members of the Board of Directors:
Simionescu Adrian – Chairperson
Toma Constantin - Member
Toma Marica – Member
Members of the Executive Management:
Simionescu Adrian - General Manager - CEO
Fulea Lucian - Trading Department Manager
Miu Mihaela-Jeni - Risk Control Manager

In 2018, the salaries paid to the key management personnel amounted to Ron 254,855 (2017: Ron 188,165).

No indemnities were paid to the members of the Board of Directors.

The Company granted no loans, advance payments or guarantees in favour of the members of the Board of Directors and of the Executive Managers.

22. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Litigations in court

The Company had no on-going litigations on December 31, 2018 or on December 31, 2017.

(b) Off-balance sheet commitments

The Company had no off-balance sheet commitments given or received on December 31, 2018 or on December 31, 2017.

(c) Transfer price

The Romanian tax legislation has contained rules regarding the transfer price between affiliates, as of 2000. The current legislative framework defines the principle of "market value" for the transactions between affiliates, as well as the methods for establishing the transfer prices. Therefore, it is to be expected that the tax authorities initiate thorough verifications of the transfer prices, in order to make sure that the fiscal result and/or the customs value of the imported goods are not distorted by the effect of the prices practices in the relationships with affiliates.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Until the publication date of these Financial Statements, no significant events took place subsequently to the reporting date.

DIRECTOR,
Surname and name

SIMIONESCU ADRIAN
Round stamp
"Vienna Investment Trust S.A., Romania"

Signature
Illegible signature

PREPARED BY,
Surname(s) and name(s) (capacity)
S.C. NEAGA&ASOCIATII CONTABILITATE, CONSULTANTASIAUDIT S.R.L.
NEAGA NELY
(Certified Chartered Accountant)
Registration No.with CECCAR (the Romanian Association of Chartered and Certified Public Accountants): 4113/2007

Round stamp:
"S.C. NEAGA & ASOCIATII CONTABILITATE, CONSULTANTA SI AUDIT S.R.L., Bucharest Branch, [illegible]"
Signature
Illegible signature

I, the undersigned **Gabriela-Monica STEGARU**, **sworn interpreter and translator** for **French and English**, as per the Authorization no. 12963 as of 12.10.2016, issued by the Ministry of Justice of Romania, do hereby certify the accuracy of the translation made from Romanian to English, also that the presented text was translated entirely, without omissions, and that, by translating it, the content and meaning of the written document were not altered.

Gabriela-Monica STEGARU
SWORN INTERPRETER AND TRANSLATOR