NBI INVESTMENTS LIMITED

FINANCIAL STATEMENTS
31 December 2018

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NBI INVESTMENTS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Liudmila Lisanskaya Petros Nakouzi Konstantin Yasnov Anna Tropikhina Alexander Krapivko (Appointed on 5 February 2018)
Company Secretary:	Andreas Petrou Lakedemonias 15 Strovolos, 2028 Nicosia, Cyprus
Independent Auditors:	CosmoCo Ltd Certified Public Accountants and Registered Auditors 6, Neoptolemou Street 1087, Nicosia, Cyprus
Legal Advisers:	Andreas S. Petrou Law Office LLC
Registered office:	Arch. Makariou III, 256 Eftapaton Court 2, Unit A, Office 4 3105, Limassol Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Bank Otkritie Financial Corporation (Public Joint Stock Company) Limited Liability Company "Inbank" Rigensis Bank AS ING Bank Slaski Spolka Akcyjna PPF Banka
Registration number:	HE289258

Independent Auditor's Report

To the Members of NBI Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NBI Investments Limited (the "Company"), which are presented in pages 5 to 34 and comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the additional information to the statement of profit or loss and other comprehensive income in pages 35 to 37, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

To the Members of NBI Investments Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.

To the Members of NBI Investments Limited

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

....
Stelios Ioannou
Certified Public Accountant and Registered Auditor
for and on behalf of
CosmoCo Ltd
Certified Public Accountants and Registered Auditors

Nicosia, Cyprus, 22 April 2019

NBI INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2018

	Note	2018 €	2017 €
Revenue	9	**269,180**	940,448
Other operating income	10	**29,006**	-
Administration expenses		**(784,975)**	(635,428)
Other expenses	11	**(40)**	(15)
Operating (loss)/profit	12	**(486,829)**	305,005
Finance income	14	**1,590**	18,232
Finance costs	14	**(12,833)**	(69,748)
(Loss)/profit before tax		**(498,072)**	253,489
Tax	15	**(2)**	(17,258)
Net (loss)/profit for the year		**(498,074)**	236,231
Other comprehensive income		**-**	-
Total comprehensive (loss) / income for the year		**(498,074)**	236,231

The notes on pages 9 to 34 form an integral part of these financial statements.

NBI INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	**53,349**	72,655
Intangible assets	17	**21,551**	3,280
		74,900	75,935
Current assets			
Trade and other receivables	18	**140,294**	113,448
Financial assets at fair value through profit or loss	19	**66**	106
Refundable taxes	23	**8,242**	8,242
Cash at bank and in hand	20	**581,127**	1,127,161
		729,729	1,248,957
Total assets		**804,629**	1,324,892
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**302,000**	302,000
Retained earnings		**470,591**	968,665
Total equity		**772,591**	1,270,665
Current liabilities			
Trade and other payables	22	**32,026**	36,970
Bank overdrafts		**12**	-
Current tax liabilities	23	**-**	17,257
		32,038	54,227
Total equity and liabilities		**804,629**	1,324,892

On 22 April 2019 the Board of Directors of NBI Investments Limited authorised these financial statements for issue.

Liudmila Lisanskaya
Director

Petros Nakouzi
Director

Alexander Krapivko
Director

STATEMENT OF CHANGES IN EQUITY
31 December 2018

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2017	**302,000**	**732,434**	**1,034,434**
Total comprehensive income for the year	-	236,231	236,231
Balance at 31 December 2017/ 1 January 2018	**302,000**	**968,665**	**1,270,665**
Total comprehensive loss for the year	-	(498,074)	(498,074)
Balance at 31 December 2018	**302,000**	**470,591**	**772,591**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

STATEMENT OF CASH FLOWS
31 December 2018

	Note	2018 €	2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(498,072)**	253,489
Adjustments for:			
Depreciation of property, plant and equipment	16	**20,026**	19,882
Unrealised exchange (profit)/loss		**(1,378)**	55,789
Amortisation of computer software	17	**12,204**	2,022
Fair value losses on financial assets at fair value through profit or loss		**40**	15
Interest income	14	**(8)**	(5)
Interest expense	14	**139**	3
		(467,049)	331,195
Changes in working capital:			
Increase in trade and other receivables		**(26,846)**	(10,058)
Increase in financial assets at fair value through profit or loss		**-**	(1)
Decrease in trade and other payables		**(4,944)**	(134,634)
Cash (used in)/generated from operations		**(498,839)**	186,502
Tax paid		**(17,259)**	-
Net cash (used in)/generated from operating activities		**(516,098)**	186,502
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	17	**(30,475)**	(3,627)
Payment for purchase of property, plant and equipment	16	**(720)**	(36,536)
Interest received		**8**	5
Net cash used in investing activities		**(31,187)**	(40,158)
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange profit/(loss)		**1,378**	(55,791)
Interest paid		**(139)**	(3)
Net cash generated from/(used in) financing activities		**1,239**	(55,794)
Net (decrease)/increase in cash and cash equivalents		**(546,046)**	90,550
Cash and cash equivalents at beginning of the year		**1,127,161**	1,036,611
Cash and cash equivalents at end of the year	20	**581,115**	1,127,161

The notes on pages 9 to 34 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company NBI Investments Limited (the "Company") was incorporated in Cyprus on 23 June 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 256, Eftapaton Court 2, Unit A, Office 4, 3105, Limassol, Cyprus.

Principal activities

The principal activities of the Company are the investment services which are the reception and transmission of orders in relation to one or more financial instruments and execution of orders on behalf of clients and the portfolio management as well as the ancillary services which are the safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management, the granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, and the foreign exchange services where these are connected to the provision of investment services. The Company is regulated from the Cyprus Securities and Exchange Commission (CySEC) under authorisation number 162/12 issued on 4 January 2012 by which it is licensed to provide the above mentioned services.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

3. Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

4. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Company.

5. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied untill 31 December 2017 are presented in note 29.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

5. Significant accounting policies (continued)

Revenue recognition (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- **Rendering of services**

  Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- **Income from investments in securities**

  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

  The difference between the fair value of investments at fair value through profit or loss as at 31 December 2018 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are recognised in equity. When financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

5. Significant accounting policies (continued)

Revenue recognition (continued)

- **Fee and commission income**

  Brokerage commissions: Brokerage commissions are recognised when the ownership of the securities is transferred.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

- **Financing component**

  The Company does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

5. Significant accounting policies (continued)

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Final dividends are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer hardware	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

5. Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

5. Significant accounting policies (continued)

Financial assets - Classification (continued)

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "income/other expenses" in the period in which it arises.

5. Significant accounting policies (continued)

Financial assets - Measurement (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component, the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

5. Significant accounting policies (continued)

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks cash with brokers and bank overdrafts. In the statement of financial position, bank overdrafts are included in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

5. Significant accounting policies (continued)

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derivatives and hedge accounting

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

5. Significant accounting policies (continued)

Trade receivables (continued)

Trade receivables are also subject to the impairment requirements of IFRS 9.The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Share capital

Ordinary shares are classified as equity.

Off Balancesheet arrangements

In order to render investment services to clients, the Company holds assets on behalf of clients. The assets are kept in the Company's name on behalf of its clients in a fiduciary capacity and are not included as part of the Company's assets and liabilities in the financial statements.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

6. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union
- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).*
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).*
- *IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).*

(ii) Issued by the IASB but not yet adopted by the European Union
- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).*
- *Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) (effective for annual periods beginning on or after 1 January 2020).*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) (effective for annual periods beginning on or after 1 January 2019).*
- *Annual Improvements to IFRSs 2015-2017 Cycle (issued on 12 December 2017) (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)*
- *Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) (effective for annual periods beginning on or after 1 January 2020)*

6. New accounting pronouncements (continued)

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company with the exception of the following:

- The adoption of IFRS 16 is expected to change the recognition, measurement, presentation and disclosure of leases. The extent of the expected impact is presented below.

IFRS 16 Leases

The IFRS 16 Leases was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Company plans to adopt IFRS 16 through the simplified transition approach. As a result, no restatement will be made in the comparative information and the cumulative effect of initially applying IFRS 16 will be recognised as an adjustment to opening equity at the date of initial application.

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

During the year 2018, the Company has performed a detailed impact assessment of IFRS 16. In summary, the impact of IFRS 16 adoption is expected to be as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

	€
Assets	
Property, plant and equipment (right-of-use assets)	52,908
Liabilities	
Lease liabilities	(56,158)
Net impact on equity	(3,250)

7. Financial risk management

Financial risk factors
The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

7.1 Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

7.2 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2018	2017
	€	€
Fixed rate instruments		
Financial assets	**3,309**	1,653
	3,309	1,653

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Company, because, all financial instruments are fixed rate.

7.3 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)
- trade receivables

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The adoption of International Financial Reporting Standard 9 (IFRS 9) did not have a material effect in the Company's Financial Statements. The Company did not have a history of credit losses over the last years and all its trade receivables have been collected in the post year end period.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

7.4 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

7. Financial risk management (continued)

7.4 Liquidity risk (continued)

31 December 2018	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	€	€	€	€	€	€
Bank overdrafts	12	12	-	12	-	-
Trade and other payables	8,016	8,016	8,016	-	-	-
	8,028	**8,028**	**8,016**	**12**	**-**	**-**

31 December 2017	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	€	€	€	€	€	€
Trade and other payables	2,320	2,320	-	2,320	-	-
	2,320	2,320	-	2,320	-	-

7.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Russian Rouble. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

		Liabilities		**Assets**
	2018	2017	**2018**	2017
	€	€	**€**	€
United States Dollars	**1,069**	-	**118,281**	227,666
Russian Roubles	**-**	-	**3,953**	1,450
	1,069	-	**122,234**	229,116

<u>Sensitivity analysis</u>

A 10% strengthening of the Euro against the following currencies at 31 December 2018 would have increased the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

		Equity		**Profit or loss**
	2018	2017	**2018**	2017
	€	€	**€**	€
United States Dollars	**11,721**	22,767	**11,721**	22,767
Russian Roubles	**395**	145	**395**	145

7. Financial risk management (continued)

7.6 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Capital risk is the risk that the Company may lose value on its capital. When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide terms for shareholders and for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Management of the Company carries out regular risk reviews and based on the identified level of risks ensures the adequate relation of the risk profile of the Company to its capital.The legal and regulatory framework under which the Company operates, the Cyprus Securities and Exchange Commission ("CySEC"), stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is set up by the regulatory authority based on the International Basel II capital adequacy standards. The Company aims to always maintain a high capital adequacy ratio well above the required minimum. As at 31 December 2018 and 31 December 2017, the Company's capital adequacy ratio was in excess of the minimum requirement set up by the Cyprus Securities and Exchange Commission ("CySEC").

According to the requirements of Cyprus Securities and Exchange Commission Directive DI144-2007-05 – Capital Requirements of Investment Firms, the Company should disclosed more detailed information related to risks and risk management on the Company's website. As a result, detailed information related to risks and risk management are disclosed on the Company's website www.nbinvest.com.

The capital risk management is currently considered by Management as one of the priority directions for the development of a risk management function and it is evolving together with the increasing business requirements.

The Company has complied will all externally imposed capital requirements throughout 2018 and 2017.

Fair value estimation

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Carrying amounts		**Fair values**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Financial assets				
Cash and cash equivalents	**581,127**	1,127,161	**581,127**	1,127,161
Fair value through profit or loss	**66**	106	**66**	106
Financial liabilities				
Current borrowings	**(12)**	-	**(12)**	-
	581,181	1,127,267	**581,181**	1,127,267

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

8. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Provision for bad and doubtful debts**

  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Company's accounting policies

- **Fair value of financial assets**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

8. Critical accounting estimates and judgments (continued)

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of intangible assets**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

9. Revenue

	2018	2017
	€	€
Rendering of services	**137,075**	218,062
Brokerage fees	**132,105**	722,386
	269,180	940,448

The Company does not have any contracts where the period of provision of the services (that is, the period between the start and completion of a service) exceeds one year.

10. Other operating income

	2018	2017
	€	€
Sundry operating income	**29,006**	-
	29,006	-

11. Other expenses

	2018	2017
	€	€
Fair value losses on financial assets at fair value through profit or loss	**40**	15
	40	15

12. Operating (loss)/profit

	2018	2017
	€	€
Operating (loss)/profit is stated after charging the following items:		
Amortisation of computer software (included in "Administration expenses") (Note 17)	**12,204**	2,022
Depreciation of property, plant and equipment (Note 16)	**20,026**	19,882
Non executive directors' fees	**9,600**	10,300
Staff costs including Directors in their executive capacity (Note 13)	**446,882**	402,175
Auditors' remuneration for the statutory audit of annual accounts	**5,000**	5,000
Auditors' remuneration for other non-audit services	**18,000**	18,000

13. Staff costs

	2018	2017
	€	€
Salaries	**412,894**	372,302
Social security costs	**25,730**	22,427
Social cohesion fund	**8,258**	7,446
	446,882	402,175
Average number of employees (including Directors in their executive capacity)	**8**	9

14. Finance income/(costs)

	2018	2017
	€	€
Interest income	**8**	5
Exchange profit	**1,582**	18,227
Finance income	**1,590**	18,232
Net foreign exchange losses	**-**	(63,188)
Interest expense	**(139)**	(3)
Sundry finance expenses	**(12,694)**	(6,557)
Finance costs	**(12,833)**	(69,748)
Net finance costs	**(11,243)**	(51,516)

Interest income is analysed as follows:

	2018	2017
	€	€
Bank deposits	**8**	5
	8	5

15. Tax

	2018	2017
	€	€
Corporation tax	**-**	17,257
Defence contribution	**2**	1
Charge for the year	**2**	17,258

15. Tax (continued)

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2018	2017
	€	€
(Loss)/profit before tax	**(498,072)**	253,489
Tax calculated at the applicable tax rates	**(62,259)**	31,686
Tax effect of expenses not deductible for tax purposes	**4,190**	10,682
Tax effect of allowances and income not subject to tax	**(4,228)**	(5,017)
Tax effect of tax loss for the year	**62,297**	(21,663)
10% additional charge	**-**	1,569
Defence contribution current year	**2**	1
Tax charge	**2**	17,258

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

16. Property, plant and equipment

	Furniture, fixtures and office equipment	Computer hardware	Total
	€	€	€
Cost			
Balance at 1 January 2017	4,851	79,587	84,438
Additions	12,429	24,107	36,536
Balance at 31 December 2017/ 1 January 2018	**17,280**	**103,694**	**120,974**
Additions	-	720	720
Balance at 31 December 2018	**17,280**	**104,414**	**121,694**
Depreciation			
Balance at 1 January 2017	2,179	26,258	28,437
Charge for the year	1,728	18,154	19,882
Balance at 31 December 2017/ 1 January 2018	**3,907**	**44,412**	**48,319**
Charge for the year	1,728	18,298	20,026
Balance at 31 December 2018	**5,635**	**62,710**	**68,345**
Net book amount			
Balance at 31 December 2018	**11,645**	**41,704**	**53,349**
Balance at 31 December 2017	**13,373**	**59,282**	**72,655**

17. Intangible assets

	Computer software €
Cost	
Balance at 1 January 2017	27,030
Additions	3,627
Balance at 31 December 2017/ 1 January 2018	**30,657**
Additions	30,475
Balance at 31 December 2018	**61,132**
Amortisation	
Balance at 1 January 2017	25,355
Amortisation for the year (Note 12)	2,022
Balance at 31 December 2017/ 1 January 2018	**27,377**
Amortisation for the year (Note 12)	12,204
Balance at 31 December 2018	**39,581**
Net book amount	
Balance at 31 December 2018	**21,551**
Balance at 31 December 2017	**3,280**

18. Trade and other receivables

	2018 €	2017 €
Trade receivables	**29,135**	9,810
Deposits and prepayments	**75,750**	78,911
Other receivables	**18,759**	17,778
Refundable VAT	**16,650**	6,949
	140,294	113,448

The Company does not hold any collateral over the trading balances.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the financial statements.

19. Financial assets at fair value through profit or loss

	2018 €	2017 €
Balance at 1 January	**106**	120
Additions	**-**	1
Change in fair value	**(40)**	(15)
Balance at 31 December	**66**	106

The financial assets at fair value through profit or loss represent shares in Bank of Cyprus Public Company Ltd that were obtained as a result of the "bail in" provisions applicable on Bank of Cyprus Public Company Ltd.

20. Cash at bank and in hand

	2018	2017
	€	€
Cash at bank and in hand	581,127	1,127,161
	581,127	1,127,161

Included in bank balances there is an amount of €2.750 (2017: €1.650) that has been pledged as a security for the issue of five letters of guarantee in favour of the Cyprus Chief Immigration Officer needed for the foreign employees of the Company under the local laws and regulations (Note 28).

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2018	2017
	€	€
Cash at bank and in hand	581,127	1,127,161
Bank overdrafts	(12)	-
	581,115	1,127,161

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

21. Share capital

	2018 Number of shares	2018 €	2017 Number of shares	2017 €
Authorised				
Ordinary shares of €1 each	302,000	302,000	302,000	302,000
		€		€
Issued and fully paid				
Balance at 1 January	302,000	302,000	302,000	302,000
Balance at 31 December	302,000	302,000	302,000	302,000

22. Trade and other payables

	2018	2017
	€	€
Accruals	24,010	34,650
Other creditors	8,016	2,320
	32,026	36,970

23. (Refundable taxes)/current tax liabilities

	2018	2017
	€	€
Corporation tax payable	-	17,257
Corporation tax refundable	(8,242)	(8,242)
	(8,242)	9,015

24. Operating Environment of the Company

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, and although the rating continues to be 'non-investment grade', the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

The Company's management has assessed the situation and has concluded that no provisions or impairment charges are necessary to be made on its financial and non financial assets.

Operating environment in Russian Federation

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2016, the Russian economy has been negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could significantly differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

25. Related party transactions

The following transactions were carried out with related parties:

25.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2018	2017
	€	€
Non executive director's fees	9,600	10,300
Directors' remuneration	223,600	219,785
	233,200	230,085

26. Off Balance sheet arrangements

The Company in its ordinary course of business which primarily involves investment services holds on behalf of clients' cash and securities. These assets are not included in these financial statements (off balance sheet items). The clients cash balances and fair value of securities in different currencies as at 31 December 2018 were €7.310.693 (2017: €25.086.036) and €38.645.282 (2017: €38.254.208) respectively.

27. Contingent liabilities

Off balance sheet risk

In the normal course of business, the Company enters into agreements to manage funds and assets of clients in accordance with the criteria established by the client. As a common practice, according to those agreements, the Company has no potential liability in respect of any losses and damage suffered by the clients as the result of common risks of investing and owning of the securities, except if resulting from gross negligence or willful default of the Company. Moreover, the Company does not provide any guaranteed returns to its clients from the assets that the Company manages on behalf of them.

As at 31 December 2018 and 2017 the Company was not engaged in any litigation proceedings.

28. Commitments

The Company has issued five letters of guarantee in favour of the Cyprus Chief Immigration officer needed for the foreign employees of the Company under the local laws and regulations for the amount of €2.750 (2017: €1.650). The amount is repayable upon demand subject to the local laws and regulations (Note 20).

The Company had no any other capital or other commitments as at 31 December 2018 and 2017.

29. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows.

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

  This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

29. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Financial assets (continued)

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

29. Accounting policies up to 31 December 2017 (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

30. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 4

DETAILED INCOME STATEMENT
31 December 2018

	Page	2018 €	2017 €
Revenue			
Rendering of services		**137,075**	218,062
Brokerage fees		**132,105**	722,386
Other operating income			
Sundry operating income		**29,006**	-
		298,186	940,448
Operating expenses			
Administration expenses	36	**(784,975)**	(635,428)
		(486,789)	305,020
Other operating expenses			
Fair value losses on financial assets at fair value through profit or loss		**(40)**	(15)
Operating (loss)/profit		**(486,829)**	305,005
Finance income	37	**1,590**	18,232
Finance costs	37	**(12,833)**	(69,748)
Net (loss)/profit for the year before tax		**(498,072)**	253,489

ADMINISTRATIVE EXPENSES
31 December 2018

	2018	2017
	€	€
Administration expenses		
Directors' remuneration	**223,600**	219,785
Staff salaries	**189,294**	152,517
Social security costs	**25,730**	22,427
Social cohesion fund	**8,258**	7,446
Rent	**24,000**	19,720
Common expenses	**-**	1,044
Licenses and taxes	**-**	780
Municipality taxes	**337**	672
Annual levy	**350**	350
Electricity	**2,819**	1,777
Water supply and cleaning	**1,768**	1,625
Insurance	**4,414**	-
Repairs and maintenance	**33**	1,789
Sundry expenses	**1,395**	689
Telephone and postage	**3,731**	3,560
Courier expenses	**2,017**	1,527
Stationery and printing	**1,283**	1,709
Subscriptions and contributions	**2,336**	2,258
Staff training	**8,566**	2,148
Computer supplies and maintenance	**7,477**	3,523
Computer software	**84,045**	21,553
Auditors' remuneration for the statutory audit of annual accounts	**5,000**	5,000
Auditors' remuneration for other non-audit services	**18,000**	18,000
Other professional fees	**65,215**	76,463
Directors' fees	**9,600**	10,300
Fines	**16**	-
Travelling	**3,663**	2,966
Inland travelling and accommodation	**263**	-
Entertaining	**3,434**	308
Custody fees	**23,640**	-
Brokerage commissions	**11,491**	-
Internal Audit expenses	**7,000**	7,000
Cysec Fees	**12,222**	7,199
Depositary fees	**1,748**	19,389
Amortisation of computer software	**12,204**	2,022
Depreciation	**20,026**	19,882
	784,975	635,428

FINANCE INCOME/COST
31 December 2018

	2018	2017
	€	€
Finance income		
Bank interest	8	5
Realised foreign exchange profit	204	11,290
Unrealised foreign exchange profit	1,378	6,937
	1,590	18,232
Finance costs		
Interest expense		
Bank overdraft interest	1	2
Interest on taxes	138	1
Sundry finance expenses		
Bank charges	12,694	6,557
Net foreign exchange losses		
Realised foreign exchange loss	-	462
Unrealised foreign exchange loss	-	62,726
	12,833	69,748