WISE WOLVES FINANCE LTD

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

WISE WOLVES FINANCE LTD

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

CONTENTS

WISE WOLVES FINANCE LTD

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Anna Stopnevich (Cypriot) Olga Soloveva Osipova (Cypriot) (appointed on 14 September 2018) Sergey Stopnevich (Cypriot) (appointed on 17 December 2018) Yevheniya Savchenko Paschalides (Cypriot) Svitlana Morozyk (Cypriot) Tatiana Ivanova (Greek) (resigned on 9 August 2018)
Secretary	Wise Wolves Secretary Ltd
Independent Auditors	KPMG Limited
Legal Advisors	Korelis & Co. LLC
Bankers	Eurobank Cyprus Ltd RCB Bank Ltd Bank of Cyprus Public Company Ltd Rosbank PJSC
Registered Office	30B, Gladstonos 3041, Limassol Cyprus
Registration number	HE361580

WISE WOLVES FINANCE LTD

MANAGEMENT REPORT

The Board of Directors of Wise Wolves Finance Ltd (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY

On 25 September 2017, the Company acquired a license (license number: 337/17) from the Cyprus Securities and Exchange Commission (CySEC) in order to perform the activities of an investment firm. The Company is licensed to offer the investment services of Reception and transmission of orders in relation to one or more financial instruments. Execution of orders on behalf of clients and Dealing on own account.

The Company is also licensed to offer the ancillary services of safekeeping and administration of financial instruments, including custodianship and related services, granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings. Foreign exchange services where these are connected to the provision of investment services. Investment research and financial analysis or other forms.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2018 are set out on page 8 to the financial statements. The net loss for the year attributable to the shareholders of the Company amounted to €210.154 (2017: €175.014).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

The Company's performance and current financial position is presented on pages 8 and 9 of the financial statements respectively.

REVENUE

The Company's revenue for the year ended 31 December 2018 was €287.791 (2017: €nil).

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 17 to the financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

SHARE CAPITAL

Authorised capital
Under its Memorandum the Company fixed its share capital at 5.000 ordinary shares of nominal value of €1 each.

Issued capital
Upon incorporation on 25 October 2016 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.

On 16 December 2016, the Company issued additional 1.000 shares of €1 each at a share premium of €198 each. On 21 April 2017, the Company issued additional 300 shares of €1 each at a share premium of €999 each. On 13 February 2018 and 27 August 2018, the Company issued additional 250 and 750 shares respectively of €1 each, at a share premium of €999 each.

On 26 March 2019, the Company issued additional 300 shares of €1 each, at a share premium of €999 each (note 13 & 18).

BRANCHES

During the year ended 31 December 2018 the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. On 9 August 2018 Mrs. Tatiana Ivanova was resigned and on 14 September 2018 and 17 December 2018 Mrs. Olga Soloveva Osipova and Mr. Sergey Stopnevich were appointed respectively.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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.

RELATED PARTY TRANSACTIONS

Disclosed in note 16 to the financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Sergey Stopnevich
Director

Limassol, 24 April 2019

KPMG Limited
Chartered Accountants
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P.O.Box 50161, 3601 Limassol, Cyprus
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

WISE WOLVES FINANCE LTD

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **Wise Wolves Finance Ltd** (the "Company"), which are presented on pages 8 to 33 and comprise the statement of financial position as at 31 December 2018, and the statements of comprehensive income, changes in equity and 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 as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 *"Auditors' responsibilities for the audit of the financial statements"'* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, 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.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditors' 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, except as required by the Companies Law, Cap.113.

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. Our report in this regard is presented in the *"Report on other legal requirements"* section.

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 IFRS-EU and the requirements of the 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 there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 skepticism 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.

Auditors' responsibilities for the audit of the financial statements *(continued)*

- 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 auditors' 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 auditors' 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 law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report on pages 2 to 4, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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 Law 53(I)/2017, as amended from time to time 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.

....

George S. Prodromou, ACA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
11, June 16th 1943 Street
3022 Limassol
Cyprus

24 April 2019

WISE WOLVES FINANCE LTD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 €	2017 €
Trading income	4	287.791	-
Direct expenses	5	(10.692)	-
Net trading income		277.099	-
Administrative and promotion expenses	6	(473.727)	(172.624)
Expected credit losses	7	(2.929)	-
Operating loss		(199.557)	(172.624)
Finance income		1.313	-
Finance expenses		(11.516)	(2.390)
Net finance expenses	8	(10.203)	(2.390)
Loss before tax		(209.760)	(175.014)
Taxation	9	(394)	-
Loss for the year		(210.154)	(175.014)
Other comprehensive income		-	-
Total comprehensive expense for the year		(210.154)	(175.014)

The notes on pages 12 to 33 are an integral part of these financial statements.

WISE WOLVES FINANCE LTD

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 €	2017 €
Assets			
Non-current assets			
Intangible assets	10	13.426	7.841
Total non-current assets		13.426	7.841
Current assets			
Trade and other receivables	11	109.573	44.561
Refundable tax	15	500	500
Cash at bank and with brokers	12	1.048.365	295.115
Total current assets		1.158.438	340.176
Total assets		1.171.864	348.017
Equity			
Share capital	13	3.300	2.300
Share premium		1.496.700	497.700
Reserves		(380.964)	(170.810)
Total equity		1.119.036	329.190
Current liabilities			
Trade and other payables	14	52.828	18.827
Total current liabilities		52.828	18.827
Total equity and liabilities		1.171.864	348.017

On 24 April 2019 the Board of Directors of Wise Wolves Finance Ltd approved and authorised these financial statements for issue.

....
Sergey Stepnevich
Director

....
Olga Soloveva Osipova
Director

WISE WOLVES FINANCE LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2017		2.000	198.000	4.204	204.204
Comprehensive income					
Loss for the year		-	-	(175.014)	(175.014)
Transactions with owners					
Issue of share capital	13	300	299.700	-	300.000
Balance at 31 December 2017		2.300	497.700	(170.810)	329.190
Balance at 1 January 2018		2.300	497.700	(170.810)	329.190
Comprehensive income					
Loss for the year		-	-	(210.154)	(210.154)
Transactions with owners					
Issue of share capital	13	1.000	999.000	-	1.000.000
Balance at 31 December 2018		3.300	1.496.700	(380.964)	1.119.036

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders.

WISE WOLVES FINANCE LTD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 €	2017 €
Cash flows from operating activities		
Loss for the year	(210.154)	(175.014)
Adjustments for:		
Unrealised exchange loss	179	63
Amortisation of computer software	1.395	290
Expected credit losses	2.929	-
Interest income	(1.313)	-
Interest expense	339	618
Taxation expense	394	-
Cash used in operations before working capital changes	(206.231)	(174.043)
Increase in trade and other receivables	(65.642)	(43.811)
Increase in bank deposits	-	(128.850)
Increase in trade and other payables	34.001	15.430
Cash used in operations	(237.872)	(331.274)
Taxation paid	(394)	(1.432)
Net cash used in operating activities	(238.266)	(332.706)
Cash flows from investing activities		
Payment for acquisition of intangible assets	(6.980)	(8.421)
Proceeds from disposal of intangible assets	-	290
Interest received	1.313	-
Net cash used in investing activities	(5.667)	(8.131)
Cash flows from financing activities		
Proceeds from issue of share capital	1.000.000	300.000
Unrealised exchange loss	(179)	(63)
Interest paid	(339)	(618)
Net cash generated from financing activities	999.482	299.319
Net increase/(decrease) in cash and cash equivalents	755.549	(41.518)
Cash and cash equivalents at beginning of the year	166.265	207.783
Cash and cash equivalents at end of the year	921.814	166.265

Cash and cash equivalents are defined by:

Bank current accounts and cash with brokers (before expected credit losses)	921.814	166.265
	921.814	166.265

The notes on pages 12 to 33 are an integral part of these financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Wise Wolves Finance Ltd (the "Company") was incorporated in Cyprus on 25 October 2016 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 30B, Gladstonos, 3041, Limassol, Cyprus.

On 25 September 2017, the Company acquired a license (license number: 337/17) from the Cyprus Securities and Exchange Commission (CySEC) in order to perform the activities of an investment firm. The Company is licensed to offer the investment services of Reception and transmission of orders in relation to one or more financial instruments. Execution of orders on behalf of clients and Dealing on own account.

The Company is also licensed to offer the ancillary services of safekeeping and administration of financial instruments, including custodianship and related services, granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings. Foreign exchange services where these are connected to the provision of investment services. Investment research and financial analysis or other forms.

2. BASIS OF PREPARATION

(a) Statement of compliance
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.

(b) Basis of measurement
The financial statements have been prepared under the historical cost convention.

(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)
During the current year the Company adopted all the changes to 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.

IFRS 9 'Financial Instruments'
IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non financial items. This standard replaces IAS 39 'Financial Instruments: Recognition and Measurement'. The Company has adopted consequential amendments to IFRS 7 'Financial Instruments: Disclosures' that are applied to disclosures about 2018 but have not been generally applied to comparative information.

2. BASIS OF PREPARATION *(continued)*

(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU) (continued)

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, financial assets through other comprehensive income ('FVOCI') and financial assets at fair value through profit or loss ('FVTPL'). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9 see relevant accounting policy note 3.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	44.561	44.561
Cash and cash equivalents	Loans and receivables	Amortised cost	295.115	295.115
Financial liabilities				
Trade and other payables	Other financial liability	Other financial liability	18.827	18.827

Although the adoption of IFRS 9 applies retrospectively, the Company used the exemption of not to restate comparative information for prior periods in respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities, if any, resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

(d) Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

(e) Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue recognition

- *Fee and commission income*
  Fee and commission income arises on brokerage and portfolio management services provided by the Company to clients. Fee and commission income is recognised when the corresponding service is provided and the right to receive payment is established.

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

Finance income

Finance income includes interest earned on bank current accounts and is recognised on a time-proportion basis using the effective method.

Finance expenses

Finance expenses include interest expense and bank charges. Interest expense is recognised to profit or loss using the effective interest method. Bank charges are recognised in profit or loss in the period which incurred.

Foreign currency translation

(i) Functional 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').

(ii) 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 the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non monetary items that are measured based on historical cost in a foreign currency are not translated.

Tax

Tax liabilities and assets for the current and prior periods 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. Current tax includes any adjustments to tax payable in respect of previous periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

(i) 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, estimated at ten 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.

Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning commission income, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets held on behalf of clients;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purposes, consistent with the Company's continuing recognitions of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets - Policy applicable before 1 January 2018

The Company classified its financial assets as loans and receivables.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL
Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

Loans and receivables
Measured at amortised cost using the effective interest method.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the sum of (i) the consideration received (including a new asset obtained less any new liability assumed) and (ii) any cumulative gains or losses that had been recognised in Other Comprehensive Income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in the profit or loss.

(iv) Impairment

Non-derivative financial assets

Policy applicable from 1 January 2018

Financial Instruments

The Company recognises loss allowances for expected credit losses ("ECLs") on:
- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

The Company considers that a bank deposit or other amounts placed with banks or with other financial institutions like payment service providers have low credit risk when the credit rating of the bank or of the financial institution or in case when no credit rating is assigned to a financial institution, the credit rating of the country where this is established, is equivalent to globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher (as per Moody's credit rating) or BBB or higher as per S&P.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

Policy applicable before 1 January 2018

Non-derivative financial assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:
- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considered evidence of impairment for these assets at an individual asset level. All individual assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has the legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 in profit or loss if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Share capital
Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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

4. TRADING INCOME

	2018 €	2017 €
Brokerage services	287.791	-
	287.791	-

5. DIRECT EXPENSES

	2018 €	2017 €
Commissions	1.649	-
Safekeeping	7.617	-
Brokerage fees and interest	1.324	-
Other brokerage expenses	102	-
	10.692	-

WISE WOLVES FINANCE LTD

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6. ADMINISTRATIVE AND PROMOTION EXPENSES

	2018 €	2017 €
Staff costs	300.038	123.270
Directors' fees	12.242	3.167
Rent	16.084	12.000
CySEC fees	11.250	3.540
Other staff costs	1.985	1.806
Insurance	219	221
Telephone and postage	203	275
Subscriptions and contributions	36.699	-
IT supplies and licenses	16.125	9.279
Computer software and support services	6.000	1.322
Independent auditors' remuneration - current year	8.500	3.570
Independent auditors' remuneration - prior years	4.030	-
Legal fees	1.577	5.540
Other professional fees	33.909	7.108
Travelling	13.905	754
Irrecoverable VAT	9.010	-
Adverstising	70	132
Registrar annual fee	350	350
Sundry expenses	136	-
Amortisation of computer software	1.395	290
	473.727	172.624

7. EXPECTED CREDIT LOSSES

	2018 €	2017 €
Expected credit losses	2.929	-
	2.929	-

8. NET FINANCE INCOME AND EXPENSES

	2018 €	2017 €
Bank interest income	1.313	-
Finance income	1.313	-
Foreign exchange losses	(675)	(217)
Brokers' interest and charges	(339)	(618)
Bank charges	(10.502)	(1.555)
Finance expenses	(11.516)	(2.390)
Net finance expenses	(10.203)	(2.390)

9. TAXATION

	2018 €	2017 €
Special contribution to the defence fund year	394	-
Charge for the year	394	-

Reconciliation of tax based on the taxable income and tax based on accounting losses:

	2018 €	2017 €
Accounting loss before tax	(209.760)	(175.014)
Tax calculated at the applicable tax rates	(26.220)	(21.877)
Tax effect of expenses not deductible for tax purposes	669	108
Tax effect of allowances and income not subject to tax	(794)	(339)
Tax effect of loss for the year	26.345	22.108
Special contribution to the defence fund	394	-
Tax as per statement of comprehensive income - charge	394	-

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%.

9. TAXATION *(continued)*

Due to tax losses sustained in the year, no tax liability arises on the Company. Tax losses may be carried forward for five years. Group companies may deduct losses against profits arising during the same tax year. As at 31 December 2018, the balance of tax losses which is available for offset against future taxable profits amounts to €387.627 , for which no deferred tax asset is recognised in the statement of financial position.

10. INTANGIBLE ASSETS

2018

	Computer software €
Cost	
Balance at 1 January	8.131
Additions	6.980
Balance at 31 December	15.111
Amortisation	
Balance at 1 January	290
Amortisation for the year	1.395
Balance at 31 December	1.685
Carrying amounts	
Balance at 31 December	13.426

2017

	Computer software €
Cost	
Additions	8.131
Balance at 31 December	8.131
Amortisation	
Amortisation for the year	290
Balance at 31 December	290
Carrying amounts	
Balance at 31 December	7.841

11. TRADE AND OTHER RECEIVABLES

	2018 €	2017 €
Trade receivables	61.293	-
Less: Expected credit losses	(630)	-
Trade receivables - net	60.663	-
Receivables from related companies (Note 16 (iv))	1.171	-
Deposits and prepayments	583	1.846
Investors Compensation Fund	42.715	42.715
Refundable VAT	4.441	-
	109.573	44.561

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 17 to the financial statements.

12. CASH AT BANK AND WITH BROKERS

	2018 €	2017 €
Cash with brokers	10.000	12.729
Bank current accounts	911.814	153.536
Bank deposits	128.850	128.850
Expected credit loss on cash balances	(2.299)	-
	1.048.365	295.115

The effective interest rate on short-term bank deposits was 0,40% (2017: 0,40%) and their maturity date is on 25 May 2019.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 17 to the financial statements.

WISE WOLVES FINANCE LTD

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For the year ended 31 December 2018

13. SHARE CAPITAL

	2018 Number of shares	2018 €	2017 Number of shares	2017 €
Authorised				
Ordinary shares of €1,00 each	5.000		5.000	
Issued and fully paid				
Balance at 1 January	2.300	2.300	2.000	2.000
Issue of shares	-	1.000	300	300
Balance at 31 December	2.300	3.300	2.300	2.300

Authorised capital
Under its Memorandum the Company fixed its share capital at 5.000 ordinary shares of nominal value of €1 each.

Issued capital
Upon incorporation on 25 October 2016 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each at par.
On 16 December 2016, the Company issued additional 1.000 shares of €1 each at a share premium of €198 each. On 21 April 2017, the Company issued additional 300 shares of €1 each at a share premium of €999 each. On 13 February 2018 and 27 August 2018, the Company issued additional 250 and 750 shares respectively of €1 each, at a share premium of €999 each.

On 26 March 2019, the Company issued additional 300 shares of €1 each to the sole shareholder, at a share premium of €999 each (note 18).

14. TRADE AND OTHER PAYABLES

	2018 €	2017 €
Trade payables	1.868	-
Other creditors	5.667	1.450
Social insurance and other taxes	6.256	7.925
Accruals	8.502	3.572
Payables to parent (Note 16 (v))	28.433	3.778
Shareholders' current accounts - credit balances (Note 16 (vi))	2.102	2.102
	52.828	18.827

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 17 to the financial statements.

15. REFUNDABLE TAX

	2018 €	2017 €
Corporation tax	500	500
	500	500

16. RELATED PARTY TRANSACTIONS

Since 14 December 2017, the Company is controlled by Wise Wolves Group Ltd, incorporated in Cyprus, which owns 100% of the Company's shares.

The transactions and balances with related parties are as follows:

(i) Directors' remuneration

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

	2018 €	2017 €
Executive directors' salaries	110.146	52.757
Non-executive directors' fees	12.242	3.167
	122.388	55.924

(ii) Income

	Nature of transactions	2018 €	2017 €
Wise Wolves Investments Ltd	Brokerage services	71.957	-
Staya Limitd (BVI)	Brokerage services	74.802	-
		146.759	-

(iii) Expenses

	Nature of transactions	2018 €	2017 €
Wise Wolves Capital (EU) Ltd	Rent	16.084	12.000
Wise Wolves Fintech Ltd	IT licenses	15.000	-
Wise Wolves Capital (EU) Ltd	Other Professional fees	1.245	-
Wise Wolves Capital (EU) Ltd	Medical insurance recharge	2.005	-
		34.334	12.000

16. RELATED PARTY TRANSACTIONS *(continued)*

(iv) Receivables from related companies (Note 11)

Name	Nature of transactions	2018 €	2017 €
Staya Limited (BVI)	Trade	1.071	-
Wise Wolves Investments Ltd	Trade	100	-
		1.171	-

The receivables from related companies are interest free and have no specified repayment date.

(v) Payables to parent (Note 14)

Name	Nature of transactions	2018 €	2017 €
Wise Wolves Capital (EU) Ltd	Trade	28.433	3.778
		28.433	3.778

The payables parent are interest free and have no specified repayment date.

(vi) Ultimate shareholder's current account - credit balance

	2018 €	2017 €
Year end balance	2.102	2.102
	2.102	2.102

The ultimate shareholder's current account is interest free and have no specified repayment date.

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

WISE WOLVES FINANCE LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The exposure to the above risk is monitored by the Board of Directors as part of its daily management of the business.

(i) *Credit risk*

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has credit risk mainly resulting from deposits with banks and brokers. The Company acts as a broker in transactions that generate commission income, something which reduces its credit risk. The Company has policies in place to ensure that it uses credit insitutions and brokers with appropriate credit history and quality in order to limit its credit exposure.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 €	2017 €
Trade and other receivables	103.378	42.715
Bank current accounts and cash with brokers	921.814	166.265
Bank deposits	128.850	128.850
Receivables from related companies	1.171	-
	1.155.213	337.830

Cash and cash equivalents

The table below shows an analysis of the Company's bank deposits, bank current accounts and cash with brokers by the credit rating of the institution in which they are held:

Based on credit ratings by Moody's	No of institutions	2018 €	2017 €
B1	1	-	500
Baa3	1	896.351	-
Caa1	1	87	-
Without credit rating	2	154.226	294.615
Total, before expecrted credit loss	5	1.050.664	295.115

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT *(continued)*

(ii) *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.

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.

31 December 2018	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	Over than 5 years €
Trade and other payables	22.294	22.294	22.294	-	-
Payables to related parties	30.535	30.535	30.535	-	-
	52.829	52.829	52.829	-	-

31 December 2017	Carrying amounts €	Contractual cash flows €	Within 12 months €	Between 1-5 years €	More than 5 years €
Trade and other payables	12.947	12.947	12.947	-	-
Payables to related parties	5.880	5.880	5.880	-	-
	18.827	18.827	18.827	-	-

(iii) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the U.S. Dollar, Russian Rouble and the Swiss Franc. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT *(continued)*

(iii) Market risk (continued)

Currency risk (continued)

The Company's exposure to foreign currency risk was as follows:

31 December 2018	United States Dollars €	British Pounds €	Swiss Francs €	Russian Rouble €
Assets				
Bank current accounts	780	-	-	20
	780	-	-	20
Liabilities				
Trade Payables	(502)	(384)	-	-
	(502)	(384)	-	-
Net exposure	278	(384)	-	20

31 December 2017	United States Dollars €	British Pounds €	Swiss Francs €	Russian Rouble €
Assets				
Deposits and prepayments	1.846	-	-	-
Cash with brokers	(251)	-	-	-
	1.595	-	-	-
Liabilities				
Other creditors	-	-	(132)	-
	-	-	(132)	-
Net exposure	1.595	-	(132)	-

The following significant exchange rates have been applied during the year against Euro:

	Average rate		Year-end spot rate	
	2018 €	2017 €	2018 €	2017 €
USD	1,1810	1,1295	1,1450	1,1993
GBP	0,8847	0,8767	0,8945	0,8872
RUR	74,0400	65,8477	79,7153	69,3920
CHF	1,1550	1,1113	1,1269	1,1702

17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT *(continued)*

Capital management

The Company's objectives when managing capital are (i) to comply with the capital requirements set by the regulator (CySEC), (ii) to safeguard the Company's ability to continue as a going concern and (iii) to maintain a strong capital base to support the development of the business. The Company's policy of capital management is designated to maintain the capital base sufficient to keep the confidence of customers, creditors, other market participants and to secure the future development of the Company.

Capital adequacy and the use of the regulatory capital are monitored by the Company's management on a constant basis. The Company submits the relevant capital adequacy returns to the Regulator on a quarterly basis. The Company maintains only Common Equity Tier 1 ("CET1") capital as eligible own funds. The book value of intangible assets is deducted in arriving at CET1 capital. The risk weighted assets are measured by means of a hierarchy of risk weights classified according to their nature and reflecting an estimate of credit, market, operational and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

The legal and regulatory framework under which the Company operates stipulates that for the financial year ending 31 December 2018, the Company was subject to a minimum capital adequacy ratio of 9,875%, which includes the 8% Pillar 1 minimum plus a capital conservation buffer of 1,25% applicable for the year 2018. The method of calculation is based on the provisions of the European Regulation No. 575/2013 and Directives 144 2014 14 & 15 of the Cyprus Securities and Exchange Commission ("CySEC"). The Company aims to maintain a high capital adequacy ratio well above the required minimum. Additional information in relation to the capital requirements and management of risks is disclosed in the Company's Pillar III Disclosures for the year under review that are available on the Company's website.

18. OFF BALANCE SHEET ITEMS

The Company in order to facilitate its clients' trading activities, has opened clients' accounts with various banks and brokers. In such bank and broker accounts the Company holds clients' assets (cash and securities) in a fiduciary capacity. As such, those assets are not recognised in the financial statements.

As at the end of the year the Company kept. on behalf of its clients, cash amounting to €7.136.225.

Also at the end of the year, the Company held on behalf of clients, under a fiduciary capacity, financial instruments representing International and Russian equity securities, bonds and promissory notes with a carrying amount in the books of the Company of €62.467.221.

19. EVENTS AFTER THE REPORTING PERIOD

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements, except for the fact that on 26 March 2019 the Company issued additional 300 shares of €1 each to the sole shareholder, at a share premium of €999 each (note 13).