



intermediem succesul

*Financial  
statements IFRS  
at December 31,  
2017*



**Introduction**

2017 was a year of challenges and changes for BRK Financial Group. The company's efforts were focused on preparing and complying with MIFID II rules and identifying new business channels with higher added value. Starting March 2017, a new board was invested and a new executive management team was appointed. In October, the General Shareholders Meeting chose a new external financial auditor: Deloitte Audit.

Following the appointment of the new financial auditor, the necessity for restating some historically owned assets was identified. Due to the fact that some of the assets recorded significant losses since their acquisition (more 20%), they had to be included into profit and loss. More, this operation had an impact on the 2016 results, when these impairments were reflected only as reserves. This way of reevaluating and stating the assets is specific for the IAS 39 accounting standard, which rules that only significant impairments (but not the appreciations) of the assets to be included into profit and loss. Starting 2018 the adoption of IFRS 9 methodologies is mandatory, and these drawbacks will be solved.

For 2018, our aim is to present a new 4-year development strategy for the shareholders to approve, defining the own resources allocation based on business channels, where efficiency should be the main objective. The new MIFID II rules bring a supplementary effort for all the financial markets actors, aiming for better investor protection. In that sense, our company will start to be more conscious on the necessity of a closer approach regarding our customers and also pro-activity in identifying and answering their needs using adequate investment solutions.

Chairman of the Board of Directors,  
Darie Moldovan

**Statement of financial position**  
**Report as at 31.12.2017**

*In RON*

**Assets**

Intangible assets	2,489,457	2,947,844
Tangible assets	6,458,592	4,343,040
Investment property	1,030,143	1,435,525
Long-term financial investments	22,144,128	29,053,597
Other-long term financial investments	1,995,337	482,468

**Total fixed assets**

**34,117,657**      **38,262,475**

Short-term financial investments	17,992,166	10,193,251
Other short-term financial investments	6,265,408	7,925,611
Trade and other receivables	12,603,948	15,565,227
Bank account for customers	26,351,801	27,096,728
Cash and cash equivalents	1,515,211	5,037,084

**Total current assets**

**64,728,534**      **65,817,900**

Assets held for sale	544,721	557,067
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**Total assets**

**99,390,912**      **104,637,442**

**Equity**

Share capital	54,039,987	54,039,987
Share capital adjustment	4,071,591	4,071,591
Own shares	-24,047	-24,047
Share premium	5,355	5,355
Reserves	14,988,361	13,433,651
Results carried forward	-8,626,375	-6,895,254
Current result	-4,775,533	-1,804,707

**Total equity attributable to the Company's shareholders**

**59,679,338**      **62,826,576**

**Liabilities**

Obligations under finance leases	74,234	23,601
Provisions	0	0

**Total long-term liabilities**

**74,234**      **23,601**

Short term liabilities to banks	5,006,087	0
Current obligations under finance lease	48,087	23,433
Amounts owed to clients (clients funds)	30,938,001	32,573,663
Trade and other payable	3,194,982	8,798,690
Provisions	450,182	391,480

**Total current liabilities**

**39,637,339**      **41,787,266**

**Total liabilities**

**39,711,573**      **41,810,867**

**Total equity and liabilities**

**99,390,912**      **104,637,442**

Chairman of the Board of Directors,  
 Darie Moldovan

Chief financial officer,  
 Dora Diaconescu

**Statement of profit and loss and other comprehensive income**  
**Report as at 31.12.2017**

<i>In RON</i>	<b>31-Dec-17</b>	<b>31-Dec-16</b>
<b>Continuing operations</b>		
Income from commissions and related activities	4,566,717	2,528,427
Net financial gains, other than dividends	4,552,836	6,627,938
Financial income from dividends	318,222	145,203
Financial income from interest	580,751	710,440
Income from lease activities	16,543	32,576
Income from assessment of investment property and of assets held for sale	96,301	-
Other income	33,415	27,483
Income from the dissolution of provisions for risks and charges	-	-
Income from adjustment for impairment of current assets	19,151	230,438
<b>Total income from continuing operations</b>	<b>10,183,937</b>	<b>10,302,506</b>
Raw materials, materials	-134,534	-151,883
Electricity and water	-110,627	-97,348
Personnel-related expenses	-4,666,621	-4,220,019
Taxes and duties	-167,291	-154,707
Expenses related to external services	-3,131,667	-3,055,666
Value adjustment of intangible and tangible assets, exclusive of goodwill	-1,115,327	-946,524
Expenses with provisions	-58,702	-265,925
Net financial expenses	-408,303	-50,072
Net expenses recognized in other comprehensive income	-4,392,659	-3,022,129
Other expenses	-773,739	-142,940
<b>Sales-related costs</b>	<b>-14,959,470</b>	<b>-12,107,213</b>
Expenses with provisions		0
<b>Operating profit or loss</b>	<b>-4,775,533</b>	<b>-1,804,707</b>
<b>Profit before tax</b>	<b>-4,775,533</b>	<b>-1,804,707</b>
Tax	0	0
<b>Profit from continuing operations</b>	<b>-4,775,533</b>	<b>-1,804,707</b>
<b>Discontinuing operations</b>		
Profit(loss) from discontinuing operations after tax	0	0
<b>Profit for the period</b>	<b>-4,775,533</b>	<b>-1,804,707</b>

**Statement of profit and loss and other comprehensive income**  
**Report as at 31.12.2017**

**Other comprehensive income elements**

Net change in fair value of available for sale financial assets transferred to profit or loss account

-2,530,713 -1,404,435

**Positions that may be reclassified to profit and loss**

0

Net change in fair value of available for sale financial assets

2,589,557 4,218,368

Free shares received - held for sale

0 0

Changes in the fair value of the assets available for sale

0 0

0 0

**Positions that may not be reclassified to profit and loss**

0 0

Changes in value of used assets

1,569,451 0

Changes in the value of the property investments

0 0

Recognition/Dissolutions of reserves for granting free shares

0 0

Tax related to other elements of other comprehensive income

0 0

**Total of other comprehensive income elements**

**1,628,296 2,813,934**

**Total profit and loss account and other comprehensive income for the period**

**-3,147,238 1,009,227**

**Profit attributable to:**

Owners of the Company

-4,775,533 1,009,227

Minority interests

0 0

**Profit for the period**

**-4,775,533 1,009,227**

**Total comprehensive income attributable to:**

Owners of the Company

-3,147,238 1,009,227

Minority interests

0 0

**Total comprehensive income for the period**

**-3,147,238 1,009,227**

**Earnings per share**

Basic earnings per share (lei)

-0.0141 -0.0053

Diluted earnings per share (lei)

-0.0141 -0.0053

Continuing operations

Basic earning per share (lei)

-0.0141 -0.0053

Diluted earnings per share (lei)

-0.0141 -0.0053

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**Note of the preliminary financial statements**

The company owns *available-for-sale financial assets*, category in which it classified all securities that are not included in short-term securities traded and for which it was possible to apply valuation methods to determine their fair value.

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

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

If, in a subsequent period, the fair value of a depreciable equity instrument increases, any subsequent recovery of the fair value of an available-for-sale equity instrument is recognized in other comprehensive income.

The impairment losses of these securities are recognized at the expense of the period when management estimates that they have occurred. The company considers that some of the financial assets available for sale were impaired at 31.12.2016 and the related impairment was not included in the profit and loss of 2016. This issue was corrected in these financial statements, so the comparative information for 2016 was restated in order to reflect this impairment. More over, following the evaluation report performed during the second semester of 2017, the shares owned at this company were considered significantly impaired. The impairment was recognized in the profit and loss of the year 2017 and had a negative impact of 4.369.721 ron for the financial performance.

The summary of the restatements in the financial position and performance are presented below

**Summary of the restatements of financial position****Report as at 31.12.2016**

<b>Equity</b>	<b>31-Dec-16 restated</b>	<b>restatement</b>	<b>31-Dec-16</b>
Share capital	54,039,987		54,039,987
Share capital adjustment	4,071,591		4,071,591
Own shares	-24,047		-24,047
Share premium	5,355		5,355
Reserves	13,433,651	2,871,047	10,562,604
Results carried forward	-6,895,254		-6,895,254
Current result	-1,804,707	-2,871,047	1,066,340
<b>Total equity attributable to the Company's shareholders</b>	<b>62,826,576</b>	<b>0</b>	<b>62,826,576</b>

**Summary of the restatements in profit and loss and other comprehensive income  
Report as at 31.12.2016**

<i>In RON</i>	<b>31-Dec-16 restated</b>	<b>restatement</b>	<b>31-Dec-16</b>
<b>Continuing operations</b>			
.....			
Net financial expenses	-50,072	151,082	-201,154
Net expenses recognized in other comprehensive income	-3,022,129	-3,022,129	0
.....			
<b>Sales-related costs</b>	<b>-12,107,213</b>	<b>-2,871,047</b>	<b>-9,236,165</b>
<b>Operating profit or loss</b>	<b>-1,804,707</b>	<b>-2,871,047</b>	<b>1,066,340</b>
<b>Profit before tax</b>	<b>-1,804,707</b>	<b>-2,871,047</b>	<b>1,066,340</b>
Tax	0	0	0
<b>Operating profit or loss</b>	<b>-1,804,707</b>	<b>-2,871,047</b>	<b>1,066,340</b>
<b>Discontinuing operations</b>			
Profit(loss) from discontinuing operations after tax	0	0	0
<b>Profit for the period</b>	<b>-1,804,707</b>	<b>-2,871,047</b>	<b>1,066,340</b>
<b>Other comprehensive income elements</b>			
Net change in fair value of available for sale financial assets transferred to profit or loss account	-1,404,435	2,871,047	-4,275,482
<b>Positions that may be reclassified to profit and loss</b>			
Net change in fair value of available for sale financial assets	4,218,368	0	4,218,368
Tax related to other elements of other comprehensive income	0	0	0
<b>Total of other comprehensive income elements</b>	<b>2,813,934</b>	<b>2,871,047</b>	<b>-57,114</b>
<b>Total profit and loss account and other comprehensive income for the period</b>	<b>1,009,227</b>	<b>0</b>	<b>1,009,227</b>

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