UAB FMĮ Orion Securities

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR 2018, PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
PRESENTED TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

CONTENTS

ROSK CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the shareholders of UAB FMĮ Orion Securities:

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UAB FMĮ Orion securities (hereinafter –„the Company") which as at 31 December 2018, comprise the statement of financial position, the statement of the comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and 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.

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), and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

The key audit matter	**Response to the key audit matter**
Valuation of loans and receivables (see notes 11 and 14 to the financial statement)	
As at 31 December 2018 the Company's short-term receivables amounted to EUR 412 thousand, loans granted amounted to EUR 352 thousand. Considering the recoverability of receivables and loans granted, the Company's management assesses loans and receivables individually and takes into account the following specific factors: sufficiency and quality of pledge received, debt maturity, special circumstances related with the customer (such as overall reliability, financial position, ownership structure and reliability and any other related information), the customer's recent payment history and subsequent payments.	We conducted these audit procedures, among others: We have reviewed the Company's valuation of receivables and loans granted and impairment amounts that were accounted for and discussed this with the management of the Company and reviewed the management's assumptions used to calculate the impairment. We have received loans and receivables ageing report prepared by the Company and checked their correctness of classification by terms by reviewing invoices for the selected loans and receivables.
In our opinion, these estimates and calculations made by the Company are significant because the receivables and loans granted comprise approximately 26 percent of all the Company's	We have reviewed the management's assessment of individually significant outstanding receivables and loans granted. We have checked subsequent payments and

assets in the statement of financial position as at 31 December 2018. For this reason, we believe that this area is the key audit matter.	verified other available data that support facts and circumstances based on which the management calculated an impairment of receivables and loans granted. For selected loans and receivables, we also received independent confirmations, reviewed subsequent payments and performed other required procedures to verify the existence and correctness of balances. We have also assessed the disclosure sufficiency in the financial statements in respect of loans and receivables and their impairment and the compliance with the requirements of IFRS 9 Financial Instruments.
Recognition and measurement of financial instruments (see note 12 and 14 to the financial statements)	
As at 31 December 2018 in the statement of financial position the Company accounted for the financial assets which are measured at fair value through profit (loss) and which amounted to EUR 1 185 thousand and financial assets which are carried at amortized cost that amounted to EUR 352 thousand. Most of the Company's financial instruments are carried at fair value. Fair value is determined according to the publicly available prices for active financial market stock prices or other publicly available information. Part of the financial instruments such as granted loans with fixed interest rate and REPO contracts are carried at amortized cost, using the effective interest rate method. The financial instruments and their value in the Company's statement of financial positions as at 31 December 2018 comprise a significant amount – about 51% of the Company's assets, therefore we believe that this area is the key audit matter.	We conducted these audit procedures, among others: We have reviewed the processes of the accounting, assignment, classification and valuation of the financial assets and have identified the valuation methods and information used regarding the financial instruments. For the selected financial instruments exposures, we have recalculated the carrying amounts at the year-end based on the type of the financial instrument and the corresponding accounting policy requirements: • We have received third-party confirmations for the amounts and actual balances of certain financial instruments; in some cases in third-party (bank) confirmations market prices were quoted; • We have reviewed the financial instruments, measured at amortized costs as at 31 December 2018, and we have assessed the correctness of accounting for these amounts, including interest calculation and value; • We have recalculated the balances of the respective financial instruments by using publicly available regulated market prices or other available data and we have compared them with the carrying amounts of the respective financial instruments in 31 December 2018 statement of financial position of the Company; • We have reviewed the values of the selected financial instruments at the

	acquisition date and compared them with the values as at 31 December 2018, and reviewed the changes in the values of the respective financial instruments accounted for in the other comprehensive income and in the statement of financial position.
Recognition of income from services and commission fees (see Note 1)	
The Company provides 3 main services: brokerage services in capital markets, corporate finance services and private and investment banking services. Other services (market making and financial instrument accounting and custody) comprise a small part of the Company's revenue. The Company's revenue is accounted for by issuing invoices or charging directly from the customer's accounts according to the contractual commissions and other fees rates. During 2018 the Company's revenue from services and commission fees amounted of EUR 2,9 million. Significant changes related to the transaction volumes, commissions and other fees could have a significant impact on the Company's financial performance for the reporting year. Due to significance of this amount, we believe that this area is the key audit matter.	We conducted these audit procedures, among others: We have identified the types of revenue received by the Company and methods used to recognize them, and reviewed the accounting policies applied for revenue recognition. We have performed tests of detail and reviewed third-party approvals for revenue accounted for by issuing invoices to customers or by contracts. We have performed tests of control and tests of detail for revenue that is accounted for on completion of the transaction and for which the payment is charged directly from the customer's account (according to the Company's set rates which are also provided in a contract with a customer). We have reviewed control procedures, related with the completed transactions: • We have selected certain records within revenue in the accounting system and compared them with details of the relevant records in the Company's system where transactions are recorded, sorted by days; • We have checked selected transactions with the transactions in the banking system through which these transactions were made (date, amount, transaction type); • We have checked whether commission fee charged for the respective transaction meets rates applied by the Company; • We have tested the verification controls of the performed transactions – for selected transactions we listened to the customer's orders/confirmations of transactions made by phone call.

Other matter

The financial statements of the Company for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2018.

Other information

The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon, except as specified below.

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 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.

In addition, our responsibility is to consider whether information included in the Company's annual report, are prepared is consistent with the financial statements and whether annual management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the financial statements, in our opinion, in all material respects:

- The financial information presented in the Company's annual report is consistent with the financial statements; and
- The Company's annual report has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether 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 management.

- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting on 12 June 2018 we were appointed for the first time to audit the Company's financial statements. Our appointment to audit the Company's financial statements is renewed every second year under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 2 years (for the audit of 2018 and 2019).

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the audit report for the financial statements presented to the Company and its management board.

We confirm that to the best of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of financial statements.

The audit engagement partner for this independent auditor's report is Romanas Skrebnevskis.

Auditor Romanas Skrebnevskis
Auditor certificate No. 000471

ROSK Consulting UAB
Audit company certificate No. 001407

Vilnius, Lithuania
19 March 2019

THE HEAD'S WORD

After two years of consistent price growth in all the major asset classes, 2018 became a significant challenge for investors, particularly during the last three months of the previous year. The economies of most countries showed the slowest growth rates over the past 4-5 years, or were shrinking altogether in some of these countries during certain months. Only the United States were able to maintain a stable, good economy among other major economies of the world. GDP growth rates in the USA remained within 3 percent limits, while the unemployment rate was less than 4 percent. Political tensions over customs wars strongly influenced the Chinese market which dragged down all of its trading partners with it. Asian and European countries reacted rather sensitively to any type of bad news regarding possible increase in customs duties. However, even though the year 2018 was rather turbulent, the total world GDP growth rate remained at around 3.7 percent, i.e. similar to the rate of 2017. There are fears that 2019 will be even worse for the economies, and growth rate will drop to 3.5 percent.

The beginning of 2018 was particularly good for the stock markets. Positive attitudes could be felt all around the world. After tax burden reduction, the index of the largest companies in the USA (S&P500) was increasing very slowly, without any higher adjustments than 5 percent. However, February brought back fluctuations in the market with an adjustment of around 10 percent for most asset classes.

US capital markets were slowed down by rising interest rates, while the markets of other countries showed signs of a slowing economy. Such difference in the pace of economies was also reflected in the stock markets. While there was strong growth in US stocks during the second and third quarter of the year, the stocks of Chinese companies continued to drop throughout the year, and European stocks experiences a more significant growth only over a period of a few months - from March to the middle of May. In the bond market, best results were shown by the German Government bonds.

The political situation was quite tense in 2018. US President Donald Trump demonstrated a strict tone by attempting to force the world to play by "fair rules", and punishing all the "disobedient ones" with the application of customs duties on goods and services of those countries. In addition to the USA-China customs conflict, Europe also has endless Brexit negotiations. Nevertheless, at least for now, EU is maintaining its unity and continues to follow its set objectives, which is encouraging. The development of these prolonged political - international relations conflicts will also have a significant impact on the development of the global economy in 2019.

In 2018, Lithuanian companies had a hard time managing the increasing wage costs, and it was also a second bad year in a row for enterprises operating in the agricultural sector. Thus, it is expected that this year will have a lower dividend yield compared to last year. Limited local competition in the banking sector results in increasing bank margins and stricter loan conditions. On the other hand, this opens up more opportunities for other players in the capital markets. Therefore, this year will bring more attempts to issue bonds, and private borrowing will be active. All in all, we believe that 2019 will be and active and interesting year with new investment projects.

Sincerely,
Director Alius Jakubėlis

Competitive environment

In 2018, according to the data from the Bank of Lithuania, 7 financial brokerage firms operated in Lithuania, with total assets of EUR 9.2 million, whereas the total clients' assets owned by the right of trust exceeded EUR 1.6 billion. Orion Securities took the leading position according to the clients' assets owned by the right of trust and was second according to own assets.
Several new financial brokerage firms should enter the market, and growing competition can also be seen in crowd funding platforms which, in 2018, focused on raising capital for enterprises.

MAJOR EVENTS IN 2018

- Orion Securities established a branch in Norway.
- A wealth management unit was established at the end of 2018.

ABOUT THE COMPANY

UAB FMĮ Orion Securities is the largest non-banking financial brokerage company in Lithuania, engaged in securities brokerage, as well as corporate finance, private banking, and finance management services for private and legal persons. We have been operating in the Lithuanian market since 1993. Orion Securities is a member of Vilnius, Riga, Tallinn and Warsaw stock exchanges, and a licensed brokerage firm which is supervised by the Bank of Lithuania.

The company was established on 12 August 1993 in Vilnius and named Baltijos Vertybiniai Popieriai. On 3 November 1997, the company was re-incorporated in the Ministry of Economy of the Republic of Lithuania under the legal entity code 122033915.

On 12 January 2007, the private limited liability financial brokerage company Baltijos Vertybiniai Popieriai officially changed its name to UAB FMĮ Orion Securities (hereinafter referred to as the Company) and registered its new legal address at A.Tumėno str. 4, Vilnius, with the Register of Legal Entities, Vilnius Branch.

UAB FMĮ Orion Securities is a private limited liability company, holding a category A financial brokerage firm license No. A106 issued by the Securities Commission of the Republic of Lithuania, entitling the Company to engage in the following activities:

- accept and transfer orders;
- execute orders at the expense of clients;
- execute transactions at its own expense;
- manage portfolios of financial instruments (FI);
- provide recommendations on investment;
- offer financial instruments with the obligation to distribute them;
- offer financial instruments without the obligation to distribute them.

The Company is providing the following additional services:

- distributes units of investment funds;
- secures, accounts for and manages financial instruments;
- grants loans intended to allow the client to carry out transactions with financial instruments, if the grantor is associated with these transactions;
- carries out an analysis and evaluation of companies.

The Company is also entitled to engage in the following activities:

1. Safe custody services;

2. Advice to undertakings on capital structure, industrial strategy and related matters, as well as advice and services relating to company reorganization, restructuring and acquisition;

3. Other services relating to the stock issue distribution under an agreement with the issuer.

Background:

On 31 December 2018, the Company had 24 employees.

Alius Jakubėlis is the Director of the Company.

The Company's Board consists of 4 persons. Chairman of the Board - Alius Jakubėlis, members - John Egil Skajem, Mindaugas Strėlis and Tadas Volbikas.

Information about the management positions held by the Director and members of the Board in other companies and organizations:

Alius Jakubėlis		
1	UAB FMĮ Orion Securities, company code 122033915, address A. Tumėno 4, Vilnius (main workplace)	Chairman of the Board, Director
2	Gošė Asociacija, company code 302620864, address Smilgų str. 8, Avižieniai, Vilnius district.	Member of the Board
3	Lithuanian Financial Brokers Association, company code 122253313, address Konstitucijos Ave. 23, Vilnius	President
4	UAB Suprema LT, company code 304135030, address S. Fino str. 6-3, Vilnius	Director

Mindaugas Strėlis		
1	UAB FMĮ Orion Securities, company code 122033915, address A. Tumėno 4, Vilnius (main workplace)	Member of the Board, Head of Wealth Management Unit

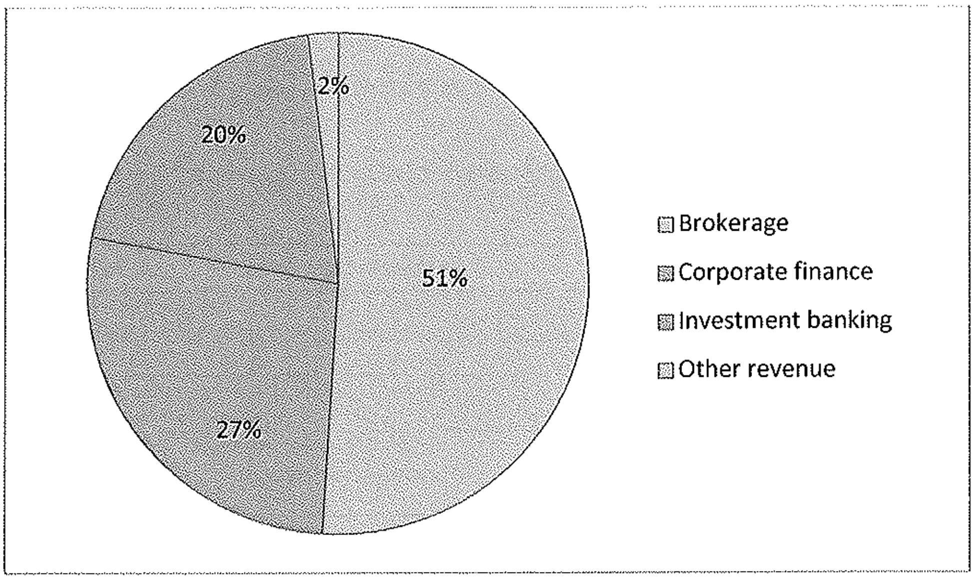
Tadas Volbikas		
1	UADBB Legator, company code 145347184, address V. Bielskio str. 30A, Šiauliai (main workplace)	CEO
2	UAB FMĮ Orion Securities, company code 122033915, address A. Tumėno 4, Vilnius	Member of the Board

John Egil Skajem		
1	UAB FMĮ Orion Securities, company code 122033915, address A. Tumėno 4, Vilnius (main workplace)	Member of the Board, Head of the Norwegian branch
2	Scandinavian Corporate Services AS	Head of the Company
3	CNE Water Treatment AS	Head of the Company
4	CNE Engineering AS	Head of the Company
5	Toccarium Holding AS	Head of the Company
6	CNE AS	Head of the Company

In 2018, the Company's revenues from operating activities were EUR 3.1 million. Client-managed funds and securities amounted to EUR 826.5 million.

During the current or previous reporting periods, the Company has not acquired or transferred own shares. The Company is not engaged in research and development activities. All additional information, as well as subsequent events are disclosed in the notes to the financial statements.

1. 2018 revenue distribution by divisions



Services provided

The Company focuses on three key services:

- brokerage in capital markets;
- corporate finance;
- private and investment banking;

  The other two service groups account for a small share of revenues and are supporting the activities:
  - market making;
  - financial instrument (FI) accounting and custody.

BROKERAGE IN CAPITAL MARKETS

Orion Securities provides the possibility to trade in all the major global stock markets by making real time purchases.

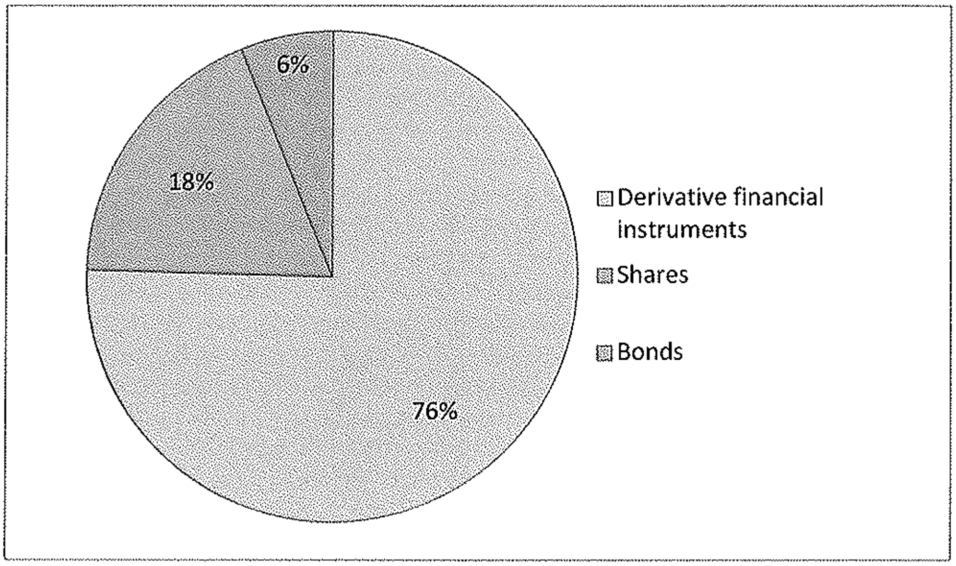
We offer clients the following services:

- brokerage in purchasing and selling FI (on behalf of and at the expense of clients);
- brokerage in purchasing and selling FI (on behalf of and at the expense of the company);
- entering into REPO and RE-REPO transactions;
- On-line trading system.

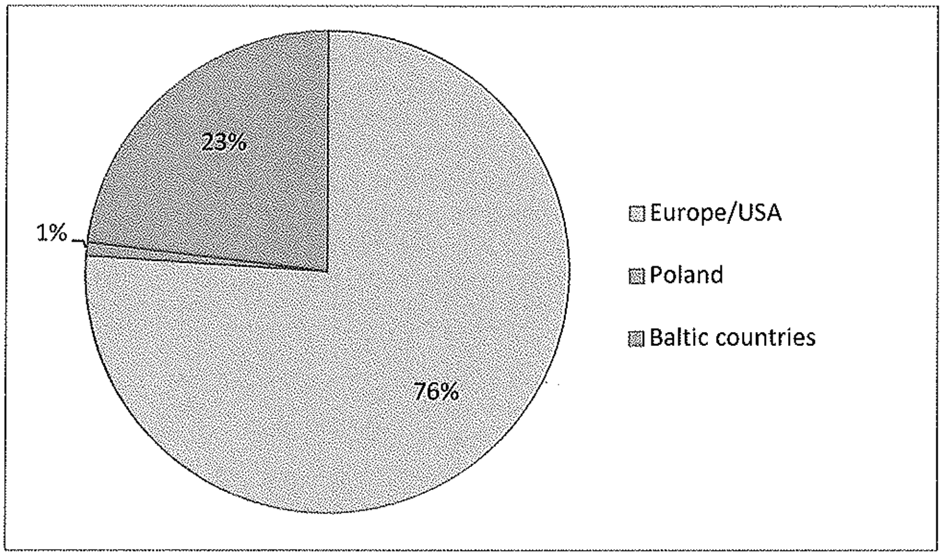
The range of trade in financial instruments includes the following:
- Bonds
- Shares
- Currencies and raw materials
- Futures and forwards
- Options
- Contracts for difference

Orion Securities is a direct member of the stock exchanges of Vilnius, Riga, Tallinn and Warsaw.

2. Brokerage in capital markets, turnover according to products



3. Brokerage in capital markets, turnover according to region



INVESTMENT BANKING

The Investment Banking Division of Orion Securities focuses on active supervision of the investment portfolio by investing in viable and profitable financial instruments with a level of risk acceptable to the clients. The Investment Banking Division aims to offer creative solutions for complex problems, to help manage assets today and find new ways to increase the assets in the future. The division also works with corporate clients helping them to resolve capital attraction, share sale or acquisition issues.

We offer clients the following services:

- Distribution of various investment funds and bonds;
- Consulting services on the issues of investment.

Alternative investment products were distributed in 2018: Private capital and debt funds, real estate funds and corporate bonds. The division focused on expanding its business client base by offering them business sale or purchase brokerage services, and by offering to attract additional capital for business development. In 2018, the number of employees of the division and its generated income have increased.

CORPORATE FINANCE

The team of the Corporate Finance Division advises companies which enter into purchase and sale, restructuring, business valuation, and alternative borrowing transactions, as well as provides consulting on corporate financial management.

The Corporate Finance Division offers the following services:

- consulting on mergers and acquisitions;
- consulting on sale of business;
- valuation of companies or their divisions;
- share and bond offerings;
- concentration of shareholdings;
- initial public offerings;
- other financial and consulting services.

In 2018, the Corporate Finance Division was engaged in more than 20 capital attraction, merger, sales and consulting projects. 2 debt securities distributions, 1 private share distribution, and 2 business sale transactions were successfully implemented over the year. We are proud to have contributed to the successful public distribution of UAB Medicinos bankas subordinated bonds, as well as their listing in Nasdaq debt securities market. In 2019, we hope to implement more public and private capital attraction projects in alternative capital markets.

WEALTH MANAGEMENT

At the end of 2018, a new division was established – Orion Wealth Management. Wealth management is a consultation process during which a professional team will help preserve, diversify and increase existing assets by working with the client or making decisions on behalf of the client. The main goal is long-term partnership which would not be limited to the selection of financial instruments, and would cover various fields, including asset planning, risk management, project development, and even organization of philanthropic activities. In order to ensure and maintain its high quality of services, Orion Wealth Management will focus on the portfolio of 5-10 clients. Wealth management services will provide its clients with exclusive access to unique projects, as well as provide various perks and advantages.

OTHER SERVICES

ACCOUNTING

The Company has been providing services of share and bond accounting, representation in the depository, dividend payment, registration of transactions outside the stock exchange, and other services to private and public limited liability companies. In 2018, share accounting services were provided to around 300 Lithuanian enterprises.

The Accounting Division offers the following services to companies:

- accounting of the shares and bonds of private and public limited liability companies
- registration of the issue of securities at the depository, and client representation during material events and in other cases
- provision of lists of shareholders to companies
- mediation when dividends are paid out to shareholders of the company, and submission of notifications regarding the latter
- registration of unlisted over-the-counter transactions of private and public limited liability companies
- we help purchase shares from small shareholders

We provide consultations to companies regarding general meetings of shareholders and other related matters

The Accounting Division provides NAV calculation and accounting services for investment funds, as well as fund member accounting services.
In 2019, in addition to share accounting and related services provided to companies, we also plan to provide depository services for funds intended for professional investors, and asset custody services for funds intended for informed investors.

MARKET MAKING

In 2018, the Company participated in the Baltic and Warsaw Stocks Market Making Programme. At the end of 2018, the service was provided to 9 issuers: AUGA group AB, City Service SE, East West Agro AB, Grigeo AB, Inter RAO Lietuva AB, Novaturas AB, Olainfarm AS, OMX Baltic Benchmark Fund and Vilkyškių Pieninė AB. In 2018, the income of this service increased by 63.4%. In 2018, the share trade turnover generated by Orion Securities as a market maker reached EUR 7.2 million, the average generated monthly turnover reached EUR 600.4 thousand, the average turnover share generated by the market maker was 41%, and the average share of executed transactions was 46%. Involvement of Orion Securities as a market maker in the turnover of formed positions was much bigger than that of other Nasdaq Baltic market makers whose market shares by turnover did not exceed 10%.

FORECAST FOR 2019

The development of the global economy in 2018 was no longer as sustainable as in previous years. Even though the US economy recorded good growth rates, international trade restrictions with new tariffs, an an economic conflict with a major trading partner - China pose an increasing risk to economic growth. China, which has the second largest economy in the world, is also experiencing a transformation – decades of phenomenal economic development are changing into a period of slower growth. Signs of economic stagnation can also be seen in the main European economies. Nevertheless, global economic activity is still positively affected by the remaining attractive financing conditions and good labour market indicators in most of the economies around the world. The International Monetary Fund forecasts a 3.5 % increase in the global economy in 2019, and a 3.6 % increase in 2020.

The main global economic factors in 2019 remain the same - risks arising from international trade tariffs, and less active investments. Over the past year, trade volumes have been increasing slower by almost a fifth compared to previous years. This was influenced by a significant slowdown in international trade of the Eurozone, CIS countries, and developing countries in Asia and Latin America. Economic players are also becoming increasingly cautious regarding future prospects, and this can be seen in the dropped Purchasing Managers' Index. Such a mind-set is slowing down the growth of corporate investments which had a positive effect on the economy during the previous year.

World Central Banks have been steadily and moderately increasing the base interest rate in 2018. Particular attention should be paid to the US monetary policy due to the large debt of developing countries in US dollars. Sudden increase in interest rates could result in a significant dollar exchange rate growth which would put additional pressure on developing economies.

Geopolitical risks still remain relevant, however major progress has been made over the past year in normalizing the frozen conflict in the Korean Peninsula – an increasingly active dialogue between countries is reducing the risk of a military conflict in the region. In the Middle East, the intensity of military action in Syria is consistently decreases,

however there is also increasing uncertainty in the economic and political relations of Iran - USA - EU. Disagreements between NATO and Russia have also intensified, particularly after US declared its withdrawal from the Intermediate-Range Nuclear Forces (INF) Treaty. It is very unlikely that there will be a big military conflict in 2019, however it is important to assess the risk posed by geopolitical factors on the global economy.
Meanwhile, the economic development in Lithuania meets its growth forecasts. In 2018, Lithuanian economy was affected negatively by the decrease in agricultural product trade volumes and slower overall export growth which failed to maintain its growth rate observed in 2017. In addition, increased pressure is placed on economic development by the average wage which is growing faster than labour productivity – increasing wages are responsible for almost a third of annual inflation. On the other hand, growing wages encourage domestic consumption. By considering the tax changes that came into force as of 2019 which reduce taxation on labour, as well as pension indexation and wages that will continue to grow relatively fast, according to the forecasts of the Ministry of Finance, domestic consumption will increase by 4.3% in 2019, and by 3.6 % in 2020-2021, thus significantly contributing to overall economic growth.

RISK MANAGEMENT

Internal control

Efficiency of internal control is one of the main conditions to ensure not only effective internal processes of a company and their safety, but also is essential for the provision of quality services to clients. Focus on internal control is emphasized in order to successfully implement the European Union MiFID 2 directives and local legislation. Since national legal acts are also under constant improvement, the Company's staff works in cooperation with legal service firms and supervising authorities on a daily basis.

Three following types of internal control are applied to the efficient control process: preliminary, instant, and corrective. The Company's Compliance Officer periodically submits inspection reports to the chairman of the Board and the head of the Company, which reflect observed shortcomings and recommend divisional control improvement methods.

The Company has a strong focus on risk assessment and effective management of it in respect of each product and service group. Particular attention is paid to the dual control system in order to ensure early elimination of harmful activities and human errors.

Activities of the financial brokerage company involve a high amount of information. Advanced prevention of conflicts of interest and information security are the Company's priorities. Organizational structure and internal procedures ensure compliance with the above-mentioned priorities.

In order to improve its performance and efficiency, the Company regularly reviews its policies, procedures and contracts.

Prevention of money laundering and terrorist financing

The Company collects and stores information related to the monitoring of the business relations of clients for the prevention of money laundering and terrorist financing. The Company pays a lot of attention to the prevention of money laundering and terrorist financing for the proper implementation of legal acts. Considering the fact that a number of financial institutions were punished over the past several years due to improper implementation of the prevention of money laundering and terrorist financing, the Company is continuously improving its internal processes and systems by paying special attention to this.

Risk management

Risk management is an essential part of a successful company's system. Risk management processes are continuously improved in the Company; new solutions are introduced in advance to meet the demand of the financial market and financial derivatives. The Company has a risk management committee responsible for risk control and assessment at the Company.

Financial system risk factors that affect the Company's performance:

- Economic risk
  In 2018, financial markets dropped significantly. Even though the Company was able to manage all the risks related to market decline, however, continuous monitoring of markets continues to remain one of the

components of the risk management system. Forecasting of economic events and preparation for potential shock is an important and inseparable part of the Company's operations.

- Systemic risk
  Over the past few years, the Lithuanian financial market has experienced a lot of shocks that were significantly affected by systemic risks. The risk that upon similar systemic risk factors domestic financial system institutions may experience similar shocks will remain in the future.

- Operational risk
  The Company constantly reviews its internal processes and implements system upgrades. Regular staff training and constant process optimization is arranged. This allows minimizing the risks that may occur due to human and systemic errors.

- Reputation risk
  The importance of reputation for a financial institution is especially high. The Company regularly carries out training for its employees. All employees are motivated not only for quantitative, but also for qualitative results. This allows managing and maintaining a high level of service quality.

- Concentration risk
  The Company aims at offering a vast variety of financial services, thus diversifying income flows and reducing the concentration risk.

- Counterparty credit risk
  The Company provides its clients with a possibility to trade in financial derivatives, thus it is of high importance to have adequate and functioning systems in place, which enable as big reduction of the Company's credit risk as possible. The Company pays considerable attention to the reduction of the counterparty credit risk. Proper selection of a counterparty ensures security and high quality services. The counterparty credit risk is one of the key risks of the Company.

More information about financial risk management is also provided on page 28 of the general part of the financial statement explanatory note.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018	2017 (Reclassified)
Income from services and commission fees		2.922.130	2.484.601
Costs of services and commission fees		(863.637)	(702.265)
Net income from services and commission fees	1	**2.058.493**	**1.782.336**
Interest income		229.749	215.331
Interest expenses		(29.768)	(54.812)
Net interest income	2	**199.981**	**160.519**
Net profit (loss) of trade in securities and derivatives and transactions in foreign currency	3	11.241	(81.045)
Change in impairments and other provisions	4	(13.093)	10.777
Personnel expenses	5	(904.452)	(847.990)
Depreciation and amortization	6	(25.652)	(20.354)
Administrative expenses	7	(808.829)	(581.866)
Other income (expenses)		45.335	17.855
Profit (loss) before taxation		**563.024**	**440.232**
Income tax income (expenses)	9	(101.803)	(82.038)
Net profit (loss)		**461.221**	**358.194**
Other comprehensive income, net of taxes		-	-
Total annual comprehensive income, net of taxes		**461.221**	**358.194**

Accounting principles and notes provided in pages 20 - 49 are an integral part of these financial statements.

These Financial Statements were signed on: 19 March 2019.

Director
Alius Jakubėlis

Dainius Minelga
Authorized accountant

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Non-current intangible assets	15	12.498	11.920
Non-current tangible assets	15	85.145	28.308
Deferred income tax assets	9	5.266	16.327
Other non-current assets		10.871	9.312
Total non-current assets		**113.780**	**65.867**
Current assets			
Loans	14	352.358	561.903
Derivative financial instruments	13	15.449	16.897
Securities measured at fair value through profit (loss)	12	1.184.594	1.015.740
Trade receivables and pre-payments	11	412.374	294.442
Other current assets	10	64.474	116.274
Cash and cash equivalents	8	846.295	936.876
Total current assets		**2.875.544**	**2.942.132**
TOTAL ASSETS		**2.989.324**	**3.007.999**
LIABILITIES AND EQUITY			
Share capital	20	1.592.654	1.592.654
Legal reserve	20	159.292	159.292
Retained result		464.415	358.194
Total equity		**2.216.361**	**2.110.140**
Non-current liabilities			
Leasing (financial lease) liabilities	16	51.100	-
Total non-current liabilities		**51.100**	-
Current liabilities			
Loans received	16,17	290.152	477.305
Derivative financial instruments	13,17	18.737	97.516
Other financial liabilities	17	23.322	41.192
Trade debts		193.746	130.835
Payroll liabilities	18	100.068	92.097
Income tax payable		23.127	12.032
Other current liabilities	19	72.711	46.882
Total current liabilities		**721.863**	**897.859**
TOTAL EQUITY AND LIABILITIES		**2.989.324**	**3.007.999**

Accounting principles and notes provided in pages 20 - 49 are an integral part of these financial statements.

These Financial Statements were signed on: 19 March 2019.

Director
Alius Jakubėlis

Dainius Minelga
Authorized accountant

STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Retained result	Total
31 December 2016	**1.592.654**	**159.292**	**451.534**	**2.203.480**
Net profit (loss)	-	-	358.194	358.194
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	**358.194**	**358.194**
Dividends declared	-	-	(451.534)	(451.534)
31 December 2017	**1.592.654**	**159.292**	**358.194**	**2.110.140**
Net profit (loss)	-	-	461.221	461.221
Other comprehensive income	-	-		
Total comprehensive income	-	-	**461.221**	**461.221**
Dividends declared	-	-	(355.000)	(355.000)
31 December 2018	**1.592.654**	**159.292**	**464.415**	**2.216.361**

Accounting principles and notes provided in pages 20 - 49 are an integral part of these financial statements.

These Financial Statements were signed on: 19 March 2019.

Director
Alius Jakubėlis

Dainius Minelga
Authorized accountant

CASH FLOW STATEMENT

	Notes	2018	2017
Cash flows from operating activities			
Net profit		461.221	358.194
Recovery of non-monetary expenses (income):			
Depreciation and amortization	15	25.862	20.355
Interest expenses	2	29.768	54.812
Interest (income)	2	(229.749)	(215.331)
Change in the impairment of amounts receivable	11	(901)	(78.060)
(Profit) from the sale of non-current tangible and intangible assets		-	-
Change in deferred income tax	8	11.061	13.888
Other non-cash expenses (income)		72.059	64.736
		369.321	**218.594**
Changes in working capital:			
Decrease (increase) of trade receivables and pre-payments	11	(117.031)	12.592
(Decrease) increase of trade debts		62.911	84.473
Increase (decrease) in employment-related liabilities		7.971	(805)
Increase (decrease) in other assets		50.241	(68.821)
Increase (decrease) in other payables	19	25.829	1.107
Increase (decrease) in income tax payable		11.095	(10.200)
Paid income tax		(79.559)	(78.350)
Net cash flows from operating activities		**330.778**	**158.590**
Cash flows from investing activities			
(Acquisition) of non-current intangible, tangible assets and investments	15	(18.293)	(26.971)
(Transfer) of non-current intangible, tangible assets and investments	15	-	1.413
(Granting) of loans		(1.300.127)	(1.770.658)
Recovery of loans		1.509.672	2.349.020
Change of derivative financial instruments		(77.331)	172.569
(Acquisition) of trade securities		(24.720.053)	(28.039.308)
Transfer of trade securities		24.551.199	27.833.498
Dividends received	3	7.475	13.614
Interest received	2	229.749	215.331
Net cash flows from investing activities		**182.291**	**748.508**
Cash flows from financial activities			
Loans received		2.242.651	1.968.083
Loans (repaid)		(2.429.804)	(2.373.650)
Change in other financial liabilities	17	(17.870)	(41.538)
Interest (paid)	2	(29.768)	(54.812)
Dividends (paid)		(355.000)	(451.534)
Leasing (financial lease payments)		(13.859)	-
Net cash flows from financial activities		**(603.650)**	**(953.451)**
Net increase (decrease) of cash flows		**(90.581)**	**(46.353)**
Cash and cash equivalents at the beginning of the period		936.876	983.229
Cash and cash equivalents at the end of the period		846.295	936.876

Accounting principles and notes provided in pages 20 - 49 are an integral part of these financial statements.

These Financial Statements were signed on: 19 March 2019.

Director
Alius Jakubėlis

Dainius Minelga
Authorized accountant

GENERAL INFORMATION

UAB FMĮ Orion Securities (hereinafter - the Company) is a private limited liability company registered in the Republic of Lithuania. Its registered office address is:

Antano Tumėno str. 4,
Vilnius, Lithuania.

The Company is engaged in financial brokerage, which includes the following four main groups of services: security contract brokerage, corporate finance, market making and asset management services. The Company has started its activity on 12 August 1993.

On 31 December 2018 and 2017, the Company's shareholders were as follows:

	31 December 2018		**31 December 2017**	
	Number of shares held	**Percentage**	**Number of shares held**	**Percentage**
Orion Managing Partners B.V (Registered office address: Minderbroederssingel 11 6041 KG, Roermond, The Netherlands Legal entity code: 856097378)	55.008	70.01 %	62.858	80 %
UAB Suprema LT (Registered office address: S. Fino str. 6-3, Vilnius, Lithuania Legal entity code: 304135030)	15.714	20 %	15.714	20 %
Mindaugas Strėlis	7.850	9.99 %		
Total	78 572	100 %	78 572	100 %

All shares whose nominal value per each is 20.27 euros are ordinary and were fully paid as of 31 December 2018 and 2017. Authorized share capital remained unchanged in 2018 and 2017. The Company had not owned its shares.

In 2018, the Company had an average of 24 employees in Lithuania (on 31 December 2017 - 23 employees).
In 2018, the Company had an average of 5 employees in Norway (on 31 December 2017 - 0 employees).

The management of the Company approved these financial statements on 19 March 2019, the shareholders may approve or not approve these annual financial statements and may ask the management to prepare new financial statements.

UAB FMĮ Orion Securities operates under category A financial brokerage firm license No. A106, issued on 6 September 2007 by the Resolution No. 2K-268 of the Securities Commission of the Republic of Lithuania.

Category A license grants the Company the right to provide the following investment services:

- accept and transfer orders;
- execute orders at the expense of clients;
- execute transactions at its own expense;
- manage portfolios of financial instruments;
- provide recommendations on investment;
- offer financial instruments with the obligation to distribute them;
- offer financial instruments without the obligation to distribute them.

The Company is providing the following additional services:

- distributes units of investment funds;
- secures, accounts for and manages financial instruments;
- grants loans intended to allow the client to carry out transactions with financial instruments, if the grantor is associated with these transactions;
- carries out an analysis and evaluation of companies.

ACCOUNTING PRINCIPLES

The main accounting principles based on which these financial statements were prepared are set out below.

Basis of preparation of financial statements

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards that have been adopted for use in the European Union (hereinafter - IFRS). The financial statements are prepared on a historical cost basis, except for securities measured at fair value through profit or loss, and derivative financial instruments which have been measured at fair value.

Amounts provided in these financial statements are presented in local currency - euro, which is also the functional currency of the Company. Transactions made in foreign currency are firstly accounted for in functional currency on the date the transaction is made. Monetary assets and liabilities expressed in foreign currency are converted to functional currency by applying the currency exchange rate that was valid at the date of the financial statements.

Due to the rounding of separate amounts to a whole euro, numbers in tables may not match; such rounding errors in these financial statements are insignificant.

Application of new and revised International Financial Reporting Standards

Effective standards (as of 1 January 2018) and their interpretations

The following are the effective standards issued by the International Accounting Standards Board (IASB) and adopted by EU, as well as their supplements and interpretations:

- Amendments to various standards "Improvements to IFRS Standards (2014–2016 Cycle)" (effective for annual periods beginning on 1 January 2017/2018),
- Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IAS 40: Transfers to Investment Property (effective for annual periods beginning on or after 1 January 2018),
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on 1 January 2018),
- Amendments to IFRS 4: Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts (effective for annual periods beginning on 1 January 2018),
- IFRS 15 Revenue from Contracts with Customers with amendments (effective for annual periods beginning on or after 1 January 2018),
- IFRS 15 Revenue from Contracts with Customers and its adjustments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018). This standard replaces IAS 39 Financial Instruments: Recognition and Measurement, however IAS 39 exception is applied regarding the fair value hedge of the interest rate exposure of a portfolio of financial assets and financial liabilities. Entities may choose an accounting policy: whether to apply the hedge accounting requirements established in IFRS 9, or continue to apply the current hedge accounting requirements established in IAS 39 for all hedge accounting procedures.

  In the impairment model established in IFRS 9, the incurred loss model of IAS 39 is replaced with the expected credit loss model; this means that it is no longer necessary for the loss event to occur before recognition of the impairment provisions.
  IFRS 9 provides a general hedge accounting model, based on which hedge accounting is more in line with risk management. Types of hedging transactions – fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation – do not change, however the management of the Company will have to make additional evaluation decisions.
  The standard establishes new requirements in order to apply hedge accounting, to continue it or to terminate it; additional positions may also be assigned to hedged objects according to this standard.

  Classification. Financial assets
  IFRS 9 provides a new method of classifying and measuring financial assets, which reflects a business model under which assets are managed, and asset cash flow characteristics.
  IFRS 9 provides three main categories of financial assets: measured at amortized cost, fair value in other comprehensive income, and fair value in profit (loss). This standard removes the existing categories established in IAS 39: held-to-maturity financial assets, assets measured at fair value through profit (loss), loans and receivables and available-for-sale financial assets.
  According to IFRS 9, derivative financial instrument included in contracts are never separated in the main financial assets. Instead, mixed financial instruments as a whole are measured for classification purposes.

The application of the aforesaid standard amendments had no significant impact on the Company's financial statements.

ACCOUNTING PRINCIPLES (continued)

Standards issued by IASB, approved in EU, but not yet effective

The Company did not apply these IFRS which were already approved on the date these financial statements were signed, but not yet effective:

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019),

  IFRS 16 replaces IAS 17 Leases and related interpretations. This standard eliminates the currently applied dual accounting model for lessees; instead of the latter, companies are required to account for most of their lease transactions in the statement of financial position according to a single model, by eliminating the distinction between operational and financial lease.
  According to IFRS 16, a contract is a lease contract or includes lease if it grants the right to manage the use of identified assets for a certain period of time in exchange for remuneration. The new model requires that, under such contracts, the lessee would recognize the right to use assets and lease liabilities. The right to use assets is depreciated, while liability accrues interest. Thus, in the case of most lease transactions, there will be upfront costs, even when the lessee pays constant annual lease fees.
  The new standard sets limited exceptions for lease transactions which include:
    - lease transactions when the lease period does not exceed 12 months, and the transaction does not provide purchase opportunities; and
    - lease transactions when the main assets are of low value (small-ticket leases).

  Application of the new standard will have no significant impact on lessor accounting, and separation between operational and financial lease will be maintained.

- Amendments to IFRS 9: Prepayment functions with negative compensation (effective for annual periods beginning on 1 January 2019),

- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on 1 January 2019),

- Amendments to IAS 28: Investments in associates and joint ventures (effective for annual periods beginning on 1 January 2019),

- Amendments to IAS 19: Plan change, reduction or adjustment (effective for annual periods beginning on 1 January 2019).

The Company believes that the application of these standards, effective standard amendments and interpretations will not have a significant impact on the Company's financial statements during their initial application period.

Standards and interpretations issued by IASB, but not yet approved in EU

There are almost no differences between IFRS that are currently adopted in EU and the standards that were approved by the International Accounting Standards Board (IASB), excluding the following standards, amendments to the effective standards and their interpretations which were not yet approved in the EU prior to the approval of these financial statements (effective dates specified below apply to IFRS in full scope):

- IFRS 17 Insurance Contracts (IASB: effective for annual periods beginning on 1 January 2021);

- Amendments to various standards "Improvements to IFRS Standards (2015–2017 Cycle)" (IASB: effective for annual periods beginning on 1 January 2019),

- Amendments to the concept of references to IFRS standards (IASB: effective for annual periods beginning on 1 January 2020),

- Amendments to IFRS 3 Business Combinations (IASB: effective for annual periods beginning on 1 January 2020);

- Amendments to IAS 1 and IAS 8: Definition of Material (IASB: effective for annual periods beginning on 1 January 2020).

The Company believes that the application of these standards, effective standard amendments and interpretations will not have a significant impact on the Company's financial statements during their initial application period.

The Company plans to start applying the previously described standards and interpretations on the date that they become effective, if their application will be approved in the European Union.

ACCOUNTING PRINCIPLES (continued)

Use of measurements in the preparation of financial statements

The preparation of financial statements in conformity with the IFRS requires the use of measurements and 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 measurements are based on management's best knowledge of current events and actions, actual results may ultimately differ from these measurements. The impact of such changes will be included in the financial statements once they appear.

Going concern

The Company's management is fully convinced of stable and balanced performance going forward and based on that prepared these financial statements on the going concern basis.

Impairment of loans, trade receivables and prepayments

The Company reviews its granted loans, trade receivables and prepayments to assess impairment at least on a quarterly basis. When determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company measures whether there is any objective proof indicating that there is a significant decrease in future cash flows from loans granted, trade receivables and prepayments.

Such objective proof may include signs indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with failure to fulfil one's obligations, as well as other objective and subjective factors. The Management uses measurements based on historical losses from assets related to similar credit risk and objective impairment proof when assessing its future cash flows. The methodology and assumptions used for measuring both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss measurement and actual loss experience.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, certain assumptions are made when measuring fair values. The fair values of financial assets and liabilities are provided in the note on financial risk management.

Deferred tax asset

Deferred tax asset is recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the deferred tax asset that must be recognized based upon the likely level of future taxable profit together with estimated future tax planning strategies. For deferred tax amounts, see Note 8.

Recognition of income and expenses

The Company recognizes income at an amount which matches the remuneration, the right to which the Company hopes to receive in exchange for the transferred goods or services.

Contracts with clients are accounted for by the Company only when all the following criteria are met:

- the contract was approved by the contractual parties (in writing, orally, or according to other usual business practices) which undertake to fulfil their respective obligations;
- the Company is able to identify the rights of each party regarding the goods or services to be transferred;
- the Company is able to identify the payment conditions applied to the goods or services to be transferred;
- the contract has a commercial basis (i.e. it is likely that the contract will change the periodicity or amount of future cash flows of entities, or the risk related to them), and it is likely that the Company will receive remuneration, the right to which will be granted in exchange for goods or services that will be transferred to the client.

Income from contracts with clients are first of all comprised of fees relating to services. They are included in the Commission income item of the statement of comprehensive income.

Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments are recognized within 'interest income' and 'interest expenses' in the statement of comprehensive income using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of financial assets and liabilities, and of allocating the interest income and interest expenses over the relevant period. The effective interest rate is the rate that discounts future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company measures cash flows by considering all provisions of the financial instruments (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Service and commission income and expenses

ACCOUNTING PRINCIPLES (continued)

Service and commission income and expenses are generally recognized on an accrual basis when the service has been provided.

Corporate finance services income arising from negotiating or participating in the negotiation of a transaction for a third party, are recognized on completion of the underlying transaction. Commission fees or components of such fees that are linked to certain performance are recognized after fulfilling the established conditions.

Dividend income

Dividends are recognized in the statement of comprehensive income when the entity's right to receive payments is established.

Other expenses

Other expenses are recognized on the basis of accrual and revenue and expense matching principles during the reporting period when income related to these expenses is earned, irrespective of the time the money was spent. In cases when expenses incurred during the reporting period cannot be directly linked to the specific income and will not provide income during future accounting periods, these expenses are recognized as expenses for the period during which they were incurred. The amount of expenses is usually accounted for as the amount paid or due.

Taxes

Income tax

In accordance with the Republic of Lithuania Law on Corporate Income Tax, the current income tax rate is 15% on taxable income. Expenses related to taxation charges and included in these financial statements are based on calculations made by the management in accordance with the Lithuanian tax legislation.

Deferred income tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be earned against which the losses can be utilized. Likely future taxable profit is measured when determining the amount of deferred tax assets that can be recognized. Deferred income tax is calculated by applying tax rates that are effective or approved on the statement of financial position date, and are expected to be applied when the deferred income tax assets are realized or the deferred income tax liability is settled. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Tax losses can be transferred for an unlimited period, except losses incurred due to the transfer of securities. Losses from the transfer of securities can be carried forward for 5 consecutive years. As of 1 January 2014, forwarded tax losses can cover no more than 70 percent of the taxable income of the current year.

Deferred tax related the re-measurement of available-for-sale securities which are accounted for in the statement of comprehensive income (other comprehensive income), is also accounted for in the statement of comprehensive income and subsequently recognized in the profit (loss) together with the deferred gain or loss.

Other taxes

Other taxes are accounted for under the administrative expenses item in the statement of comprehensive income.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash, other valuables, bank account balances and short-term securities with the original maturity term of less than 3 months.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Financial assets

Financial assets are cash and cash equivalents, contractual rights to receive cash or other financial assets, contractual rights to exchange financial instruments with another party on potentially favourable terms, and the equity instruments and contracts of other companies under which the Company's own equity instruments will or may be used as payment.

Financial assets are divided into:
- measured at amortized cost;
- measured at fair value, the change of which is recognized as other comprehensive income;
- measured at fair value, the change of which is recognized as profit or loss.

All ordinary purchases and sales of financial assets are recognized on the settlement day, which is the day when the Company undertakes to buy or sell assets.

ACCOUNTING PRINCIPLES (continued)

Financial assets measured at fair value through profit or loss

Financial assets are measured at amortized cost when the following criteria are met:

- financial assets are held under a business model, the purpose of which is to hold financial assets in order to collect the cash flows established in the contract;
- cash flows of financial assets may arise on the dates established in the conditions of the contract, which are simply the payments of interest of the main amount and main uncovered amount.

Loans and amounts receivable

Loans and amounts receivable are non-derivative financial assets with fixed payments or payments calculated using an established method, which are not sold in the active market. After initial recognition, loans and amounts receivable are later accounted for at amortized value by using the effective interest rate method, less any impairment losses. Amortized value is calculated by including all acquisition discounts or supplements, and covers fees that are inseparable from the effective interest rate and transaction price. Profit or loss is recognized in the statement of comprehensive income when such assets are written off, the value of such assets decreases or the assets are amortized.

Loans and short-term receivables are accounted for after measuring their impairment.

Loans and amounts receivable are recognized in the statement of financial position on the day they are paid out, when money is transferred to the borrowers. From the day of signing of the loan contract until the day of loan repayment, they are accounted for under off-balance items.

Repurchase (repo) and reverse repurchase (reverse repo) agreements

The securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position, as the Company retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability, reflecting the transaction's economic substance as a loan to the Company.

The securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. Reverse repurchase agreements are classified as loans received and amounts payable, received from banks and other customers, and are accounted for using the amortised cost method. The difference between sale and repurchase price is accounted for as interest, and accrued over the life of the contract using the effective interest rate method.

Financial assets are measured at fair value, the change of which is recognized as other income, when the following criteria are met:

- financial assets are held under a business model, the purpose of which is to collect the cash flows established in the contract, and sell the financial assets;
- cash flows of financial assets may arise on the dates established in the conditions of the contract, which are simply the payments of interest of the main amount and main uncovered amount.

Financial assets measured at fair value, the change of which is recognized as profit or loss, include financial assets which are not classified as financial assets measured at amortized cost and financial assets measured at fair value, the change of which is recognized as other comprehensive income, under the financial asset groups specified in the paragraphs. During initial recognition, financial assets may be irrevocably attributed to financial assets measured at fair value, the change of which is recognized as profit or loss, if such designation eliminates or reduces contradictions in the measurement and recognition of financial instruments (accounting discrepancies). These financial assets cannot be transferred to another financial asset group later on.
Changes in far value are accounted for as net profit (loss) from securities transactions. Most of the Company's financial assets are assigned to this category.

Financial asset category is determined during the acquisition of these assets.

Derivative financial instruments

Derivative financial instruments including forwards, contracts for differences - CFD (issued or acquired by the Company) and other derivative financial instruments are initially recognized in the statement of financial position at their fair value. Fair values are determined according to the model whose variables include market data. Derivative financial instruments are recognized as assets when fair value is positive, and as liabilities when fair value is negative.

Contracts for differences is an agreement between two parties, i.e., the buyer and the seller, whereby one party pays the difference between the current market price and the initial price of the underlying instrument, valid on the date of the transaction. If the price of a specific CFD increases, the price difference is paid by the seller, if it drops - by the buyer. CFD is a derivative financial instrument with the price based on the stock market price.

The Company, entered into CFD transaction with a client, is insured by making the same transaction with a third party or by buying the same amount of the securities which are the basis of the CFD transaction with the client.

Certain derivative transactions (CFD), even though providing an effective hedging of economic risk according to the risk management policy of the Company, are not accounted for as risk management instruments according to particular rules included

ACCOUNTING PRINCIPLES (continued)

in IAS 39, and therefore are accounted for as derivative financial instruments held for trade purposes, by accounting for the changes in their fair value as net profit (loss) from transactions in derivative financial instruments of the reporting period.

Accounting of CFD transactions entered into with a third party. In the case a price of a certain CFD instrument is lower compared to the initial price registered on the date the transaction was made, the price difference on the transaction closing and settlement date is recorded under liabilities items as a financial liability to a client. Upon settlement with the client, this liability is offset. If the price of a certain CFD drops, the price difference on the transaction closing and settlement date is recorded under assets items as receivables from a client for CFD. Upon settlement with the client, these receivables are offset.

Accounting of CFD concluded based on acquired securities. On CFD transaction opening date with a client, the Company buys the same amount of securities for its portfolio as a basis for the CFD transaction made with the client. All securities purchased for CFDs are recorded in a separate portfolio of financial assets thereof. Every time when preparing the financial statements, these assets are measured at fair value, by recording an increase under the liabilities items, and a decrease under the assets items. On the transaction closing and settlement date, these securities are sold. In this case, the CFD result includes results of revaluations and the amount of a profit or loss from sale. If the result is positive (price of securities increased), financial liability to a client is recorded. Upon settlement with the client, this liability is offset. If the result is negative (price of securities dropped), it is recorded as receivables from a client. Upon settlement with the client, these receivables are annulled.

Changes in the fair value of derivatives held for trading are included in net profit (loss) from transactions in derivative financial instruments.

Certain derivatives embedded in other financial instruments, such as index linked options in bond issued, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss. These embedded derivatives are measured at fair value by accounting for fair value changes in the statement of comprehensive income of the reporting period.

Fair values of derivative financial instruments are disclosed in Note 13.

Impairment of financial assets

The Company shall recognize impairment from expected credit losses (ECL) for the following financial assets which are not measured at fair value through profit or loss: loans and advances to clients; debt securities; financial guarantee contracts.

Impairment losses are not recognized for equity securities.

The expected credit losses of financial assets are measured at an impairment amount equal to:
- 12 months of expected credit losses; these are expected credit losses resulting from failure to fulfill one's financial obligations, which are possible within 12 months after the date of the financial statements, or
- all expected credit losses; these are all expected credit losses resulting from all possible failures to fulfill one's obligations during the financial asset validity period.

Impairment of all expected credit losses for financial assets is measured if the credit risk for such financial assets has significantly increased after initial recognition. Expected credit losses for all other financial assets are measured by considering the 12 months of expected credit losses.

Expected credit losses is the probable weighted estimate of the current value of credit losses. They are measured as current value difference between cash flows arising from contractual flows received by the Company, and cash flows, which the Company expects to receive, arising due to a number of future economic events, discounted according to the effective interest rate of the financial assets.

Financial liabilities

Trade and other payables and debts are at first recognised at fair value of received funds less costs of the transaction. Later they are accounted for at amortized value (excluding derivative financial instruments, see above), and the difference between the received funds and the amount which will have to be paid within the term of the debt is included in the profit or loss of the period. Debts are classified as long-term, if evidence is provided in the financial statements until the date of statement of financial position, that the liabilities of the date of statement of financial position are long-term.

Derecognition and offsetting of financial assets and liabilities

Financial assets

Financial assets (or, where necessary, financial asset part or part of the similar financial asset group) are derecognized when:
- the period of the right to financial asset cash flows expires; or
- the Company transferred its rights to financial asset cash flows or retained its right to cash flows, but assumed an obligation to pay the entire amount to a third party according to a transfer agreement within a short amount of time; and
- the Company either (a) transferred basically all the risk and benefit related to financial asset ownership, or (b) did not transfer, not retained the risk and benefit related to financial assets, but transferred the control of these assets.

When the Company transfers its rights to asset cash flows, but does not transfer the risk, benefit and asset control related to asset ownership, the assets are recognised to the extent the Company is related to them.

ACCOUNTING PRINCIPLES (continued)

Financial liabilities

Financial liabilities are derecognized when they are covered, cancelled or their period of validity has expired.

When the current financial liability for the same creditor is replaced with another liability, with essentially other conditions, or the conditions of the current liability are essentially changed, such changes are recognized as the derecognition of current liabilities and the recognition of new liabilities, by recognizing their difference as profit (loss) in the statement of comprehensive income.

Netting

Financial assets and liabilities can be netted-off against each other and presented at fair value in the statement of financial position if there is a legal possibility to net-off recognized amounts, and it is planned to pay in fair value or sell assets and cover obligations at the same time.

Non-current intangible assets

Intangible assets are accounted for at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortized using the straight-line method over their estimated useful life.

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 lives of 3 to 4 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. The Company owns no assets of indefinite useful life.

Non-current tangible assets

Non-current tangible assets are accounted for at acquisition cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line (linear) method by proportionally writing off the acquisition value of each separate asset unit over the following useful lives of assets:

Furniture	6 years,
Office equipment	3 years,
Vehicles	6 - 10 years,
Other non-current assets	4 - 6 years.

Non-current tangible assets are constantly reviewed in order to evaluate the reduction of its value, if any changes of events or circumstances show that the accounting value might be non-recoverable. The carrying amount of assets is immediately reduced to recoverable amount in case the carrying amount exceeds the established recoverable amount. Recoverable amount is the fair value of assets less costs of sales, or the value of use, depending on which is higher. Profit or loss from sales of non-current tangible assets is based on its carrying amount and is included in the statement of comprehensive income. On each accounting date, the net book value of assets and useful life periods are reviewed and updated respectively, if necessary.

Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as the lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under lease contracts are recognized as costs proportionally over the entire lease period, and included into other administrative expenses.

Company as the lessor

Assets leased out under lease contracts are accounted for as property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives by applying the same depreciation rates as of other assets used in operation. Rental income is recognised on a straight-line basis over the entire lease term.

Off-balance items - entrusted assets/funds and related liabilities (trusteeship)

Assets and income together with related liabilities to return these assets, and/or any related income of the client, are not included in these financial statements in cases when the Company acts as a trustee, proxy or agent. Securities and financial instruments acquired on assignment and using the funds of the client, on own behalf and on behalf of clients, are accounted for in the off-balance sheet statement of the clients' accounts.

Client funds/money means the resources kept in trust on behalf of the Company in current bank accounts and bank accounts under the term deposit contract. Clients' money is separated from the Company's resources and kept in trust in commercial banks.

Securities purchased on behalf of clients are securities purchased for clients on behalf of the Company in Lithuania and through foreign intermediaries. These securities are stored on behalf of the Company in various depositories and with other account managers.

ACCOUNTING PRINCIPLES (continued)

Value of securities, stored by the clients in the Company's securities accounts, is calculated on the financial reporting date, by multiplying the quantity of the securities by the securities' market price, and, if such is not available - by the nominal value. Bonds, purchased on behalf of clients, are accounted for in off-balance accounts at their nominal value.

Contracts for Difference (CFD) are transactions in force on the reporting date, entered into on clients' behalf and account or on own behalf and the clients' account. CFD entered into on own behalf and the clients' account, i.e. derivative financial instruments held at the Company's accounts opened with the third parties (omnibus type accounts), any benefits or loss of which solely belongs to clients, and the Company acts as mediator only. The value of CFD on the day of financial statements is calculated by multiplying the amount of financial instruments by the difference between market value of related securities (on the day of transaction and revaluation). CFD acquired on the clients' account are accounted for at fair value as off-balance items, and factual receivables and payables arising from these financial instruments (between the Company and the clients) are included in the statement of financial position.

Client transactions on derivative financial instruments with a third party are Option and Forex transactions in force on the reporting date. They are included in off-balance accounts at fair value.

Employee benefits

Social security contributions

The Company pays social security contributions to the State Social Insurance Fund (hereinafter - the Fund) for its employees according to the established contribution plan and in accordance with the legal requirements of the Republic of Lithuania. The established contribution plan is a plan according to which the Company transfers contributions of an established size to the Fund and has no legal or constructive obligation to continue paying these contributions, if the Fund does not have sufficient assets to be able to pay all the benefits to employees related to their service during current and previous periods. Social security contributions are recognised as expenses on an accrual basis and are included within staff costs. Social security contributions are allocated each year by the Fund for pension, health, sickness, maternity and unemployment payments.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it will likely require economic resources to settle obligations, and this amount can be reliably estimated. Expenses relating to provision accounting are recognised in the statement of comprehensive income. If the effect of the time value of money is material, provisions are discounted using the pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase of a provision reflecting the previous period is registered in accounts as borrowing costs.

Fair value of assets and liabilities

Fair value is the price that would be received when selling assets or paid when transferring liabilities via an ordinary transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the asset sale or liability transfer transaction takes place either:

- In the principal market of the assets or liabilities;
- In the absence of a principal market, in the market that is the most advantageous for these assets or liabilities.

The principal or the most advantageous market must be accessible to the Company.

All assets and liabilities with a fair value are measured and recognized in these financial statements according to the fair value hierarchy provided below. The hierarchy is comprised according to the lowest level input which is important for determining fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: fair value calculated using measurement methods; where the lower level variables having a significant effect on the fair value are directly or indirectly available in the market;
Level 3: fair value calculated using measurement methods, when variables of the lowest level having a significant effect on the fair value are not based on information available in the market.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in certain circumstances, and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest-bearing assets is estimated based on discounted cash flow value using the interest rates for items with similar terms and risk characteristics. In the case of inactive markets, valuation techniques are applied for measuring fair value.

ACCOUNTING PRINCIPLES (continued)

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are described in the notes to financial statements, excluding cases when the likelihood that resources providing economic benefits will be lost is very small.

Contingent assets are not recognized in the financial statements, however they are disclosed when an inflow or economic benefits is probable.

Subsequent events

All events that have occurred after the date of the statement of financial position (adjusting events) are provided in the financial statements if they are related to the reporting period and have a significant impact on the financial statements. All events that are significant but are not adjusting events are disclosed in the notes to these financial statements.

FINANCIAL RISK MANAGEMENT

The Company analyses, measures, assumes and manages risks and risk groups in its activity. The purpose of risk management is to ensure acceptable profitability and return on equity by proper management of risks. Key types of risks that the Company faces are credit, foreign currency, interest rate, liquidity and operational risk. Concentration risk is seen as part of the credit risk. The Board and management of the Company, heads of divisions and internal controller are responsible for management of individual risks within their competence.

The Company is a financial institution, and management of its various financial risks is strictly regulated and supervised. For risk management, relevant procedures have been prepared: Trading Policy, Trading Risk Management Policy, Internal Capital Adequacy Assessment Process and Risk Management Strategy, Solvency and Liquidity Rules, Operational Risk Assessment and Management Strategy and Procedures, as well as other documents.

The following main financial risk management procedures are applied in the Company:

Capital adequacy - on a daily basis the Company must meet the capital adequacy ratio, calculated according to Regulation (EU) No. 575/2013 of the European Parliament and of the Council;
In trading activities - compliance with and assessment of position limits and additional restrictions;
Internal control performance is carried out by the specially assigned employee.

Credit risk

Credit risk means the risk for the Company to incur losses due to the failure of counterparties to fulfil their financial obligations towards the Company. Credit risk arises principally in investing and crediting activities and it is the most significant risk in the Company's business. Due to regular statements, the management of the Company is constantly informed on the level of credit risks taken and changes thereof.

When measuring the impairment losses on loans and financial assets, the Company follows the requirements of IAS 39 Financial Instruments.

Loans and receivables

Credit risk arising from crediting activities is managed by carrying out a thorough analysis of the client before granting loans, and by monitoring thereof after the credit disbursement. The Company manages concentration risk by limiting and controlling concentration of credit risk, it evaluates possibilities of the client to repay the loan and collaterals.

Maximum credit risk position, irrespective of pledging measures and other liability implementation assurance tools:

	31 December 2018	**31 December 2017**
Credit risk exposures relating to on-balance sheet assets are as follows:		
Securities measured at fair value through profit (loss)	1.184.594	1.015.740
Cash and cash equivalents	846.295	936.876
Loans granted	352.358	561.903
Trade receivables and pre-payments	412.374	294.442
Derivative financial instruments	15.449	16.897
Total	**2.811.070**	**2.825.858**

The table above represents credit risk exposure at 31 December 2018 and 2017, without taking into account any credit risk mitigation techniques. On-balance sheet assets are reported above based on the net carrying amount as they appear in the statement of financial position.

When managing cash-related credit risks, the Company diversifies cash keeping places and stores cash in Lithuanian and foreign banks and financial brokerage firms which the Company believes to be secure. The management actively monitors ratings of banks and status of financial brokerage firms, therefore the management believes that the parties of the transaction will implement their liabilities.

FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Information on loans granted and trade receivables and prepayments for December 31 are summarized in the tables below:

	2018		2017	
	Loans	Trade receivables and prepayments	Loans	Trade receivables and prepayments
Loans and receivables neither past due nor impaired	352.358	285.346	561.903	210.320
Loans and receivables, past due but not impaired	-	127.028	-	84.122
Impaired loans and receivables	10.000	72.527	10.000	73.428
Total value	**362.358**	**484.901**	**571.903**	**367.870**
Minus: impairment	(10.000)	(72.527)	(10.000)	(73.428)
Net value	**352.358**	**412.374**	**561.903**	**294.442**

Past due but not impaired loans, trade receivables and prepayments mean loans, trade receivables and prepayments that are past due but have no individual allowances for impairment considering collaterals and other risk mitigating circumstances.

Impaired loans, trade receivables and prepayments mean loans, trade receivables and prepayments that have individual allowances for impairment by 100 percent, as it is not expected to recover loans, trade receivables and prepayments.

Analysis of past due but not impaired loans, trade receivables and prepayments for 31 December is as follows:

	2018		2017	
	Loans	Trade receivables and prepayments	Loans	Trade receivables and prepayments
Past due 1 -30 days	-	4.508	-	6.740
Past due 31-60 days	-	14.017	-	8.793
Past due 61-90 days	-	24.022	-	7.110
Past due over 90 days	-	84.481	-	61.479
Total	**-**	**127.028**	**-**	**84.122**

Having evaluated the financial status of debtors, the Company as of 31 December 2018 and 2017 did not additionally impair past due loans and trade receivables, as well as pre-payments for clients.

<u>Securities measured at fair value through profit (loss)</u>

Below is the analysis of securities measured at fair value through profit (loss) by geographical trade zone:

	31 December 2018	**31 December 2017**
Baltic countries	961.984	617.001
USA and Canada	204.759	277.213
Other EU states	17.851	98.913
Other countries	---	22.613
Total	**1.184.594**	**1.015.740**

FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Derivative financial instruments

The credit risk arising from derivative instruments is managed daily by assessing the potential market value fluctuations. Margining agreements are established with the clients. Security measures (deposited funds or securities) are applied to manage the credit risk of these financial instruments, therefore the management believes that credit risk associated with derivative financial instruments is not significant.

General assessment of risk

In the table provided below, low risk transactions are secure transactions, i.e. sound financial status, stable operations, implementation of agreements without major violations, no past due receivables, no past due receivable loans and up to one year maturity. Monetary funds are considered of low risk when they are kept in banks of the EU states and the USA, the parent banks of which have investment ratings and the share of cash at accounts of EU countries and USA brokers' platforms, which are covered by liabilities with the same platform, receivables which are secured with collaterals from clients.

Transactions that have loss factors and have risk of loan not being repaid, also cash at accounts of EU states and USA brokers platforms are assessed as those having higher risk.

Unclassified risk concerns such positions which have no credit risk assessment.

Low risk equity securities are securities traded in regulated markets.

Low risk debt securities are securities of rating BBB- and above, securities of higher risk - securities of rating below BBB-.

31 December 2018:	Low risk	Higher risk	Not classified	Total
Credit risk exposures relating to on-balance sheet assets are as follows:				
Securities measured at fair value through profit (loss)	1.184.594	-	-	**1.184.594**
Cash and cash equivalents	846.295	-	-	**846.295**
Loans granted	230.983	118.938	2.437	**352.358**
Trade receivables and pre-payments	314.024	75.564	22.786	**412.374**
Derivative financial instruments	-	15.449	-	**15.449**
Total	**2.575.896**	**209.951**	**25.223**	**2.811.070**

31 December 2017:	Low risk	Higher risk	Not classified	Total
Credit risk exposures relating to on-balance sheet assets are as follows:				
Securities measured at fair value through profit (loss)	1.015.740	-	-	**1.015.740**
Cash and cash equivalents	936.876	-	-	**936.876**
Loans granted	257.479	231.224	73.200	**561.903**
Trade receivables and pre-payments	219.022	72.723	2.697	**294.442**
Derivative financial instruments	-	16.897	-	**16.897**
Total	**2.429.117**	**320.844**	**75.897**	**2.825.858**

FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk

The policy of the Company is to coordinate cash flows from highly probable future sales with purchases in each foreign currency. The Company uses no financial instruments contributing to the management of foreign currency risk. As of 31 December 2018 and 2017, cash assets and cash liabilities in different currencies were as follows (equivalent in euros):

	31 December 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
EUR	2.630.435	478.467	2.346.999	396.859
USD	306.746	293.894	629.000	498.000
PLN	41.417	-	21.000	-
SEK	10.717	-	9.000	-
CAD	-	-	1.000	-
GBP	9	602	1.000	3.000
Total	**2.989.324**	**772.963**	**3.007.999**	**897.859**

The table below provides sensitivity of the Company's profit before tax and equity to possible foreign currency changes, when all other variables are treated as fixed (considering changes of cash assets and fair values of liabilities).

	Change	31 December 2018	31 December 2017
USD	-10 %	(1.285)	(13.100)
PLN	-10 %	(4.142)	(2.100)
SEK	-10 %	(1.072)	(900)
CAD	-10 %	-	(100)
GBP	-10 %	(59)	(200)
Total	**-10 %**	**(6.558)**	**(16.400)**

Sensitivity of foreign exchange risk is calculated by assessing possible losses from open positions, i.e. open foreign exchange position is multiplied by the expected foreign currency change.

Interest rate risk

Interest rate risk is the risk that the Company will incur losses due to price fluctuations of financial assets and liabilities measured at fair value through profit or loss in the statement of comprehensive income, concerning changes in the market interest rate.

Loans granted and received by the Company have fixed interest rates, thus the Company is not subject to interest rate risk.

FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is a risk that the Company will not be able to fulfil its financial liabilities upon their maturity. The policy of the Company is to maintain a sufficient amount of cash and cash equivalents or secure funding through an appropriate quantity of credit lines or other borrowing instruments in order to fulfil obligations both under ordinary and under difficult conditions without suffering unacceptable losses and without risking to lose good reputation.

Liquidity risk management is carried out by implementing the internal control function, establishing business continuity plans and procedures limiting any possible unforeseen risk, assessing the acceptability or unacceptability of services provided by the Company, carrying out product and service pricing management and internal resource reallocation functions, analysing the Company's processes and procedures, identifying risk points and assessing the sufficiency of their control.

The table below summarizes the Company's financial liability return deadlines on 31 December 2018 according to the undiscounted contractual payments.

	Within three months	After three months, but no later than within one year	After one year, but no later than within five years	After five years	No deadline /On demand	Total
Liabilities						
Leasing (financial lease) liabilities	1.873	5.873	47.227	-	-	**54.973**
Trade debts	193.746	-	-	-	-	**193.746**
Other financial liabilities	-	-	-	-	23.322	**23.322**
Derivative financial instruments	-	-	-	-	18.737	**18.737**
Loans received	-	-	-	-	290.152	**290.152**
Total liabilities	**195.619**	**5.873**	**47.227**	**-**	**332.211**	**580.930**

The table below summarizes the Company's financial liability return deadlines on 31 December 2017 according to the undiscounted contractual payments.

	Within three months	After three months, but no later than within one year	After one year, but no later than within five years	After five years	No deadline /On demand	Total
Liabilities						
Trade debts	130.835	-	-	-	-	**130.835**
Other financial liabilities	-	-	-	-	41.192	**41.192**
Derivative financial instruments	-	-	-	-	97.516	**97.516**
Loans received	-	-	-	-	477.305	**477.305**
Total liabilities	**130.835**	**-**	**-**	**-**	**616.013**	**746.848**

Operational risk

A risk to suffer direct or indirect losses due to improper or inefficient internal control processes, employee errors and/or illegal actions, information system and technology malfunctions, or external factors.

Operational risk management is based on internal control, by establishing procedures limiting the possible incidental risks, insuring tangible assets of the Company, assessing acceptability and non-acceptability of services provided by the Company, management of pricing of products and services and reallocation of internal resources, analysing processes and procedures of the Company, identifying risk points and assessing sufficiency of its control.

Internal capital for the operational risk is calculated by applying the basic indication method, in accordance with the European Parliament and Council regulation 575/2013 (CRDIV/CRR).

FINANCIAL RISK MANAGEMENT (continued)

Operational risk (continued)

The table below discloses the method of calculation of operational risk according to the basic indicator method in thousand EUR:

31 December 2018	Year -3	Year -2	Last year	Average
1. ALL BUSINESS LINES ACCORDING TO THE BASIC INDICATOR METHOD	1.622	1.808	1.799	1.743
CAPITAL CHARGE, %	-	-	-	15%
Exposure value, thousand EUR (Average* coefficient)				261
Capital requirements, thousand EUR (207*12,5)	-	-	-	**3.263**

31 December 2017	Year -3	Year -2	Last year	Average
1. ALL BUSINESS LINES ACCORDING TO THE BASIC INDICATOR METHOD	701	1.622	1.808	1.377
CAPITAL CHARGE, %	-	-	-	15%
Exposure value, thousand EUR (Average* coefficient)				207
Capital requirements, thousand EUR (207*12,5)	-	-	-	**2.588**

Fair value of financial assets and liabilities

The following items of financial assets and financial liabilities are not disclosed in the statement of financial position at their fair value: cash and cash equivalents, trade receivables and prepayments, loans granted, borrowings, other financial liabilities, trade debts. The management of the Company have evaluated that the fair values of these assets and liabilities as of 31 December 2018 and 2017 are approximately equal to their carrying amount. Fair value of trade receivables and payables, loans and other non-derivative financial assets, as well as liabilities was treated as their carrying amount due to relatively short term of instruments concerned (level 3).

The tables below summarize the Company's financial assets and liabilities measured at fair value. Financial instruments are provided in three fair value levels, as described in the note "Accounting principles".

Financial instruments were not reclassified from one level to the next in 2018 and 2017.

Measurement of financial assets and liabilities measured at fair value was performed on the statement of financial position date.

2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments, assets (Note 12)	-	15.449	-	**15.449**
Derivative financial instruments, liabilities (Note 12)	-	(18.737)	-	**(18.737)**
Securities measured at fair value through profit or loss (Note 11):				
Debt securities	-	379.703	-	**379.703**
Equity securities	804.891	-	-	**804.891**
Total	**804.891**	**376.415**	-	**1.181.306**

2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial instruments, assets (Note 12)	-	16.897	-	**16.897**
Derivative financial instruments, liabilities (Note 12)	-	(97.516)	-	**(97.516)**
Securities measured at fair value through profit or loss (Note 11):				
Debt securities	-	11.911	-	**11.911**
Equity securities	1.003.829	-	-	**1.003.829**
Total	**1.003.829**	**(68.708)**	-	**935.121**

The fair value of all derivatives of the Company is assigned to Level 2. The largest part is the price difference (CFD) transactions, the revaluation of which is based on market variables.

FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Company's capital is calculated and distributed to risks in accordance with European Parliament and Council directive 2013/36/EU, European Parliament and Council regulation 575/2013 (CRDIV / CRR), as well as Basel III standards and the legal acts of the Republic of Lithuania. The Company's capital management objectives are as follows:

1) Follow capital requirements established by the European Union and higher capital ratios to be achieved, which are established by the main shareholder,
2) Ensure continuity of the Company's performance, return for shareholders and benefits for other interested parties,
3) Promote the development of the Company's business based on stable capital basis.

Every quarter, information on capital adequacy is provided to the supervising institution based on the requirements of the European Union and the Bank of Lithuania. The capital of the Company is subdivided into the following 2 levels:

1) Level 1/General level one equity (CET1) capital, which consists of registered capital, retained earnings of the previous financial year, other reserves, accrued other comprehensive income, value adjustments according to the requirements of valuation based on risk limiting principles, less intangible assets, prepayments and deferred tax assets.
2) Level 2 capital consists of other transitional adjustments related to other accrued comprehensive income.

As of 31 December 2018 and 2017, the Company had no level 2 capital.

Assets evaluated according to risk are calculated based on the risk-weighting of assets, which are attributed to classes according to the type of assets and type of party of the transaction, also by considering collaterals and guarantees, which are recognized as adequate for risk minimization. Accordingly, with certain modifications, off-balance sheet items are also measured based on risk.

The table below provides the composition of capital and ratios of the Company as of 31 December for the year ended. By considering the requirements of the supervising institutions, the Company is subject to an 8% capital adequacy ratio. Moreover, new capital reserves were introduced in 2016, which must be carried out by the Company, i.e. in 2016, additional capital conservation buffer of 2.5% was applied to all Lithuanian financial brokerage firms of class A. In 2018 and 2017, the Company met all capital requirements to which it was subject.

	Ratios (thousand EUR)	**2018**	**2017**
1.	**Level one capital of the Company**	**2.173**	**2.056**
1.1.	Authorized capital	1.593	1.593
1.2.	Reserves	159	159
1.3.	Total value of additional valuation adjustment (AVA) estimates	(4)	(4)
1.4.	Profit of previous year	3	-
1.5.	Profit of reporting year	472	358
1.6.	Intangible assets	(12)	(12)
1.7.	Deferred income tax assets	(5)	(16)
1.8.	Prepayments and deferred expenses	(33)	(22)
2.	**Capital requirements (CR)**	**6.831**	**6.799**
2.1.	Credit risk	1.516	2.410
2.2.	Position risk	1.801	1.325
2.3.	Foreign currency risk	163	288
2.4.	Operational risk	3.263	2.588
2.5.	Credit valuation adjustment risk	88	188
3.	**Capital adequacy ratio (1 line/2 line)**	**31.81%**	**30.24%**

OTHER NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 NET INCOME FROM SERVICES AND COMMISSION FEES

	2018	2017 (Reclassified)
Income from services and commission fees:		
Income from commission fees	1.754.975	1.744.371
Valuation and consulting services	644.246	261.767
Accounting for and storage of securities	305.080	242.422
Market making and other fixed fee services	178.803	127.527
Accounting services	4.200	72.045
Currency exchange income	34.826	36.469
Total Income from services and commission	**2.922.130**	**2.484.601**
Costs of services and commission fees:		
Fees to brokers	(423.727)	(420.158)*
Fees to stock exchanges, depositories	(139.405)	(121.340)
Fees for access to trading and data platforms	(22.567)	(77.901)
Software maintenance	(59.543)	(35.557)
Consultations	(159.010)	(28.656)
Other costs	(59.385)	(18.653)
Total costs of services and commission fees	**(863.637)**	**(702.265)**
Net income from services and commission fees	**2.058.493**	**1.782.336**

*Communication and other administrative expenses which comprised 35.712 EUR in 2017 were shown in the financial statements for 2017 under the "Costs of services and commission fees" item of the statement of comprehensive income. Comparative information of 2017 has been reclassified to comply with the submission of 2018 by reclassifying item "Costs of services and commission fees" to item "Administrative expenses".

NOTE 2 NET INTEREST INCOME

	2018	2017
Interest income:		
Interest on cash held in bank accounts	205.718	173.005
REPO transaction interest	17.713	31.564
Interest for loans	6.318	10.762
Total interest income	**229.749**	**215.331**
Interest expenses:		
Interest for loans	(29.768)	(54.812)
Total interest expenses	**(29.768)**	**(54.812)**
Net interest income	**199.981**	**160.519**

NOTE 3 NET PROFIT (LOSS) OF TRADE IN SECURITIES, DERIVATIVES AND FOREX TRANSACTIONS

	2018	2017
Realized profit (loss) from trade in shares	(34.234)	(36.833)
Positive (negative) impact of forex changes	(1.259)	(17.194)
Net dividend income	7.475	13.614
Net unrealized revaluation result of financial assets and liabilities measured at fair value through profit or loss	39.259	(40.632)
Total	**11.241**	**(81.045)**

NOTE 4 CHANGE IN IMPAIRMENTS AND OTHER PROVISIONS

	2018	2017 (Reclassified)
Change in impairments of bad loans (Notes 11 and 14)	(3.093)	10.777*
Fine and penalty expenses	(10.000)	---
Total	**(13.093)**	**10.777**

*Income from recovered bad debts which comprised 10.119 EUR in 2017 were shown in the financial statements for 2017 under the "other income (expenses)" item of the statement of comprehensive income. Comparative information of 2017 has been reclassified to comply with the submission of 2018 by reclassifying item "other income (expenses)" to item "change in impairments and other provisions" in the statement of comprehensive income.

NOTE 5 PERSONNEL EXPENSES

	2018	2017
Salaries	(707.002)	(646.936)
Social insurance costs	(202.139)	(194.121)
Change in unused vacation accrual	5.931	(5.680)
Contributions to guarantee fund	(1.242)	(1.253)
Total	**(904.452)**	**(847.990)**

NOTE 6 DEPRECIATION AND AMORTISATION

	2018	2017
Depreciation of vehicles, plant and equipment	(18.583)	(13.408)
Amortisation of intangible assets	(7.069)	(6.946)
Total	**(25.652)**	**(20.354)**

NOTE 7 ADMINISTRATIVE EXPENSES

	2018	2017
Advertising and marketing costs	(113.939)	(127.450)
Taxes (excluding income tax)	(103.512)	(76.250)
Donations	(45.000)	(71.600)
Premises rent and utilities expenses	(75.286)	(65.624)
Legal services	(107.483)	(62.362)
Professional training and business trips costs	(75.411)	(31.678)
Vehicle lease and maintenance costs	(59.876)	(27.074)
Insurance costs	(13.944)	(16.871)
Office costs	(66.212)	(13.624)
Accounting services	(56.598)	(13.559)
Compensations to clients	(1.201)	(13.521)
Communication expenses	(33.630)	(30.816)*
Other	(56.737)	(31.437)*
Total	**(808.829)**	**(581.866)**

*Communication and other administrative expenses which comprised 35.712 EUR in 2017 were shown in the financial statements for 2017 under the "costs of services and commission fees" item of the statement of comprehensive income. Comparative information of 2017 has been reclassified to comply with the submission of 2018 by reclassifying item "costs of services and commission fees" to item "administrative expenses".

NOTE 8 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash in bank accounts	846.295	936.876
Total	**846.295**	**936.876**

On 31 December 2018 and 2017, cash included resources in different currencies in Lithuanian and foreign bank accounts and financial brokerage firms. On 31 December 2018 and 2017, the Company had no short-term fixed maturity deposits.

NOTE 9 INCOME TAX

	2018	2017
Components of income tax expenses (income)		
Income tax expenses of the reporting year	90.742	68.150
Deferred income tax (income) expenses	11.061	13.888
Income tax (income) expenses, accounted for under the statement of comprehensive income	101.803	82.038

	31 December 2018	31 December 2017
Deferred income tax assets		
Impairment of assets	82.527	87.064
Vacation pay accrual	937	14.124
Unrealized profit/loss from revaluation of financial assets	1.242	57.257
Deferred income tax assets before valuation allowance	84.706	158.445
Less: valuation allowance	(49.600)	(49.600)
Net deferred income tax assets	35.106	108.845
Deferred income tax liabilities	-	-
Net deferred income tax	**5.266**	**16.327**

On 31 December 2018 and 2017, deferred income tax assets and liabilities were calculated by applying a 15 percent rate.

The changes of temporary differences before and after tax effect in the Company were as follows:

	2016	In the statement of comprehensive income	2017	In the statement of comprehensive income	2018
Impairment of assets	165.125	(78.061)	87.064	(4.537)	82.527
Social insurance contributions	12.783	1.341	14.124	(13.187)	937
Unrealized profit/loss from revaluation of financial assets	73.128	(15.872)	57.257	(56.015)	1.242
Total temporary differences	251.036	(92.592)	158.445	(73.739)	84.706
Less: valuation allowance	(49.600)	-	(49.600)	-	(49.600)
Net deferred income tax	30.215	(13.889)	16.327	(11.061)	5.266

NOTE 10 OTHER CURRENT ASSETS

	31 December 2018	31 December 2017
Other investments held for sale	-	48.889
Accrued income	41.089	47.410
Other assets	23.385	19.975
Total	**64.474**	**116.274**

The Company sold all of its other investments held for sale in 2018.

As at 31 December 2017, other investments held for sale consisted of not yet sold shares of Orion Capital Sp.z.o.o. and Orion Capital spolka z ograniczona odpowiedzialnoscia SP.k with a total of 1 thousand euros, CEOcorp B.V. shares - total of 30 thousand euros, and rights to buy shares held for sale after the end of the year in the amount of 17 thousand euros.

In 2017, the Company sold 51% of Orion Capital Sp.z.o.o. (Republic of Poland) shares for 573,68 EUR.

Also, in 2017, the Company acquired 20% of shares of the newly established CEOcorp B.V. (The Netherlands) for 30.000 euros with the aim to hold these shares as an investment, and sell them within 12 months.

Due to temporary control, on 31 December 2017, these investments were not considered as acquisition of subsidiaries or associates, and the Company did not prepare consolidated financial statements, and did not apply the equity method of accounting.

NOTE 11 TRADE RECEIVABLES AND PREPAYMENTS

	31 December 2018	31 December 2017
Receivables from buyers	426.347	314.528
Prepayments	49.366	29.278
Receivables from buyers related to contracts for differences	6.794	20.649
Accrued CFD commission fee	2.394	3.415
Total	**484.901**	**367.870**
Less: doubtful trade receivables and prepayment impairment	(72.527)	(73.428)
Total	**412.374**	**294.442**

Receivables from buyers are non-interest bearing and, usually, their payment term is 30 days.

Receivables from buyers and prepayments with a nominal value of EUR 73 thousand as of 31 December 2018 (EUR 73 thousand as of 31 December 2017) were impaired by 100%.

Change in the impairment of receivables in 2018 and 2017 is included under the impairment and other provisions expenses item.

The aging analysis of receivables from buyers and prepayments of the Company for 31 December 2018 and 2017 is provided in the Liquidity Risk section of the Financial Risk Management note.

Movement of impairment accounted for receivables and prepayments:

	Receivables from buyers	**Prepayments**
Balance on 31 December 2016	(124.908)	(26.580)
Impairment recovery	1.570	
Impairment write-off	76.490	-
Balance on 31 December 2017	(46.848)	(26.580)
Impairment recovery	(44)	-
Impairment write-off	945	-
Balance on 31 December 2018	**(45.947)**	**(26.580)**

NOTE 12 SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT (LOSS)

	31 December 2018			31 December 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equity securities						
Baltic countries	449.240	-	-	540.529	-	-
USA and Canada	204.759	-	-	114.211	-	-
Other EU states	17.851	-	-	98.913	-	-
Other countries	-	-	-	10.702	-	-
Total equity securities	**671.850**	-	-	**764.355**	-	-
collective investment undertaking units						
USA	-	-	-	163.002	-	-
Baltic countries	133.041	-	-	76.472	-	-
Total collective investment undertaking units	**133.041**	-	-	**239.474**	-	-
Debt securities						
Baltic countries	-	379.703	-	-	-	-
Other countries	-	-	-	-	11.911	-
Total debt securities	-	**379.703**	-	-	**11.911**	-
Total securities	**804.891**	**379.703**	-	**1.003.829**	**11.911**	-

Weighted yields of debt securities and their duration are presented in the table:

	2018		2017	
	%	Deadline (in years)	%	Deadline (in years)
Structural bonds	8	3,00	7	0,08
Subordinated bonds	7	6,60	---	---

NOTE 13 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are essentially used for hedging against risks according to the Company's risk management policy. The Company enters into transactions involving contracts for differences seeking to hedge against contracts for differences fair value fluctuation risk.

The value of a derivative financial instrument becomes positive (assets) or negative (liabilities) as a result of fluctuations in share prices considering the terms of transactions entered.

Aggregate amounts of derivative contracts can fluctuate within the limits set by the Company. Fair values of derivative financial assets and liabilities may fluctuate significantly, depending on circumstances in the market.

The fair values of derivative financial instruments are set out in the following table.

	Nominal values (set out in the agreement)	Fair values	
		Assets	Liabilities
31 December 2018			
Contracts for differences (CFD based on acquired securities)	434.010	-	3.288
Contracts for differences (CFD based on acquired equivalent CFD)	37.468	4.532	4.532
Contracts for differences (CFD entered based on borrowed securities)	22.565	10.917	10.917
Contracts for differences (acquired by the Company)	-	-	-
Total	**494.043**	**15.449**	**18.737**
31 December 2017			
Contracts for differences (CFD based on acquired securities)	776.568	-	80.619
Contracts for differences (CFD based on acquired equivalent CFD)	41.567	13.641	13.641
Contracts for differences (CFD entered based on borrowed securities)	20.132	3.256	3.256
Contracts for differences (acquired by the Company)	-	-	-
Total	**838.267**	**16.897**	**97.516**

NOTE 14 LOANS

	31 December 2018	31 December 2017
Loans pledged by securities	230.983	288.344
Loans granted to related parties	-	273.427
Other loans	131.375	10.132
Total	**362.358**	**571.903**
Total impairment loss:	(10.000)	(10.000)
Other loans	(10.000)	(10.000)
Total net loans granted to clients	**352.358**	**561.903**
Fair value of collaterals received*(unaudited)*	**542.352**	**687.713**

* Collaterals received are securities. The circumstances of use thereof are established in agreements with clients.

On 31 December 2018, the terms of loans granted were from 2 to 6 months. The average annual interest rate for the loans granted was 5.5 percent in 2018. All loans are classified as current, as the management believes that it is likely that non-current loans might be returned before the due date.

On 31 December 2017, the terms of loans granted were from 3 months to 2 years. The average annual interest rate for the loans granted was 6 percent in 2017. All loans are classified as current, as the management believes that it is likely that non-current loans might be returned before the due date.

Change in the impairment of loans is accounted for under the impairment and other provision expenses item.

Movement of loan impairment:

	Individual impairment
Balance on 31 December 2016	(10.000)
Balance on 31 December 2017	(10.000)
Balance on 31 December 2018	(10.000)

NOTE 15 NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

	Vehicles	Other tangible assets	Total tangible assets	Intangible assets
Acquisition cost:				
31 December 2016	-	**91.972**	**91.972**	**107.838**
Acquisitions	-	15.906	15.906	11.065
Write-offs and sales	-	(3.146)	(3.146)	(346)
31 December 2017	-	**104.732**	**104.732**	**118.557**
Acquisitions	54.958	20.466	75.424	7.828
Write-offs and sales	-	(10.160)	(10.160)	-
31 December 2018	**54.958**	**115.038**	**169.996**	**126.385**
Depreciation				
31 December 2016	-	**64.775**	**64.775**	**100.010**
Write-offs and sales	-	(1.760)	**(1.760)**	(319)
Depreciation and amortization costs for the year	-	13.409	13.409	6.946
31 December 2017	-	**76.424**	**76.424**	**106.637**
Write-offs and sales	-	(10.185)	(10.185)	-
Depreciation costs for the year	3.053	15.559	18.612	7.250
31 December 2018	**3.053**	**81.798**	**84.851**	**113.887**
Net book value:				
31 December 2016	-	**27.197**	**27.197**	**7.828**
31 December 2017	-	**28.308**	**28.308**	**11.920**
31 December 2018	**51.905**	**33.240**	**85.145**	**12.498**

Non-current intangible assets include computer software and their licences.

No non-current tangible assets were pledged to a third party on 31 December 2018 and 31 December 2017.

On 31 December 2018 and 31 December 2017, the Company had ownership rights to all of the non-current tangible assets.

Part of the Company's non-current tangible assets whose acquisition value was 41 thousand euros on 31 December 2018 (47 thousand euros on 31 December 2017) was completely depreciated, but still in use. Most of the depreciated assets which were still in use were computer hardware.

Part of the Company's non-current intangible assets whose acquisition value was 107 thousand euros on 31 December 2017 (95 thousand euros on 31 December 2017) was completely depreciated, but still in use. Most of the depreciated assets which were still in use were computer software and their licences.

NOTE 16 LOANS RECEIVED AND FINANCIAL LEASING

	31 December 2018	31 December 2017
Leasing (financial lease)	51.100	-
Overdrafts (credit balance of current accounts)	290.152	477.305
Total	**341.252**	**477.305**

	2018	2017	2018	2017
	Average duration		Average interest rates	
Leasing (financial lease)	60 months	-	2.30 %	-
Overdrafts (credit balance of current accounts)	Open-ended	Open-ended	1– 2 %	1 – 2 %

NOTE 17 OTHER FINANCIAL LIABILITIES

	31 December 2018	31 December 2017
Liabilities to return borrowed shares*	-	36.800
Liabilities to return borrowed shares	-	20.132
Other	23.322	20.566
Total gross carrying amount of financial liabilities:	**23.322**	**77.498**
Net-off amounts*	-	(36.306)
Total net carrying amount of financial liabilities Total:	**23.322**	**41.192**

*Liability to return borrowed shares occurred according to agreement of market making services, net-off amount reflects a change of fair value of shares to be returned.

Changes in liabilities arising from financial operations:

	31 December 2017	Loans received	Loans (repaid)	Change in fair value	Interest expense	Paid interest	31 December 2018
Loans received	477.305	2.242.651	(2.429.804)	-	29.768	(29.768)	290.152
Derivative financial instruments	97.516	-	-	(78.779)	-	-	18.737
Other financial liabilities	41.192	-	-	(17.870)	-	-	23.322
Total	**616.013**	**2.242.651**	**(2.429.804)**	**(96.649)**	**29.768**	**(29.768)**	**332.211**

NOTE 18 PAYROLL LIABILITIES

	31 December 2018	31 December 2017
Accrued unused vacation	53.877	59.808
Payable social insurance contributions	34.692	32.289
Payable contributions to the Norwegian Tax Administration	11.499	---
Total	**100.068**	**92.097**

NOTE 19 OTHER CURRENT LIABILITIES

	31 December 2018	31 December 2017
Accrued expenses	42.348	32.379
Payable VAT	26.678	7.941
Other taxes payable to the budget	3.230	4.315
Debts to accountable persons	455	2.247
Total	**72.711**	**46.882**

NOTE 20 EQUITY, LEGAL RESERVE AND DIVIDENDS PER SHARE

Authorized share capital

The Company's authorized share capital consists of 78.572 ordinary shares with a par value of EUR 20,27 each, and the authorized share capital in amount of EUR 1.592.654.

When managing the capital, the management of the Company ensures that the size of the equity capital is not smaller that ½ of the Company's authorized share capital, as required by the Law on Companies of the Republic of Lithuania. On 31 December 2018 and 2017, the Company met all the aforesaid requirements.

Capital adequacy ratio is disclosed in the Capital Management section of the Financial Risk Management note.

Legal reserve

The legal reserve is mandatory according to the legal acts of the Republic of Lithuania. At least 5% of net accounting profit must be annually allocated to the legal reserve until it reaches at least 10% of the authorized share capital. On 31 December 2017, the Company's legal reserve was fully formed. The legal reserve may not be allocated as dividends, but may be used to cover future losses.

NOTE 21 ASSETS ASSIGNED FOR MANAGEMENT (UNAUDITED)

Assets managed on trustee basis and liabilities are accounted for in the off-balance sheet accounts.

		31 December 2018	31 December 2017
I.	Guarantees and sureties granted	-	-
II.	Managed assets of clients	**826.529.624**	**925.398.073**
II.1.1.	Clients' cash	24.428.200	66.727.777
II.1.2.	Securities purchased on behalf of clients	329.221.180	147.023.199
II.1.3.	Accounted securities of clients, represented at the Central Securities Depository of Lithuania	472.453.963	710.856.107
II.1.4.	Pledged securities of clients	-	-
II.1.5.	Securities purchased from clients under reverse repurchase agreements	426.281	790.990
III.	Other off-balance sheet liabilities	-	-
IV.	Amount of clients' transactions with a third party concluded on derivative financial instruments	**1.565.196**	**2.051.633**
V.	Financial instruments, based on which clients concluded CFD with a third party	**103.004**	**70.137.373**
VI.	Financial instruments, based on which clients concluded CFD with the company	**799.983**	**1.011.290**
VI.1.	Financial instruments, based on which the company purchased securities as CFD leverage	469.677	956.741
VI.2.	Financial instruments, based on which the company concluded CFD with a third party	330.306	54.549
	Total	**828.997.807**	**998.598.369**

NOTE 22 CONTINGENT LIABILITIES

The Tax Inspectorate did not carry out a full tax audit in the Company. The Tax Inspectorate can examine the books and accounting records, as well as calculate additional taxes and penalties at any time within five consecutive years after the reporting tax year. The Company's management is not aware of any circumstances which may result in a potentially significant liability in this respect.

NOTE 23 RELATED PARTY TRANSACTIONS

The parties are considered to be related when one party is able to control the other or have significant influence over the other party when making financial and operational decisions. Related parties of the Company are its shareholders and other companies, which are controlled by shareholders of the Company.

Transactions of the Company made with related parties in 2018, and balances on 31 December 2018 were as follows:

	Purchases	Sales	Receivables/ loans	Payables	Dividends
Shareholders	-	-	-	-	355.000
Other related entities	-	-	-	-	-
Total	-	-	-	-	**355.000**

In 2018, the Company provided fund unit distribution services to funds managed by UAB Orion Asset Management employees.

Transactions of the Company made with related parties in 2017, and balances on 31 December 2017 were as follows:

	Purchases	Sales	Receivables/ loans	Payables	Dividends
Shareholders	-	-	-	-	451.534
Other related entities	-	127.891	165.703	-	-
Total	-	**127.891**	**165.703**	-	**451.534**

In 2017, the Company provided accounting and fund unit distribution services to funds managed by UAB Orion Asset Management employees.

The Company has no guarantees from related parties concerning receivables or payables to related parties. On 31 December 2018 and 2017, the Company did not account for any impairment on doubtful debts related to receivables from related parties.

Salary of the management and other payments

In 2018, the salary calculated for the Company's management comprised a total of 45 thousand euros (49 thousand euros in 2017). In 2018, the Company's management consisted of 1 employee (1 employee in 2017). In 2018 and 2017, the Company's management did not receive any loans, or any other paid or calculated amounts or asset transfers.
On 1 June 2017, a Board was formed in the Company. In 2018, the remuneration for the members of the Board amounted to 10 thousand euros (16 thousand euros in 2017).

NOTE 24 SUBSEQUENT EVENTS

There were no significant events in the Company after the statement of financial position date.

Director
Alius Jakubėlis

Dainius Minelga
Authorized accountant

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