RONIN EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

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RONIN EUROPE LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Tatiana Elkina – Executive Artem Delendik – Executive Alexander Papadopoulos – Non-Executive Costas G. Tsielepis – Non-Executive
Company Secretary:	Chelco Management Services Limited Limassol, Cyprus
Independent Auditors:	Deloitte Limited Certified Public Accountants and Registered Auditors Maximos Plaza, Tower 1, 3rd Floor 213 Arch. Makariou III Avenue 3030 Limassol Cyprus
Registered office:	3 Pythagoras Street Pythagoras Court, Office 301 3027, Limassol, Cyprus
Bankers:	Hellenic Bank Public Company Ltd UBS AG J.P. Morgan New York National Settlement Depository National Clearing Centre ING Bank Slaski S.A. Euroclear Bank S.A. Ronin Trust Nomura International Plc. LLC Ronin RCB Bank Ltd Vnesheconombank PPF Banka a.s. Credit Bank of Moscow Rigensis Bank AS UBS Limited IG Seismic Services plc Milemeadow Trading Limited Specialised Depository Infinitum
Registration number:	HE182457

MANAGEMENT REPORT

The Board of Directors of Ronin Europe Limited (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2018.

Incorporation
The Company Ronin Europe Limited was incorporated in Cyprus on 21 August 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, is the operation as an investment firm and the provision of investment and related services. On 31 October 2007 the Company received a Financial Services license from the Cyprus Securities and Exchange Commission (CySEC) for the provision of these services. The Company's license was subsequently amended on 7 November 2011, whereby the Company has also been granted a license for trading on own account.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Existence of branches
The Company does not maintain any branches.

Results
The Company's results for the year are set out on page 6.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2018.

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

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 27 to the financial statements.

Independent Auditors
The independent auditors, Deloitte Limited, have expressed their willingness to continue in office and a resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Tatiana Elkina
Director

Limassol, 19 April 2019

Independent Auditor's Report

To the Members of Ronin Europe Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ronin Europe Limited (the "Company"), which are presented in pages 6 to 35 and comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other information

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

Independent Auditor's Report (continued)

To the Members of Ronin Europe Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal Requirements

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

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Deloitte.

Independent Auditor's Report (continued)

To the Members of Ronin Europe Limited

Other Matter

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

Alexis Agathocleous
Certified Public Accountant and Registered Auditor
for and on behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 19 April 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018 US$**	2017 US$
Revenue	8	**10.492.349**	11.790.249
Direct costs	9	**(2.615.219)**	(2.291.791)
Gross profit		**7.877.130**	9.498.458
Other operating income	10	**150.354**	115
Administration expenses		**(2.014.042)**	(1.971.241)
Other expenses	11	**(591.757)**	(128.400)
Operating profit	12	**5.421.685**	7.398.932
Net finance (costs)/income	14	**(77.392)**	12.097
Profit before tax		**5.344.293**	7.411.029
Tax	15	**(782.906)**	(1.074.984)
Profit for the year		**4.561.387**	6.336.045
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value (losses)/gains		**(1.784.283)**	752.496
Reclassification adjustment relating to financial assets at fair value through other comprehensive income disposed during the year		**(137.283)**	87.300
Net effect of the bonds amortization reflected in other comprehensive income		**113.135**	22.840
Effect of loss allowances on debt investments measured at fair value through other comprehensive income reclassified to profit or loss		**591.757**	-
Other comprehensive (loss)/ income for the year		**(1.216.674)**	862.636
Total comprehensive income for the year		**3.344.713**	7.198.681

The notes on 10 to 35 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Note	2018 US$	2017 US$
ASSETS			
Non-current assets			
Property, plant and equipment	16	**46.896**	44.010
Financial assets at fair value through other comprehensive income	17	**42.904.704**	37.625.298
Contribution to Investors Compensation Fund	19	**-**	115.222
		42.951.600	37.784.530
Current assets			
Trade and other receivables	18	**2.531.358**	4.559.780
Refundable taxes	23	**23.410**	-
Cash and cash equivalents	20	**341.077**	177.825
		2.895.845	4.737.605
TOTAL ASSETS		**45.847.445**	42.522.135
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**2.000.000**	2.000.000
Share premium		**873.677**	873.677
Other reserves		**634.736**	1.851.410
Retained earnings		**42.191.724**	37.630.337
Total equity		**45.700.137**	42.355.424
Current liabilities			
Trade and other payables	22	**147.308**	166.058
Current tax liabilities	23	**-**	653
		147.308	166.711
TOTAL EQUITY AND LIABILITIES		**45.847.445**	42.522.135

On 19 April 2019 the Board of Directors of Ronin Europe Limited authorised these financial statements for issue.

.... Tatiana Elkina Director	.... Alexander Papadopoulos Director

RONIN EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital US$	Share premium US$	Fair value reserve - Finan cial assets at fair value through other comprehensive income US$	Retained earnings US$	Total US$
Balance at 1 January 2017	**2.000.000**	**873.677**	**279.559**	**32.003.507**	**35.156.743**
Comprehensive income					
Net profit for the year	-	-	-	6.336.045	6.336.045
Other comprehensive income for the year	-	-	862.636	-	862.636
Balance at 1 January 2018 as previously reported	**2.000.000**	**873.677**	**1.142.195**	**38.339.552**	**42.355.424**
Effect of initial application of IFRS 9	-	-	709.215	(709.215)	-
Balance at 1 January 2018 as restated	**2.000.000**	**873.677**	**1.851.410**	**37.630.337**	**42.355.424**
Comprehensive income					
Net profit for the year	-	-	-	4.561.387	4.561.387
Other comprehensive income for the year	-	-	(1.216.674)	-	(1.216.674)
Balance at 31 December 2018	**2.000.000**	**873.677**	**634.736**	**42.191.724**	**45.700.137**

Share premium is not available for distribution.

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

The notes on 10 to 35 form an integral part of these financial statements.

RONIN EUROPE LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$	2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**5.344.293**	7.411.029
Adjustments for:			
Depreciation of property, plant and equipment	16	**8.724**	8.496
Net foreign exchange gain		**169.600**	(115.198)
(Profit)/loss from the sale of financial assets at fair value through other comprehensive income		**(150.239)**	128.400
Loss allowance on debt investments measured at fair value through other comprehensive income		**591.757**	-
Provision for impairment		**111.105**	-
Interest income	8	**(1.806.657)**	(1.598.574)
		4.268.583	5.834.153
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**2.065.866**	(478.030)
(Decrease)/increase in trade and other payables		**(182.176)**	130.644
Decrease in contribution to investors compensation fund		**-**	14.015
Cash generated from operations		**6.152.273**	5.500.782
Tax paid		**(809.910)**	(1.190.884)
Net cash generated from operating activities		**5.342.363**	4.309.898
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	16	**(11.610)**	(7.866)
Payment for purchase of financial assets at fair value through other comprehensive income		**(8.785.110)**	(13.571.240)
Proceeds from sale of financial assets at fair value through other comprehensive income		**1.760.114**	6.381.600
Interest received		**1.857.495**	1.792.330
Net cash used in investing activities		**(5.179.111)**	(5.405.176)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net increase/(decrease) in cash and cash equivalents		**163.252**	(1.095.278)
Cash and cash equivalents at beginning of the year		**177.825**	1.273.103
Cash and cash equivalents at end of the year	20	**341.077**	177.825

The notes on 10 to 35 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Ronin Europe Limited (the "Company") was incorporated in Cyprus on 21 August 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Pythagoras Street, Pythagoras Court, Office 301, 3027, Limassol, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, is the operation as an investment firm and the provision of investment and related services. On 31 October 2007 the Company received a Financial Services license from the Cyprus Securities and Exchange Commission (CySEC) for the provision of these services. The Company's license was subsequently amended on 7 November 2011, whereby the Company has also been granted a license for trading on own account.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

3. Adoption of new or revised standards and interpretations

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

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11, and the impact of adoption has been recognised in the opening retained earnings.

The effect on the accounting policies of the Company from the adoption of IFRS 9 and IFRS 15 is described below.

In accordance with the transition provisions of IFRS 9 and IFRS 15, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18.

(i) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

3. Adoption of new or revised standards and interpretations (continued)

(i) IFRS 9 "Financial instruments" (continued)

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in note 4.

Impact of adoption

In accordance with the transition provisions in IFRS 9, the Company has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 was recognised as at 1 January 2018 as an adjustment to the opening retained earnings (or other components of equity, as appropriate). In accordance with the transition method elected by the Company for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

On 1 January 2018 for debt instruments held by the Company, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition separate assessment for equity instruments held by the Company was performed, in respect of whether they are held for trading or not. As a result of both assessments Management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, cash and cash equivalents and bank deposits with original maturity over 3 months. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, cash and cash equivalents and debt financial assets at FVOCI.

3. Adoption of new or revised standards and interpretations (continued)

(i) IFRS 9 "Financial instruments" (continued)

The Company has adopted the simplified expected credit loss model for its trade receivables, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost, cash and cash equivalents and debt financial assets at FVOCI.

Based on the assessment performed by management regarding the debt financial assets at FVOCI, the incremental impairment loss as of 1 January 2018 amounted to US$709.215 (2017: US$ -) Accordingly, the impact of adoption of IFRS 9 on the Company's retained earnings as of 1 January 2018 amounted to US$709.215 (2017: US$ -) net of deferred tax.

The management has calculated the impact from the above changes regarding the trade receivables and cash and cash equivalents and has assessed this to be insignificant.

(ii) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from contracts with customers" and related amendments superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. The new standard replaces the separate models for recognition of revenue for the sale of goods, services and construction contracts under previous IFRS and establishes uniform requirements regarding the nature, amount and timing of revenue recognition. IFRS 15 introduces the core principle that revenue must be recognised in such a way to depict the transfer of goods or services to customers and reflect the consideration that the entity expects to be entitled to in exchange for transferring those goods or services to the customer; the transaction price.

The new standard provides a principle-based five-step model that must be applied to all categories of contracts with customers. Any bundled goods or services must be assessed as to whether they contain one or more performance obligations (that is, distinct promises to provide a good or service). Individual performance obligations must be recognised and accounted for separately and any discounts or rebates in the contract price must generally be allocated to each of them.

The amendments to IFRS 15 clarify how to identify a performance obligation in a contract, how to determine whether a Company is a principal (that is, the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided) and how to determine whether the revenue from granting a license should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a Company when it first applies the new standard.

The Company's new accounting policies following adoption of IFRS 15 at 1 January 2018 are set out below in note 4.

Impact of adoption

In accordance with the transition provisions of IFRS 15, the Company has elected the simplified transition method for adopting the new standard. Accordingly, the cumulative effect of transition to IFRS 15 was recognized as at 1 January 2018 as an adjustment to opening retained earnings directly in equity.

The Company has applied IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application and adopted the practical expedient not to retrospectively restate contracts for which contract modifications occurred before the date of initial application. In accordance with the transition method elected by the Company for implementation of IFRS 15 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 18 and related interpretations.

The management has calculated the impact from the above changes and has assessed that this has no impact on the way the Company recognises its revenue.

4. Significant accounting policies

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

Revenue

Recognition and measurement

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

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

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

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

Identification of performance obligations

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

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to the completion of the specific transaction assessed on the basis for the actual service provided as a proportion of the total services to be provided and it is probable that the fees will be collected.

- **Commission income**

  Commission income is recognised when the service is provided and it is probable that the fee will be collected.

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

  Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs

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

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates, the United States Dollars (US$) (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income and then in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income and then in equity.

The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Property, plant and equipment

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

4. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

	%
Furniture, fixtures and office equipment	10-20
Computer hardware	10-33
Motor vehicles	10-20

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

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

4. Significant accounting policies (continued)

Financial assets - Measurement

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

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

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

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

Equity instruments

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

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

4. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL

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

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

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

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

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

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets - Reclassification

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

Financial assets - write-off

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

4. Significant accounting policies (continued)

Financial assets - modification

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

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

Financial liabilities - measurement categories

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

Trade payables

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

4. Significant accounting policies (continued)

Offsetting financial instruments

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

Share capital

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

Contribution to Investors Compensation Fund

The Company's contribution to the Investors Compensation Fund in accordance with Article 10 of the Directive 87-07 of the Cyprus Securities and Exchange Commission ("CySEC") for the Operation of the Investor Compensation Fund is carried at fair value through profit and loss and is recognised as a non-current asset in the statement of financial position. Allocation of profit/loss credited/debited to the Company by the Investors Compensation Fund is recognised within other operating income/loss in the statement of profit or loss and other comprehensive income.

Customer assets and clients funds

Cash held on behalf of clients and financial instruments held in a fiduciary capacity are not treated as assets of the Company and, accordingly, are not included in these financial statements.

Comparatives

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

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

New standards
- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).*

Amendments
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).*
- *Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017, effective forannual periods beginning on or after 1 January 2019)*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018, effectivefor annual periods beginning on or after 1 January 2019)*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017,effective for annual periods beginning on or after 1 January 2019)*

5. New accounting pronouncements (continued)

(i) Adopted by the European Union (continued)

New IFRICs
- *IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).*

(ii) Not adopted by the European Union

New standards
- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).*

Amendments
- *Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) (effective for annual periods beginning on or after 1 January 2020).*
- *Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)*
- *Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) (effective for annual periods beginning on or after 1 January 2020)*

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

6. Financial risk management

Financial risk factors
The Company is exposed to credit risk, liquidity risk, currency risk, other market price risk, tourist industry risk, operational risk, compliance risk, litigation risk, reputation risk, share ownership risk, capital risk management and other risks arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at fair value through other comprehensive income (FVOCI) and deposits with banks and financial institutions, as well as credit exposures to receivables from clients.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with high credit rating are accepted. If customers are independently rated, these ratings are used.

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

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- trade receivables
- financial assets carried at FVOCI
- cash and cash equivalents

6. Financial risk management (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix produced by using historic default and loss rates benchmarked to industry averages, made available by rating agencies in order to measure expected credit losses. The loss rates are established by considering current conditions and future economic conditions. To measure the expected credit losses, trade receivables are grouped together based on shared credit risk characteristics and the days past due.

The expected credit loss rates applied to the trade receivables are close to zero, which represent the historical default rates experienced by the Company, adjusted to reflect forward looking information on macroeconomic factors and industry default rates and loss rates affecting the ability of the charterers to settle the receivables.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) for trade receivables was assessed to be minimal and no loss allowance has been recognized in the financial statements.

Previous accounting policy for impairment of trade receivables

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

Debt investments

All of the entity's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Debt investments at fair value through other comprehensive income

Debt investments at fair value through other comprehensive income (FVOCI) include listed debt securities. The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The loss allowance for debt investments at FVOCI as at 31 December 2017 reconciles to the opening loss allowance on 1 January 2018 and to the closing loss allowance as at 31 December 2018 as follows:

	US$
Amounts restated through opening retained earnings	(709.215)
Opening loss allowance as at 1 January 2018 - calculated under IFRS 9	(709.215)
Increase in loan loss allowance recognised in profit or loss during the year	(591.757)
Balance at 31 December 2018	**(1.300.972)**

6. Financial risk management (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents

The Company measures its expected credit loss for its cash and cash equivalents by reference to the banks' external credit ratings and relevant published default and loss rates. The Company monitors changes in external credit ratings and default rates and compares these to credit risk at initial recognition. As the Company's cash and cash equivalents are held in banks with high credit quality ratings with investment grade, the probability of default is low and the expected credit loss is minimal. Thus, no loss has been recognized in the financial statements.

(iii) Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2018	2017
	US$	US$
Financial assets at fair value through other comprehensive income		
Counterparties with external credit rating (Standard and Poor's)		
AAA	**6.340.875**	1.965.078
AA	**2.166.840**	2.232.300
AA-	**2.483.470**	488.095
A+	**3.030.840**	4.132.520
A-	**520.675**	-
BBB+	**2.947.500**	3.106.560
BBB	**2.015.220**	1.086.500
BBB-	**11.481.402**	5.139.690
BB+	**4.934.110**	5.906.855
BB	**1.993.280**	8.325.180
BB-	**3.956.910**	1.043.680
B+	**-**	3.114.970
B-	**1.004.820**	1.083.870
Not rated	**28.762**	-
	42.904.704	37.625.298
Total fully performing trade receivables	**42.904.704**	37.625.298
Cash at bank and short term bank deposits (1)		
AA	**194.610**	63.576
AA-	**642**	18.376
A	**583**	-
A-	**-**	1.354
BB-	**106.995**	71.316
B+	**-**	88
B-	**37.560**	-
CCC+	**-**	23.022
	340.390	177.732

The rest of the statement of financial position item "Cash and cash equivalents" is cash in hand.

None of the financial assets that are fully performing has been renegotiated.

6. Financial risk management (continued)

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

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

31 December 2018	Carrying amounts US$	3 months or less US$	3-12 months US$	1-2 years US$	2-5 years US$	More than 5 years US$
Trade and other payables	90.405	90.405	-	-	-	-
Payables to related parties	5.341	5.341	-	-	-	-
	95.746	**95.746**	**-**	**-**	**-**	**-**

31 December 2017	Carrying amounts US$	3 months or less US$	3-12 months US$	1-2 years US$	2-5 years US$	More than 5 years US$
Trade and other payables	101.743	101.743	-	-	-	-
Payables to related parties	7.526	7.526	-	-	-	-
	109.269	109.269	-	-	-	-

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

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

		Liabilities		**Assets**
	2018 US$	2017 US$	**2018 US$**	2017 US$
Russian Ruble	**(15.671)**	(4.946)	**48.705**	158.453
Euro	**(74.500)**	(31.128)	**58.776**	52.117
GBP	**-**	-	**24.501**	2.091
Swiss Franc	**-**	-	**45**	274
Czech Koruna	**-**	(47)	**-**	-
	(90.171)	(36.121)	**132.027**	212.935

6. Financial risk management (continued)

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

		Equity		Profit or loss
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Russian Ruble	**3.303**	15.350	**3.303**	15.350
Euro	**(1.573)**	2.099	**(1.573)**	2.099
GBP	**2.451**	209	**2.451**	209
Swiss Franc	**5**	27	**5**	27
Czech Koruna	**-**	(5)	**-**	(5)

6.4 Debt securities price risk
Debt securities price risk is the risk of loss as a result of adverse changes in the prices of debt securities held by the Company. Debt security prices change as the credit risk of the issuers change. The Company invests a significant part of its liquid assets in debt securities, both sovereign and corporate bonds. The Company constantly monitors the risk rating of its investments through various rating agencies, refer to note 12 for the credit risk rating of each individual issuer. Changes in the prices of debt securities classified as available-for-sale investments affect the equity of the Company (if not impaired).

	2018	2017
	US$	US$
	Impact on Equity	Impact on Equity
Change in market prices		
+2,5%	**1.072.618**	940.504
+5%	**2.145.235**	1.881.008
+10%	**4.290.470**	3.762.016

6.5 IT risk
IT risk could occur as a result of inadequate information technology and processing, or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. The Company's Business Continuity Plan addresses the consequences of IT risk. Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, use of the internet and anti-virus procedures. Materialization of this risk has been minimized to the lowest possible level.

6.6 Operational risk
Operational risk is the risk of loss arising from fraud, unauthorized activities, error, omission, inefficiency, systems' failure or external events. It is inherent in every business organization and covers a wide range of issues.

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by a program of audits undertaken by the Internal Auditors of the Company and by continuous monitoring of operational risk incidents to ensure that past failures are not repeated. In addition the Company manages this risk via onsite inspections by the Compliance Officer, maintaining a Disaster Recovery and Business Continuity plan and information security policy.

6.7 Strategic risk
This could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented in the overall strategy of the Company.

6. Financial risk management (continued)

6.8 Legal and Compliance risk
This could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards and have an effect on earnings and capital. The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors and Compliance Officer. The structure of the Company is such to promote clear coordination of duties and the management consists of individuals of suitable professional experience, ethos and integrity, who have accepted responsibility for setting and achieving the Company's strategic targets and goals. In addition, the board meets at least annually to discuss such issues and any suggestions to enhance compliance are implemented by management.

6.9 Reputation risk
Reputation risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large clients, poor customer service, fraud or theft, customer claims and legal action, regulatory fines.

The Company has policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The Company's Directors are made up of high caliber professionals who are recognized in the industry for their integrity and ethos; this adds value to the Company.

6.10 Business risk
This includes the current or prospective risk to earnings and capital arising from changes in the business environment including the effects of deterioration in economic conditions. Research on economic and market forecasts are conducted with a view to minimize the Company's exposure to business risk. These are analyzed and taken into consideration when implementing the Company's strategy.

6.11 Capital risk
This is the risk that the Company will not comply with capital adequacy requirements. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has a regulatory obligation to monitor and implement policies and procedures for capital risk management. Specifically, the Company is required to test its capital against regulatory requirements and has to maintain a minimum level of capital. This ultimately ensures the going concern of the Company. Such procedures are explained in detail in the Policy and Internal Operations manual of the Company.

The Company is further required to report on its capital adequacy each month and has to maintain at all times a minimum capital adequacy ratio which is set at 8%. The capital adequacy ratio expresses the capital base of the Company as a proportion of the total risk weighted assets. Management monitors such reporting and has policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation on a monthly basis of accounts to monitor the financial and capital position of the Company.

6.12 Regulatory risk
Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has documented procedures and policies based on the requirements of relevant Laws and Directives issued by the Commission; these can be found in the Internal Operations Manual. Compliance with these procedures and policies are further assessed and reviewed by the Company's Internal Auditors and suggestions for improvement are implemented by management. The Internal Auditors evaluate and test the effectiveness of the Company's control framework at least annually. Therefore the risk of non-compliance is very low.

6. Financial risk management (continued)

6.13 Safeguarding of clients' assets

The Company is also required to comply with the requirements of Part II, paragraphs 4-9 of the Directive DI87-01 of CySEC for the purposes of safeguarding clients' rights in relation to financial instruments and belongings to them. According to the requirements of the Directive, the Company must establish such internal control procedures around the receipt, maintenance and transmission of clients' assets to ensure the best possible level of protection for clients' financial instruments. These procedures include the segregation of clients' financial instruments from the entity's financial instruments, the performance of reconciliations, the circularisation of account statements to clients and other procedures.

6.14 CySEC Requirements
Extensive disclosures as required by the Directive DI144-2014-14 of the Cyprus Securities and Exchange Commission for the Prudential Supervision of Investment Firms will be published on the Company's website by 30 April 2019.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

7. Critical accounting estimates and judgments

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

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

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

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

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

8. Revenue

The revenue of the Company consists of the following:

	2018 US$	2017 US$
Brokerage commissions	**5.422.737**	5.886.830
Performance fees	**-**	1.101.875
Negative interest fees	**-**	32.987
Portfolio management fees	**1.942.451**	1.940.800
Custody commissions	**618.628**	611.954
Account management fees	**699.074**	595.318
Investment advice	**-**	10.000
Investment income (bond interest)	**1.806.657**	1.598.574
Other income	**2.802**	11.911
	10.492.349	11.790.249

Investment income is represented by coupon interest earned by the Company on bonds held by the Company during the year as disclosed in note 17.

9. Direct costs

	2018 US$	2017 US$
Depository and maintenance fees	**556.411**	480.204
Other direct costs	**549.652**	513.476
Brokerage fees	**1.509.156**	1.298.111
	2.615.219	2.291.791

10. Other operating income

	2018 US$	2017 US$
Other income	**115**	115
Profit from sale of financial assets at fair value through other comprehensive income	**150.239**	-
	150.354	115

11. Other expenses

	2018 US$	2017 US$
Loss allowance on debt investments measured at fair value through other comprehensive income	**591.757**	-
Loss from sale of financial assets at fair value through other comprehensive income	**-**	128.400
	591.757	128.400

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Operating profit

	2018 US$	2017 US$
Operating profit is stated after (crediting)/charging the following items:		
(Profit)/loss from the sale of financial assets at fair value through other comprehensive income (Note 17)	**(150.239)**	128.400
Depreciation of property, plant and equipment (Note 16)	**8.724**	8.496
Staff costs including Directors in their executive capacity (Note 13)	**1.207.598**	1.211.570
Auditors' remuneration	**75.982**	50.879

13. Staff costs

	2018 US$	2017 US$
Salaries	**1.117.561**	1.127.921
Social security costs	**90.037**	83.649
	1.207.598	1.211.570

The average number of employees (including Directors in their executive capacity) employed by the Company during the year 2018 and 2017 were 19 and 20 respectively.

14. Finance costs

	2018 US$	2017 US$
Finance costs		
Interest expense		
Other interest	**28.856**	19.175
Sundry finance expenses		
Bank charges	**18.200**	15.906
Net foreign exchange losses		
Realised foreign exchange losses/(gains)	**30.336**	(47.178)
Net finance expenses/(income)	**77.392**	(12.097)

15. Tax

	2018 US$	2017 US$
Corporation tax - current year	**782.686**	1.019.940
Corporation tax - prior years	**-**	55.044
Defence contribution - current year	**220**	-
Charge for the year	**782.906**	1.074.98

15. Tax (continued)

The total charge for the year can be reconciled to the accounting profit as follows:

	2018	2017
	US$	US$
Profit before tax	**5.344.293**	7.411.029
Tax calculated at the applicable tax rates	**668.037**	926.379
Tax effect of expenses not deductible for tax purposes	**133.963**	98.943
Tax effect of allowances and income not subject to tax	**(19.314)**	(5.382)
Defence contribution current year	**220**	-
Prior year tax	**-**	55.044
Tax charge	**782.906**	1.074.984

The Company is subject to corporation tax on taxable profits at the rate of 12,5%.

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

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

16. Property, plant and equipment

	Motor vehicles	**Furniture, fixtures and office equipment**	**Computer hardware & software**	**Total**
	US$	**US$**	**US$**	**US$**
Cost				
Balance at 1 January 2017	77.722	42.500	67.154	187.376
Additions	7.866	-	-	7.866
Balance at 31 December 2017/ 1 January 2018	**85.588**	**42.500**	**67.154**	**195.242**
Additions	-	11.610	-	11.610
Balance at 31 December 2018	**85.588**	**54.110**	**67.154**	**206.852**
Depreciation				
Balance at 1 January 2017	40.249	42.500	59.987	142.736
Charge for the year	6.354	-	2.142	8.496
Balance at 31 December 2017/ 1 January 2018	**46.603**	**42.500**	**62.129**	**151.232**
Charge for the year	4.830	3.220	674	8.724
Balance at 31 December 2018	**51.433**	**45.720**	**62.803**	**159.956**
Net book amount				
Balance at 31 December 2018	**34.155**	**8.390**	**4.351**	**46.896**
Balance at 31 December 2017	**38.985**	**-**	**5.025**	**44.010**

17. Financial assets at fair value through other comprehensive income

	2018	2017
	US$	US$
Balance at 1 January	**37.625.298**	29.900.491
Additions	**8.697.711**	13.372.171
Disposals	**(1.760.114)**	(6.381.600)
Increase in loss allowance arising on debt investments measured at fair value through other comprehensive income	**(591.757)**	(709.215)
Net gain/(loss) on disposal of financial assets at fair value through other comprehensive income	**150.239**	(128.400)
Revaluation difference transferred to equity	**(1.192.525)**	1.461.711
Net effect of the bonds amortization reflected in other comprehensive income	**113.135**	22.840
Reversal of revaluation reserve transferred from equity due to disposal	**(137.283)**	87.300
Balance as at 31 December	**42.904.704**	37.625.298

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2018	**US$**	**US$**	**US$**	**US$**
Government bonds	**30.862.974**	**-**	-	30.862.974
Corporate bonds	**11.449.972**	**-**	-	11.449.972
	42.904.704	**-**	-	**42.312.946**

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2017	**US$**	**US$**	**US$**	**US$**
Government bonds	23.529.143	**-**	-	23.529.143
Corporate bonds	14.096.155	**-**	-	14.096.155
	37.625.298	**-**	-	37.625.298

(i) Disposal of debt investments

On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

18. Trade and other receivables

	2018	2017
	US$	US$
Trade receivables	**1.792.642**	3.688.353
Receivables from related companies (Note 24.4)	**120.853**	15.353
Deposits and prepayments	**89.861**	363.232
Bond interest receivable	**503.757**	467.388
Other receivables	**-**	1.736
Refundable VAT	**24.245**	23.718
	2.531.358	4.559.78

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

19. Contribution to Investors Compensation Fund

	2018	2017
	US$	US$
Balance at 1 January	115.222	114.762
Allocation of (loss)	-	(14.014)
Foreign exchange (loss)/profit	(4.117)	14.474
Provision for impairment	(111.105)	-
Balance at 31 December	-	115.222

The above contributions are mandatory deposits to the Investors Compensation Fund set up under the Establishment and Operation of the Clients of Cyprus Investment Firms Compensation Fund Regulations. These deposits are not available for use in the Company's day to day operations but are refundable in the case the Company ceases to be considered as an investment firm and provided no claims are pending against it from investors or clients.

20. Cash and cash equivalents

Cash balances are analysed as follows:

	2018	2017
	US$	US$
Cash in hand	687	93
Cash at bank - own funds	340.390	177.732
	341.077	177.825

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

21. Share capital

	2018 Number of shares	2018 US$	2017 Number of shares	2017 US$
Authorised				
Ordinary shares of US$1 each	2.000.000	2.000.000	2.000.000	2.000.000
		US$		US$
Issued and fully paid				
Balance at 1 January	2.000.000	2.000.000	2.000.000	2.000.000
Balance at 31 December	2.000.000	2.000.000	2.000.000	2.000.000

There were no changes in the share capital of the Company during the year.

22. Trade and other payables

	2018	2017
	US$	US$
Commission fees payable to brokers and custodians	61.735	99.445
Other payables	28.670	2.298
Accruals	51.562	56.789
Payables to related companies (Note 24.5)	5.341	7.526
	147.308	166.058

23. (Refundable) taxes/current tax liabilities

	2018	2017
	US$	US$
Corporation tax	(23.630)	653
Special contribution for defence	220	-
	(23.410)	653

24. Related party balances and transactions

The Company's parent company, owning 100% of the Company's issued share capital, is Ronin Partners B.V. During the course of its normal operations, the Company enters into transactions with other group companies which are fellow subsidiaries under common control as well as with other related companies, which are related to the top management and ultimate beneficial shareholders of the Group.

The related party balances and transactions are as follows:

24.1 Directors' remuneration

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

	2018	2017
	US$	US$
Directors' remuneration - Non Executive	31.172	29.939
Directors' remuneration - Executive	140.763	130.504
	171.935	160.443

24.2 Sales of services

			2018	2017
Nature of relationship	Type of transaction	Nature of transactions	US$	US$
Companies within the Group	Brokerage income	Trade	120.000	10.000
Other related parties	Brokerage income	Trade	9.847	1.326.468
Companies within the Group	Custody income	Trade	46.510	12.446
Other related parties	Custody income	Trade	7.956	309.822
Companies within the Group	Management account	Trade	43.150	20.750
Other related parties	Management account	Trade	30.596	48.143
			258.059	1.727.629

24.3 Purchases of services

			2018	2017
Nature of relationship	Type of transaction	Nature of transactions	US$	US$
Companies within the Group	Brokerage commission	Trade	1.495.998	1.236.840
Companies within the Group	Depository fee	Trade	133.045	109.560
			1.629.043	1.346.400

24.4 Receivables from related parties (Note 18)

		2018	2017
Nature of relationship	Nature of transactions	US$	US$
Companies within the Group	Brokerage/Custody commission receivable	114.429	3.073
Other related parties	Brokerage/Custody commission receivable	6.424	12.280
		120.853	15.353

24. Related party balances and transactions (continued)

24.5 Payables to related parties (Note 22)

Nature of relationship	Nature of transactions	**2018** **US$**	2017 US$
Companies within the Group	Brokerage commission payable	**5.341**	7.526
Other related parties	Brokerage commission payable	**-**	106
		5.341	7.632

25. Contingent liabilities

As at 31 December 2018 the Company was contingently liable in respect to letters of guarantee amounting to EUR4.810 (US$5.511) (2017: EUR5.805 (US$ 6.940)) which have been issued in favor of the Cyprus Migration Officer.

26. Commitments to clients – off balance sheet

Funds belonging to clients

The Company's primary activity is the provision of financial services to third parties. More specifically the Company operates as an investment firm and provides investment and related services. To render such services to the clients the Company holds client bank accounts, custody and brokerage accounts with Banks, Brokerage Firms and Custodian Banks.

At the year end the Company had deposited in client bank and brokerage accounts, under its own name for and on behalf of its clients, US$82.398.939 (2017: US$146.509.686). The credit quality of cash belonging to clients has been determined using the credit rating agency Standard and Poor's.

	2018	2017
Credit quality of cash belonging to clients:	**US$**	US$
AA	**60.034.521**	55.735.403
AA-	**56**	27.695.991
A+	**-**	15.786.740
A	**8.361.419**	-
A-	**-**	5.877.764
BBB-	**-**	145.000
BBB+	**144.974**	-
BB-	**1.059.579**	366.852
B+	**79.400**	1.657
Not rated	**12.718.990**	40.900.279
	82.398.939	146.509.686

Securities belonging to clients

Equity securities or other financial instruments held by the Company on behalf of the clients are not reflected in the Company's financial statements. At year end, the Company was holding financial instruments on behalf of its clients with total approximate market value of US$1.843.450.815 (2017: US$2.263.822.394) mainly comprising of listed equity securities and listed bonds.

	2018	2017
Credit rating of custodians:	**US$**	US$
AA	**1.552.322.331**	1.546.440.034
A	**1.872.800**	-
A-	**-**	6.891.487
BB-	**2.106**	16.980.495
CCC+	**-**	233.522
Not rated	**289.253.578**	693.276.856
	1.843.450.815	2.263.822.394

27. Events after the reporting period

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

28. Country by country reporting

Part II, Section 2, Paragraph 18 the Directive DI144 2014 14 of the Cyprus Securities and Exchange Commision of the Prudential Supervision of Investment Firms requires CIFs to disclose annually, by Member State and by third country in which it has establishment the following information.

Company name	Nature of activities	Jurisdiction	Turnover	Number of employees	Profit/ (Loss) before tax	Tax on profit/ (loss)	Public subsidies received
			US$		US$	US$	US$
Ronin Europe Limited	Financial services	Cyprus	10.492.349	19	5.344.292	782.906	-
		Total	**10.492.349**	**19**	**5.344.292**	**782.906**	**-**

The Company's return on assets calculated as the net profit divided by the total assets for 2018 was 9,9% (2017: 14,9%).

Independent auditor's report on pages 3 to 5.