

GRANDIS SECURITIES LTD

FINANCIAL STATEMENTS

31 December 2018

GRANDIS SECURITIES LTD

FINANCIAL STATEMENTS

31 December 2018

CONTENTS

	PAGE
Board of Directors and other officers	1
Independent auditor's report	2 - 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Cash flow statement	7
Notes to the financial statements	8 - 19

GRANDIS SECURITIES LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Maksim Volkov (appointed on 10 October 2016)
Maria Petridou (appointed on 10 October 2016)
James Michael Themis (appointed on 11 August 2017)
Christos Patsalides (appointed on 11 August 2017)
Olga Nikolau (appointed on 9 October 2017)

Company Secretary:

Valueachieve Nominees Limited

Independent Auditors:

SPL Audit (Cyprus) Limited
Certified Public Accountants and Registered Auditors
13 Kypranoros Street
2nd Floor, Office 201
P.O. Box 28860, CY-2083
1061 Nicosia, Cyprus

Registered office:

Archiepiskopou Makariou 5
Evelina Residence, Floor 2, Flat 203
Aglantzia
2107 Nicosia
Cyprus

Registration number:

HE360960

Independent Auditor's Report

To the Members of Grandis Securities Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grandis Securities Ltd (the "Company"), which are presented in pages 4 to 19 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 Grandis Securities Ltd

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.

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.



Andreas Georgiou
Certified Public Accountant and Registered Auditor
for and on behalf of
SPL Audit (Cyprus) Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 22 April 2019

GRANDIS SECURITIES LTD

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

		01.01.2018 31.12.2018 US\$	10.10.2016 31.12.2017 US\$
	Note		
Commission on brokerage services		112,035	-
Commission on Global custody services		67,398	-
Total revenue		179,433	-
Staff costs	7	(250,743)	(99,868)
Depreciation and amortisation expense		(14,274)	(9,212)
Other operating income	5	2,270	87
Administration and other expenses	6	(185,151)	(120,647)
Operating loss		(268,465)	(229,640)
Finance income	8	239	14,675
Finance costs	8	(22,906)	(2,065)
Loss before tax		(291,132)	(217,030)
Net loss for the year/period		(291,132)	(217,030)
Other comprehensive income		-	-
Total comprehensive income for the year/period		(291,132)	(217,030)

The notes on pages 8 to 19 form an integral part of these financial statements.


GRANDIS SECURITIES LTD

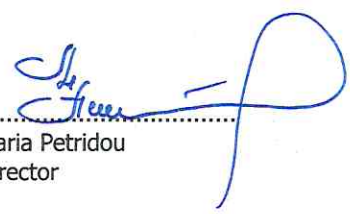
STATEMENT OF FINANCIAL POSITION

31 December 2018

	Note	2018 US\$	2017 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	10	21,527	26,052
Intangible assets	11	13,570	25,003
Other asset (describe)	13	48,600	51,261
Total non-current assets		83,697	102,316
Current assets			
Trade and other receivables	12	83,276	899
Cash at bank	14	240,587	169,560
Total current assets		323,863	170,459
Total assets		407,560	272,775
EQUITY AND LIABILITIES			
Equity			
Share capital	15	136,202	136,202
Other reserves		738,097	336,351
Accumulated losses		(508,162)	(217,030)
Total equity		366,137	255,523
Current liabilities			
Trade and other payables	17	41,423	17,252
Total current liabilities		41,423	17,252
Total equity and liabilities		407,560	272,775

On 22 April 2019 the Board of Directors of Grandis Securities Ltd authorised these financial statements for issue.


.....
Maksim Volkov
Director


.....
Maria Petridou
Director

The notes on pages 8 to 19 form an integral part of these financial statements.

GRANDIS SECURITIES LTD

STATEMENT OF CHANGES IN EQUITY

31 December 2018

	Note	Share capital US\$	Shareholders' contribution US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2017		-	-	-	-
Comprehensive income					
Net loss for the period		-	-	(217,030)	(217,030)
Transactions with owners					
Issue of share capital	15	136,202	-	-	136,202
Proceeds during the period		-	336,351	-	336,351
Balance at 31 December 2017		136,202	336,351	(217,030)	255,523
Balance at 1 January 2018		136,202	336,351	(217,030)	255,523
Comprehensive income					
Net loss for the year		-	-	(291,132)	(291,132)
Transactions with owners					
Proceeds during the period		-	401,746	-	401,746
Balance at 31 December 2018		136,202	738,097	(508,162)	366,137

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 pages 8 to 19 form an integral part of these financial statements.

GRANDIS SECURITIES LTD

CASH FLOW STATEMENT

31 December 2018

		01.01.2018	10.10.2016
		31.12.2018	31.12.2017
	Note	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(291,132)	(217,030)
Adjustments for:			
Depreciation of property, plant and equipment	10	5,486	4,107
Amortisation of computer software	11	8,788	5,105
Interest income	8	(2)	-
		(276,860)	(207,818)
Changes in working capital:			
Increase in trade and other receivables		(79,716)	(899)
Increase in trade and other payables		24,171	17,252
Cash used in operations		(332,405)	(191,465)
Interest received		-	(87)
Net cash used in operating activities		(332,405)	(191,552)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	11	-	(30,108)
Payment for purchase of property, plant and equipment	10	(1,891)	(30,159)
Contribution to Investors Compensation Fund	13	-	(51,174)
Proceeds from disposal of intangible assets		2,645	-
Proceeds from disposal of property, plant and equipment		930	-
Interest received		2	-
Net cash generated from/(used in) investing activities		1,686	(111,441)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	136,202
Advances from shareholders		401,746	336,351
Net cash generated from financing activities		401,746	472,553
Net increase in cash and cash equivalents		71,027	169,560
Cash and cash equivalents at beginning of the year/period		169,560	-
Cash and cash equivalents at end of the year/period	14	240,587	169,560

The notes on pages 8 to 19 form an integral part of these financial statements.

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. Incorporation and principal activities

Country of incorporation

The Company Grandis Securities Ltd (the "Company") was incorporated in Cyprus on 10 October 2016 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Archiepiskopou Makariou 5, Evelina Residence, Floor 2, Flat 203, Aglantzia, 2107 Nicosia, Cyprus.

On 13 November 2017, the Company was granted a license (license number: 343/17) by the Cyprus Securities and Exchange Commission (CySEC) to operate as a licensed investment firm.

The license that was pre-approved by CySEC on 13 November 2017, was actually activated on 2 February 2018.

Principal activities

The principal activities of the Company, is the provision of the below investment services in accordance with the provisions of the applicable legislation and requirements issued by CySEC:

Core Services

- Reception and transmission of client's orders in relation to one or more Financial Instruments.
- Execution of orders on behalf of clients.

Ancillary Services

- Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management.
- Foreign exchange services where these are connected to the provisions of investment services.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

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.

Adoption of new and revised IFRSs

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.

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.

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies (continued)

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Income from investments in securities**

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

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

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

Employee benefits

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

Finance income

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

Finance costs

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Property, plant and equipment

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

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. 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%
Computer hardware	20%

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

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

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

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

Intangible assets

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

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

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

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

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies (continued)

Computer software

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

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

Impairment of non-financial assets

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

Financial instruments

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

Trade receivables

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2. Significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

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.

3. Financial risk management

Financial risk factors

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

3.1 Interest rate risk

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

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. Financial risk management (continued)

3.3 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	3 months or				
	amounts	less	3-12 months	1-2 years	2-5 years	More than
	US\$	US\$	US\$	US\$	US\$	5 years
						US\$
Trade and other payables	18,993	-	18,993	-	-	-
	18,993	-	18,993	-	-	-

31 December 2017	Carrying	3 months or				
	amounts	less	3-12 months	1-2 years	2-5 years	More than
	US\$	US\$	US\$	US\$	US\$	5 years
						US\$
Trade and other payables	7,781	-	7,781	-	-	-
	7,781	-	7,781	-	-	-

3.4 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 Euro and the Russian Rubles. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

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

4. 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.

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

4. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions

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

- **Provision for bad and doubtful debts**

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

Critical judgements in applying the Company's accounting policies

- **Impairment of non-financial assets**

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

- **Impairment of intangible asset**

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

5. Other operating income

	01.01.2018	10.10.2016
	31.12.2018	31.12.2017
	US\$	US\$
Interest from Investors Compensation Fund	-	87
VAT amount written back	2,270	-
	<u>2,270</u>	<u>87</u>

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

6. Administration and other expenses

	01.01.2018 31.12.2018	10.10.2016 31.12.2017
	US\$	US\$
Incorporation expenses	-	1,777
Municipality taxes	741	112
Annual levy	424	392
Electricity	4,135	2,725
Insurance	6,135	-
Telephone and postage	21,752	15,827
Courier expenses	2,644	1,092
Stationery and printing	974	2,610
Subscriptions and contributions	2,384	2,631
Staff training	1,957	605
Computer supplies and maintenance	13,066	6,278
Computer software	1,854	-
Auditors' remuneration	11,218	1,928
Accounting fees	22,180	8,411
Legal fees	6,927	-
Directors' fees	25,593	28,203
Other professional fees	1,642	7,124
Secretarial fees	370	317
Registered office fees	370	317
Travelling	726	-
Entertaining	545	-
Consultancy fees	6,361	17,139
Administrative expenses	31,666	12,451
Internal auditors fees	7,718	2,078
Office space use	6,760	6,271
Depositary & Custody fees	3,985	-
Sundry expenses	3,024	2,359
	185,151	120,647

7. Staff costs

	01.01.2018 31.12.2018	10.10.2016 31.12.2017
	US\$	US\$
Salaries	220,974	91,066
Social security costs	29,769	8,802
	250,743	99,868
Average number of employees (including Directors in their executive capacity)	5	2

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

8. Finance income/(costs)

	01.01.2018 31.12.2018	10.10.2016 31.12.2017
	US\$	US\$
Interest income	2	-
Exchange profit	237	14,675
Finance income	239	14,675
Net foreign exchange losses	(12,767)	(651)
Sundry finance expenses	(10,139)	(1,414)
Finance costs	(22,906)	(2,065)
Net finance (costs)/income	(22,667)	12,610

9. Tax

The corporation tax rate is 12,5%.

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

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

10. Property, plant and equipment

	Furniture, fixtures and office equipment US\$	Computer hardware US\$	Total US\$
Cost			
Additions	8,585	21,574	30,159
Balance at 31 December 2017/ 1 January 2018	8,585	21,574	30,159
Additions	-	1,891	1,891
Disposals	-	(930)	(930)
Balance at 31 December 2018	8,585	22,535	31,120
Depreciation			
Charge for the year	721	3,386	4,107
Balance at 31 December 2017/ 1 January 2018	721	3,386	4,107
Charge for the year	914	4,572	5,486
Balance at 31 December 2018	1,635	7,958	9,593
Net book amount			
Balance at 31 December 2018	6,950	14,577	21,527
Balance at 31 December 2017	7,864	18,188	26,052

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

11. Intangible assets

	Computer software US\$
Cost	
Impairment charge	30,108
Balance at 31 December 2017/ 1 January 2018	30,108
Disposals	(2,645)
Balance at 31 December 2018	27,463
Amortisation	
Amortisation for the period	5,105
Balance at 31 December 2017/ 1 January 2018	5,105
Amortisation for the year	8,788
Balance at 31 December 2018	13,893
Net book amount	
Balance at 31 December 2018	13,570
Balance at 31 December 2017	25,003

12. Trade and other receivables

	2018 US\$	2017 US\$
Trade receivables	72,418	-
Deposits and prepayments	858	899
Other receivables	10,000	-
	83,276	899

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

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

13. Contribution to Investors Compensation Fund

	2018 US\$	2017 US\$
Balance at 1 January	51,261	-
Contribution during the year	-	51,174
Residual interest	-	87
Exchange difference	(2,661)	-
Balance at 31 December	48,600	51,261

The Company's contribution to the Investors Compensation Fund in accordance with the CySEC Directive is recognised as a non-current asset in the statement of financial position.

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

14. Cash at bank

Cash balances are analysed as follows:

	2018 US\$	2017 US\$
Cash at bank	<u>240,587</u>	<u>169,560</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

15. Share capital

	2018 Number of shares	2018 US\$	2017 Number of shares	2017 US\$
Authorised				
Ordinary shares of €1 each	<u>125,000</u>	<u>136,202</u>	<u>125,000</u>	<u>136,202</u>
Issued and fully paid				
Balance at 1 January	125,000	136,202	-	-
Issue of shares	-	-	125,000	136,202
Balance at 31 December	<u>125,000</u>	<u>136,202</u>	<u>125,000</u>	<u>136,202</u>

16. Non-refundable advances

	2018 US\$	2017 US\$
Balance at 1 January	336,351	-
Proceeds during the year /period	401,746	336,351
Balance at 31 December	<u>738,097</u>	<u>336,351</u>

17. Trade and other payables

	2018 US\$	2017 US\$
Social insurance and other taxes	5,669	-
VAT	5,217	6,508
Bank charges accruals	1,298	-
Accruals	11,544	2,963
Other creditors	17,695	7,781
	<u>41,423</u>	<u>17,252</u>

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

GRANDIS SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

18. Off balance sheet arrangements

In the ordinary course of operations, the Company engages into transactions which involve the use of off-balance sheet arrangements. These arrangements, includes the holding of cash and securities on behalf of its clients.

As at 31 December 2018, the clients' cash balances and securities held on behalf of Company's clients were as follows:

	2018 US\$	2017 US\$
Cash and cash equivalents	1,001,947	-
Securities	91,821,550	-
Clients' Money	(1,001,947)	-
Clients' Securities	(91,821,550)	-
Balance at 31 December	-	-

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Directors' remuneration

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

	01.01.2018 31.12.2018 US\$	10.10.2016 31.12.2017 US\$
Directors' fees	25,593	28,203
Directors' remuneration	141,567	91,066
	167,160	119,269

20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

21. Commitments

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

22. Events after the reporting period

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

Independent auditor's report on pages 2 to 3

GRANDIS SECURITIES LTD

DETAILED INCOME STATEMENT

31 December 2018

		01.01.2018	10.10.2016
		31.12.2018	31.12.2017
Page		US\$	US\$
		112,035	-
		67,398	-
	21	(250,743)	(99,868)
		(14,274)	(9,212)
		-	87
		2,270	-
		(83,314)	(108,993)
	21	(185,151)	(118,870)
		-	(1,777)
		(268,465)	(229,640)
	22	239	14,675
	22	(22,906)	(2,065)
		(291,132)	(217,030)

GRANDIS SECURITIES LTD

OPERATING EXPENSES

31 December 2018

	01.01.2018 31.12.2018 US\$	10.10.2016 31.12.2017 US\$
Staff costs		
Wages and salaries	220,974	91,066
Social insurance costs and other funds	29,769	8,802
	<u>250,743</u>	<u>99,868</u>

	01.01.2018 31.12.2018 US\$	10.10.2016 31.12.2017 US\$
Other operating expenses		
Municipality taxes	741	112
Annual levy	424	392
Electricity	4,135	2,725
Insurance	6,135	-
Sundry expenses	3,024	2,359
Telephone and postage	21,752	15,827
Courier expenses	2,644	1,092
Stationery and printing	974	2,610
Subscriptions and contributions	2,384	2,631
Staff training	1,957	605
Computer supplies and maintenance	13,066	6,278
Computer software	1,854	-
Auditors' remuneration	11,218	1,928
Accounting fees	22,180	8,411
Legal fees	6,927	-
Other professional fees	1,642	7,124
Secretarial fees	370	317
Registered office fees	370	317
Directors' fees	25,593	28,203
Travelling	726	-
Entertaining	545	-
Consultancy fees	6,361	17,139
Administrative expenses	31,666	12,451
Internal auditors fees	7,718	2,078
Office space use	6,760	6,271
Depository & Custody fees	3,985	-
	<u>185,151</u>	<u>118,870</u>

GRANDIS SECURITIES LTD

FINANCE INCOME/COST

31 December 2018

	01.01.2018 31.12.2018 US\$	10.10.2016 31.12.2017 US\$
Finance income		
Bank interest	2	-
Realised foreign exchange profit	237	-
Unrealised foreign exchange profit	-	14,675
	<u>239</u>	<u>14,675</u>
Finance costs		
Sundry finance expenses		
Bank charges	10,139	1,414
Net foreign exchange losses		
Realised foreign exchange loss	-	651
Unrealised foreign exchange loss	12,767	-
	<u>22,906</u>	<u>2,065</u>

GRANDIS SECURITIES LTD

COMPUTATION OF WEAR AND TEAR ALLOWANCES

31 December 2018

	Year	%	COST			ANNUAL ALLOWANCES			Net value 31/12/2018 US\$		
			Balance 01/01/2018 US\$	Additions for the year US\$	Disposals for the year US\$	Balance 31/12/2018 US\$	Change for the year US\$	On disposals US\$		Balance 31/12/2018 US\$	
Furniture, fixtures and office equipment											
Offices	2017	10	7,464	-	-	7,464	816	746	-	1,562	5,902
Office	2017	10	78	-	-	78	9	8	-	17	61
Roller Door	2017	10	1,043	-	-	1,043	114	104	-	218	825
			8,585	-	-	8,585	939	858	-	1,797	6,788
Computer hardware											
Copier	2017	20	2,424	-	-	2,424	485	485	-	970	1,454
Server	2017	20	1,443	-	-	1,443	324	289	-	613	830
Power Saving Back-Ups	2017	20	972	-	-	972	218	194	-	412	560
Adaptive security appliance	2017	20	1,405	-	(240)	1,165	315	233	-	548	617
Monitor/TEL/CISCO	2017	20	1,829	-	-	1,829	409	366	-	775	1,054
Monitor/TEL/CISCO	2017	20	1,935	-	-	1,935	434	387	-	821	1,114
HP Laptop	2017	20	5,339	-	-	5,339	1,197	1,068	-	2,265	3,074
External Storage	2017	20	748	-	-	748	157	150	-	307	441
Installation and configuration services	2017	20	5,479	-	(690)	4,789	1,169	958	-	2,127	2,662
Computer accessories	2018	20	-	1,891	-	1,891	-	378	-	378	1,513
			21,574	1,891	(930)	22,535	4,708	4,508	-	9,216	13,319
Total			30,159	1,891	(930)	31,120	5,647	5,366	-	11,013	20,107
Computer software											
Software Turbo	2017	33	18,912	-	(2,645)	16,267	6,349	5,417	-	11,766	4,501
System configuration	2017	33	11,196	-	-	11,196	4,136	3,728	-	7,864	3,332
			30,108	-	(2,645)	27,463	10,485	9,145	-	19,630	7,833

GRANDIS SECURITIES LTD

COMPUTATION OF CORPORATION TAX

31 December 2018

	Page	US\$	US\$
Net loss per income statement	20		(291,132)
<u>Add:</u>			
Depreciation		14,274	
Unrealised foreign exchange loss		12,767	
Annual levy		424	
			<u>27,465</u>
			(263,667)
<u>Less:</u>			
Annual wear and tear allowances	23	14,511	
VAT amount written back		2,270	
Interest income		2	
Realised foreign exchange profit		237	
			<u>(17,020)</u>
Net loss for the year			(280,687)
			€
Converted into € at US\$ 1.143790 = €1			(245,401)
Loss brought forward			<u>(196,855)</u>
Loss carried forward			<u><u>(442,256)</u></u>