WOOD & Company Group S.A.

INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2017

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of WOOD & Company Group S.A.

Having its registered office at: 6C, rue Gabriel Lippmann, L – 5365 Munsbach, Luxembourg

Opinion

We have audited the accompanying consolidated financial statements of Wood & Company Group S.A. and its subsidiaries (the "Group") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Supervisory Board 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.

In Prague on 12 December 2018

Audit firm:	Represented by:
Deloitte Audit s.r.o.	David Batal on the basis of a power of attorney

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Name of the Company:	**WOOD & Company Group S.A.**
Registered Office:	**6C, rue Gabriel Lippmann, L – 5365 Munsbach, Luxembourg**
Legal Status:	**Joint Stock Company**
Registration number:	**B 83396**

<u>**Components of the Consolidated Financial Statements:**</u>

Statement of Financial Position as at 31 December 2017

Statement of Comprehensive Income

Statement of Changes in Shareholders' Equity

Statement of Cash Flows for the Year then Ended

Summary of Significant Accounting Policies and Other Explanatory Notes

These consolidated financial statements were approved by the Management Board on 12 December 2018.

Signed on behalf of the Management Board:	**Signature**
Jan Sýkora Member of Administrative Board	

WOOD & Company Group S.A.

Consolidated Financial Statements for the Year Ended 31 December 2017
in accordance with
International Financial Reporting Standards as adopted by the EU

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CONSOLIDATED FINANCIAL STATEMENTS

WOOD & Company Group S.A. CONSOLIDATED AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2017

Key results for 2017:

- Net fees and commissions, was EUR 26.4 m
- Net profit on financial operations from trading and investment activities was EUR 7.6 m
- Operating income totalled EUR 34.7 m
- Operating costs were EUR 29.2 m
- Net profit totalled EUR 4.0 m.
- Total equity as of 31 December 2017 was EUR 31.1 m

Presentation of consolidated financial statements

WOOD & Company Group S.A. presents the audited consolidated statements of its financial performance for 2016 and its financial position as of 31 December 2017 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Key numbers

EUR m	**2017**	**2016**
Net fee and commission income	26.37	19.94
Total operating income	34.70	31.10
Total operating costs	-29.19	-23.66
Total equity	31.1	26.7

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

	NOTES	31 December 2017 EUR '000	31 December 2016 EUR '000
Interest income		2,204	2,542
Interest expense		-1,742	-1,869
Net interest income	3	**462**	**673**
Fee and commission income		39,680	29,881
Fee and commission expense		-13,309	-9,941
Net fees and commissions income	4	**26,371**	**19,940**
Net profit on financial operations	5	7,587	9,879
Other operating income/(expense), net	6	280	611
Total operating income		**34,700**	**31,103**
General administrative expenses	7	-28,389	-22,838
Depreciation	16	-714	-762
Share / Option scheme	7	-87	-63
Total operating costs		**-29,190**	**-23,663**
Profit before income taxes		**5,510**	**7,440**
Income taxes	8	-1,501	-1,585
Deferred tax	8	-44	111
Net Income		**3,965**	**5,966**

Other comprehensive income		
Items that may be reclassified subsequently to the Statements of Income		
Change in reporting currency conversion differences	1,373	-30
Gains/ losses from available for sale securities	-1,191	1,117
Income tax relating to other comprehensive income	218	-212
Total comprehensive income	**4,365**	**6,841**

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Management Board on 23 May 2017.

Signed on behalf of the Management Board:

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Jan Sykora

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2017 AND 31 DECEMBER 2016

	NOTES	31 December 2017 EUR '000	31 December 2016 EUR '000
ASSETS			
Current assets			
Cash and deposits with banks	9	48,447	43,726
Financial assets held for trading	10	9,292	6,297
Financial assets available for sale	11	8,360	14,810
Trade and other receivables	13	115,060	83,089
Accrued income and other assets	14	776	725
Total current assets		*181,935*	*148,647*
Non-current assets			
Long-term receivables	15	211	175
Securities held to maturity	12	39	37
Deferred tax assets	8	138	12
Intangible fixed assets, net	16	911	813
Tangible fixed assets, net	16	1,290	1,195
Total non-current assets		*2,589*	*2,232*
Total assets		**184,524**	**150,878**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	17	1,024	1,024
Share premium		7,196	7,196
Reserve fund from profit		109	109
Retained earnings		16,034	10,068
Treasury stock		0	0
Revaluation fund from AFS		-68	905
Share/option scheme capital fund		530	530
Profit for the period		3,965	5,966
Reporting currency conversion		2,313	940
Total capital and reserves		*31,103*	*26,737*
Deferred tax liability		0	51
Issued debt securities	22	2,083	3,761
Long term provisions	21	820	1,024
Total equity and non-current liabilities		*34,006*	*31,574*
Current liabilities			
Amounts owed to banks	20	24,578	19,271
Financial liabilities held for trading	10	3,803	3,327
Trade and other payables	18	121,881	96,158
Accruals and other liabilities	19	253	254
Income tax payable	8	3	295
Current liabilities total		*150,434*	*119,305*
Total equity and liabilities		**184,524**	**150,878**

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

	Issued capital EUR '000	Share premium EUR '000	Reserve fund EUR '000	Treasury Stock EUR '000	Revaluation fund from AFS EUR '000	Share/option scheme capital fund EUR '000	Retained earnings EUR '000	Profit/loss for the period EUR '000	Reporting currency conversion EUR '000	Total EUR '000
Balance at 31 December 2015	**1,024**	**7,196**	**109**	**0**	**0**	**530**	**9,286**	**4,190**	**970**	**23,305**
Profit / loss distribution							4,190	-4,190		0
Change in reporting currency conversion									-30	-30
Revaluation difference to AFS					905					905
Dividend							-3,408			-3,408
Profit for 2016								5,966		5,966
Balance at 31 December 2016	**1,024**	**7,196**	**109**	**0**	**905**	**530**	**10,068**	**5,966**	**940**	**26,737**
Profit / loss distribution							5,966	-5,966		0
Change in reporting currency conversion									1,373	1,373
Revaluation difference to AFS					-973					-973
Dividend										
Profit for 2017								3,965		3,965
Balance at 31 December 2017	**1,024**	**7,196**	**109**	**0**	**-68**	**530**	**16,034**	**3,965**	**2,313**	**31,103**

The accompanying notes are an integral part of these consolidated financial statements.

CASH-FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

	31 December 2017 EUR '000	31 December 2016 EUR '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / loss before tax	**5,509**	**7,440**
Adjustments on non-cash transactions		
Depreciation	714	762
Share/option scheme	87	63
Change in impairment and provision	-291	-251
Other non-financial movements	-78	-30
Operating profit before changes in operating assets	**5,979**	**7,984**
Trade and other receivables	-31,821	30,182
Trading shares	-2,519	-2,405
Other assets	-51	-35
Trade and other payables	25,723	-12,721
Other liabilities	0	-510
Income taxes paid	-1,796	-2,679
NET CASH FROM OPERATING ACTIVITIES	**-4,485**	**19,815**
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / sale of securities available for sale	5,109	-3,122
Proceed/ (purchase) from held to maturity financial assets	-2	0
Net cash flow from the purchase of a new branch	0	0
Purchase of property, plant & equipment	-908	-204
NET CASH USED IN INVESTING ACTIVITIES	**4,199**	**-3,326**
CASH FLOW FROM FINANCING ACTIVITIES		
Non-current assets	-36	-27
Net change in amounts owed to banks	5,307	11,065
Increase / (decrease) of share capital	0	0
Transaction with own shares	0	0
Selling of own bond	-1,679	0
Dividend paid-out	0	-3,408
NET CASH USED IN FINANCING ACTIVITIES	**3,593**	**7,630**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,307**	**24,119**
Net impact of FX rate changes	1,416	0
CASH AT THE BEGINNING OF PERIOD	**43,726**	**19,607**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**48,447**	**43,726**

The accompanying notes are an integral part of these consolidated financial statements.

1. INTRODUCTION

WOOD & Company Group S.A. (further on "WOOD & Company Group") formerly "Wings Investments S.A." was incorporated as a "Société Anonyme" under the laws of the Grand Duchy of Luxembourg on 31 July 2001 for an unlimited duration. The WOOD & Company Group has its registered office in Luxembourg.

The following companies belong to the group of WOOD & Company Group S.A. and are fully consolidated:

- Wood and Company Holding AG, Vordergasse 3, 8200 Schaffhausen, Switzerland, (share 100%)
- Wood and Company Financial Services AG, Vordergasse 3, 8200 Schaffhausen, Switzerland (share 100%)
- WOOD & Company Financial Services, a.s., Náměstí Republiky 1079/1a, Prague 1, Czech Republic (share 100%)
- Wood & Company, a.s., Hviezdoslavovo námestie 15, Bratislava, Slovak Republic (share 100%)
- WOOD & Company Holding Limited, Level 5, The Mall Complex, The Mall, Floriana FRN 1470, Malta (share 100%)
- WOOD & Company investiční společnost, a.s., Náměstí Republiky 1079/1a, Prague 1, Czech Republic (share 100%)
- WOOD & Co S.A.M. - ex. McLaren Securities, 74 Boulevard d'Italie, Monte Carlo Sun, MONACO

The main activities of the WOOD & Company Group are as follows:

- Securities trading and brokerage services in Central, Eastern and South-Eastern Europe;
- Advisory services relating to investment banking, mergers & acquisition, capital market transactions and fund raising;
- Asset management services.

WOOD & Company Group is a leading investment firm in Central and Southeast Europe. WOOD & Company Group is a member of the Prague, Warsaw, Budapest, Vienna, Frankfurt, Sofia, Bucharest and Ljubljana stock exchanges, and also offers its clients access to Baltic, ex-Yugoslavia countries, Turkey and Dubai. WOOD & Company Group also provides regional investors with OECD markets.

In 2014, the WOOD & Company Group established a new branch in Italy. This branch assumed all activities and assets of the subsidiary Integrated Financial Products Ltd in Italy on 1 September 2014. The acquisition was carried out with the aim of expanding the client portfolio and the provided range of products. The fair value of acquired assets and liabilities did not differ significantly from their carrying values. The main item of the acquired assets were funds in the bank account, the main item of the acquired liabilities was a provision for post-employment benefits. The acquired assets and liabilities were not significant.

1.1. The shareholder structure

The ultimate shareholders of the WOOD & Company Group as at 31 December 2017 and as at 31 December 2016 are as follows:

Vladimír Jaroš (32.04 %)
Jan Sýkora (32.04 %)
Lubomír Šoltýs (32.04 %)
Several individuals (3.88 %)

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union effective for the year ended 31 December 2017. The consolidated financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the consolidated financial statements of the periods to which they relate on the going concern assumption. The consolidated financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in shareholders' equity, a cash flow statement and notes to the consolidated financial statements.

All figures are presented in Euro with accuracy to EUR thousands, unless stated otherwise.

The consolidated financial statements are prepared under the historical cost accounting convention, as modified by the fair value measurement of available-for-sale securities, financial assets and financial liabilities held for trading, and all derivative contracts at the statement of financial position date.

The comparative figures on the face of the statement of financial position represent balances as of 31 December 2016, for the statement of comprehensive income and statement of cash flows balances for the year ended 31 December 2016.

WOOD & Company Group's functional currency, ie the currency of the economic environment in which the Group primarily conducts its activities, is the Czech crown. WOOD & Company Group has foreign branches with functional currencies comprising the euro, pound sterling, Polish zloty and Romanian leu, which are treated as foreign operations for accounting purposes.

The presentation of consolidated financial statements in conformity with IFRS as adopted by the European Union requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and their reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as of the date of the consolidated financial statements and actual results could differ from those estimates. Key source of estimation uncertainty at the end of the reporting period is the valuation of financial assets.

Significant accounting judgements and estimates

In applying the accounting policies for the purpose of preparing the Consolidated Financial Statements in accordance with IFRS, it is necessary for the Group's management to use professional judgement and make estimates and assumptions. These impact upon reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the financial statements date and the reported amounts of revenues and expenses during the reporting period. These estimates and judgements are based on the information available as of the financial statements date and they relate especially to the determination of:

- Fair values in the Statement of Financial Position of financial instruments not quoted in an active market which are classified as financial assets or liabilities at fair value through profit or loss, hedging derivatives or available-for-sale financial assets
- The value of intangible assets, except goodwill
- The amount of impairment of assets
- Provisions recognised under liabilities
- The initial value of goodwill for each business combination

In connection with the current economic environment, management has considered all relevant factors that could have an effect on the valuation of assets and liabilities in these consolidated financial statements, liquidity, funding of the WOOD & Company Group's operations and other effects, if any, on the consolidated financial statements. All such impacts, if any, have been reflected in these consolidated financial statements.

2.2. Adoption of new and revised Standards

a) Newly applied standards and interpretations the application of which had a significant impact on the financial statements

In the year ended 31 December 2017, the Group did not apply any new standards and interpretations, the use of which would have a significant impact on the financial statements.

b) Newly applied standards and interpretations the application of which had no significant impact on the financial statements

During the year ended 31 December 2017, the following amendments to the existing standards and new interpretation issued by the IASB and adopted by the EU took effect:

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative – adopted by EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses Initiative – adopted by EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IFRS 12 due to "Improvements to IFRSs (cycle 2014 - 2016**)"– adopted by the EU on 7 February 2018 (effective for annual periods beginning on or after 1 January 2017). These amendments do not apply to the unconsolidated financial statements of the Group.

c) Standards and interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following new standards, amendments to the existing standards and interpretation issued by IASB and adopted by the EU are not yet effective:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018)

  IFRS is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

  The Group does not anticipate that the adoption of IFRS 9 will have material impact on the financial statements of the Group in the period of initial application (2018).

- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018)

  IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Standard applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Group expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

  The Group does not anticipate that the adoption of IFRS 15 will have material impact on the financial statements of the Group in the period of initial application (2018).

- **IFRS 16 "Leases"** - adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019)

  Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. As with IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature.

The Group has commenced activities to assess the potential impact of the adoption of IFRS 16 on the financial statements of the Group.

- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions – adopted by the EU on 27 February 2018 (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),

- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on
31 October 2017 (effective for annual periods beginning on or after 1 January 2018).

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property – adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),

- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014 - 2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** – adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

The Group has elected not to adopt these new standards, amendments to existing standards and new interpretation in advance of their effective dates. The Group anticipates that the adoption of these standards, amendments to existing standards and interpretation will have no material impact on the financial statements of the Group in the period of initial application.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at 31 October 2018 (the effective dates stated below is for IFRS in full):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

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

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015 - 2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020),

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

The Group anticipates that the adoption of these new standards, amendments to the existing standards and new interpretation will have no material impact on the financial statements of the Group in the period of initial application

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date.

2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (its subsidiaries). A subsidiary is an entity over which the WOOD & Company Group has control, i.e. the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated using the full method of consolidation from the date when the WOOD & Company Group obtains control to the date when the WOOD & Company Group ceases to exercise control over such entity.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the WOOD & Company Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the WOOD & Company Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the WOOD & Company Group, liabilities incurred by the WOOD & Company Group to the former owners of the acquiree and the equity interests issued by the WOOD & Company Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the WOOD & Company Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date ; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The WOOD & Company Group recognises business combinations using the purchase method. The WOOD & Company Group accounts for acquisition in accordance with IFRS 3.

According to IFRS 3 paragraph 3 b) IFRS does not apply to business combinations involving entities or businesses under common control. This includes business combinations of entities which are under the control of the same entity before and after the business combination and by substance the ultimate control remains unchanged.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities in excess of the cost of the business combination is recognized immediately in profit or loss.

2.4. Recognition of income and expense

Interest income and expense are recognized in the statement of comprehensive income when earned or incurred, on an accruals basis, through the line “Interest income” and “Interest expense.” The WOOD & Company Group accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortized cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows to the present value at the maturity date.

Fees and commissions are recognized in the period to which they relate on an accruals basis, through the lines “Fee and commission income” and “Fee and commission expense”. Success fees from merger and acquisition projects are recognized on completion of the individual transaction and when the condition necessary to achieve the success fee has been met.

2.5. Recognition of date of accounting transaction

Purchases and sales of financial assets are recognised using trade date accounting. The trade date is the date when the entity undertakes to buy or sell the financial asset.

Cash transfers are recognised on the date when cash is credited to (or debited from) the relevant bank account.

2.6. Foreign Currency Translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on shares classified as available for sale and monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on sale of shares or repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the WOOD & Company Group's foreign operations are translated into EUR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the daily exchange rates. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

2.7. Income Taxation, Deferred Taxes

Tax on the profit or loss for the year comprises the current year tax charge, adjusted for deferred taxation. Current tax comprises the tax payable calculated on the basis of the taxable income for the year, using the tax rate enacted by the statement of financial position date, and any adjustment of the income tax payable for the previous period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the WOOD & Company Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.8. Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes professional fees and other costs directly related to the acquisition of the asset. Fixed assets are depreciated indirectly through the accumulated depreciation charge. Depreciation is calculated on a straight line basis to write off the cost of tangible and intangible fixed assets over their estimated useful economic lives.

During the reporting period, the WOOD & Company Group used the following estimated useful economic lives in years:

Type of assets	Depreciation period (in years)
Technical appreciation	10 – 30
Furniture and fixtures	3 – 10
Cars	4
Hardware equipment	3
Software	3 - 7

The WOOD & Company Group periodically assesses its fixed assets for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

2.9. Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized when the WOOD & Company Group becomes a party to the contractual provisions of the instrument (trade date).

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of comprehensive income.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the WOOD & Company Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the statement of comprehensive income as "Net profit or loss on financial operations." Interest income on debt securities held for trading or the FVTPL securities is reported in the statement of comprehensive income as "Net profit or loss on financial operations."

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the WOOD & Company Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Financial assets available for sale are as of the statement of financial position date recorded at fair value, with the exception of equity instruments, where it is not possible to reliably determine the fair value in accordance with IAS 39. These equity instruments are valued at cost and at least once a year, the WOOD & Company Group assesses whether the carrying amount is impaired. Changes in the valuation of securities available for sale are recognized in other comprehensive income as "Gains / (losses) from available for sale securities", with the exception of their impairment and interest income and foreign exchange differences on the debt securities. When realized, the relevant revaluation are taken to the statement of comprehensive income as "Net profit on financial operations". Interest income on coupons, amortization of discounts or premiums are included in "Interest income". Foreign exchange differences are recognized as "Net profit on financial operations"

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortized cost using the effective interest method, less any impairment.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the statement of comprehensive income as “Net profit on financial operations”. Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

2.10. Repurchase agreements

Securities sold under repurchase agreements (“repos”) are recorded as assets in the statement of financial position line “Financial assets held for trading“ and the counterparty liability is included in “Amounts owed to banks” or “Trade and other payables” as appropriate.

Securities purchased under reverse repurchase agreements (“reverse repos”) are not recognized in the statement of financial position. The corresponding receivable arising from the provided loan is recognized as an asset in the statement of financial position line “Cash and deposits with banks” or “Trade and other receivables” as appropriate.

The difference between the sale and repurchase price is treated as interest and accrued to expenses/income over the life of the repo agreement using the effective interest rate.

With regard to the sale of a security acquired as collateral under a reverse repurchase transaction; the WOOD & Company Group recognizes in the statement of financial position an amount payable from a short sale remeasured to fair value in the line “Liabilities held for trading”.

2.11. Financial Derivative Instruments

The WOOD & Company Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of comprehensive income immediately as “Net profit on financial operations”.

2.12. Provisions

The WOOD & Company Group recognizes a provision when:

- It has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Post-employments Benefits

The WOOD & Company Group creates a compulsory TFR fund for post-employment benefits for its employees in Italy. The indemnities according to the terminology of the Italian labour law are paid on the basis of collected funds. The procedures for the correct calculation of the indemnities are indicated by the regulations under article 1 of Act No. 297/1982 and by art. 2120 of the Italian Civil Code which is summarised below:

1. Monthly calculation reflects all compensation, including benefits in kind, paid to the worker in dependence of the employment relationship, as long as not occasional, subject to different estimates of the collective agreements.
2. The sum of salaries, paid monthly, is divided at the end of each year or at the end of the employment relationship, by the coefficient of 13.5.
3. Each year the amount allocated in the previous year is revalued based on the revaluation coefficient defined by the ISTAT for inflation.
4. Annually, a monthly contribution of 0.50% is calculated (together with contributions) by the employer on behalf of the employee.
5. The amount referred to in paragraph 2) added to the amount obtained in step 3) reduced by the amount of point 4) gives the amount to be set aside as a business cost and debt into the fund account "TFR" (retirement benefits).
6. The new legislation in force since March 2015 provides the possibility

    - of liquidating monthly the employee's share of the TFR matured in the month;
    - or to set it aside in the Group's accrued fund
    - or to pour it in a supplementary pension fund established by collective agreement or to a private insurance established by the worker.

The WOOD & Company Group reports expenses for the fund as "General administrative expenses" in the statement of comprehensive income. The WOOD & Company Group reports the value of the fund as a provision for post-employment benefits in the statement of financial position. The WOOD & Company Group pays the amount by decreasing the value of the provision and by decreasing of cash and deposits with banks. The value of the fund is revalued according to the requirements of IAS 19 and the actuarial gains and losses are reported in the other comprehensive income.

Share/Option scheme - Long Term employee benefits

Key employees of the WOOD & Company Group were granted shares or options to acquire shares of the Group parent company (WOOD & Company Group S.A.). These employees were also granted options to sell certain shares to the group parent company. The conditions for options putting are set individually in the employee contract. The management of the WOOD & Company Group analyzed those contracts and concluded the employee benefits are out of scope of IFRS 2.

The WOOD & Company Group recognizes the expense in the amount of deemed value of shares and options granted to its employees derived from the WOOD & Company Group's consolidated equity. The expense is recognized in the Statement of Comprehensive Income as "Share/Option scheme". In case the beneficiary was granted shares/options to acquire shares with put option to the parent company, the WOOD & Company Group creates "Share/option scheme provision". In case the beneficiary of the scheme was granted shares/options to acquire shares without such put option, the WOOD & Company Group creates "Share/option scheme capital fund" to equity.

2.13. Securities transactions for clients

Securities received by the WOOD & Company Group for safekeeping, administration or management are accounted for off balance sheet in the market or nominal values, if the market value is not available. In the statement of financial position under "Trade payables and other liabilities" include the amounts due to customers of cash received to purchase securities or cash be refunded to the client.

The Group is gradually introducing changes to the contractual documentation with clients to meet the conditions for the derecognition of IFRS-compliant funds in order to stop reporting clients' funds as own funds.

2.14. Issued Debt Securities

Issued debt securities are stated at the issue price including direct expenses of the issue. From the issue settlement date to the maturity date, the issue price is gradually increased to reflect accruing interest expenses associated with the issued debt securities. The debt securities are reported in the statement of financial position line "Issued debt securities". Accruing interest is presented in the statement of comprehensive income line "Interest expense".

3. NET INTEREST INCOME

Interest income totalling EUR 2,204 thousand (2016: EUR 2,542 thousand) is principally generated from bonds, provided money market loans and repo loans.

Interest expenses totalling EUR 1,742 thousand (2016: EUR 1,869 thousand) principally include bank overdraft interest of EUR 234 thousand (2016: EUR 187 thousand) and interest on repo transaction, security loans and money market loans of EUR 1,394 thousand (2016: EUR 1,681 thousand).

4. NET FEES AND COMMISSIONS

	Year ended 31 December 2017 EUR '000	Year ended 31 December 2016 EUR '000
Fee and commissions income:	**39,680**	**29,881**
- Securities transaction	24,046	18,018
- Research services	2,914	1,999
- Asset management	2,998	3,129
- Investment banking	9,722	6,735
Fee and commissions expense:	**-13,309**	**-9,941**
- Securities transactions	-13,057	-9,678
- Investment banking, asset management services and other services	-252	-263
Total net fees and commissions	**26,371**	**19,940**

5. NET PROFIT ON FINANCIAL OPERATIONS

	Year ended 31 December 2017 EUR '000	Year ended 31 December 2016 EUR '000
Net profit from proprietary trading with securities	6,782	8,458
Net profit from foreign exchange transactions and foreign currency transaction	229	-86
Dividend income	576	1,507
Net profit on financial operations	**7,587**	**9,879**

6. OTHER OPERATING INCOME / (EXPENSE), NET

	Year ended 31 December 2017 EUR '000	Year ended 31 December 2016 EUR '000
Reinvoicing of operational costs	146	220
Other operating income	123	68
Gain/ (loss) on disposal of tangible assets	11	-2
Creation of impairment to financial asset available for sale		-150
Release/ (creation) of provisions to receivables	0	475
Other income	**280**	**611**

7. OPERATING COSTS

	Year ended 31 December 2017 EUR '000	Year ended 31 December 2016 EUR '000
Wages, salaries and bonuses	-12,582	-11,014
Social security and health insurance costs	-2,571	-2,008
Allocation to of T.F.R provisions	-92	-118
Share / option scheme	-87	-63
Employees' expenses	**-15,332**	**-13,203**
Other administrative expenses	-13,144	-9,699
Total administrative and other expenses	**-28,476**	**-22,901**
Depreciation	-714	-762
Total administrative and other expenses and depreciation	**-29,190**	**-23,663**
Number of employees at the end of the period	215	174
Average number of employees during the period	204	167
Average employees' cost per employee	**-75**	**-79**

Other administrative expenses mainly comprise payments for IT services (EUR 4,193 thousand; EUR 3,491 in 2016) and rent of office space (EUR 1,531 thousand; EUR 1,390 in 2016).

8. TAXATION

The WOOD & Company Group's tax liability is calculated based upon the accounting profit/(loss) according to local accounting standards taking into account tax non-deductible expenses and tax exempt income or income subject to a final withholding tax rate.

	Year ended 31 December 2017 EUR '000	Year ended 31 December 2016 EUR '000
Profit/ (loss) before tax	5,510	7,440
Statutory tax rate (%)	19	19
Theoretical tax (charge)/ income	1,047	-1,414
Other impacts	-498	-60
Income tax (expense)/income	**-1,545**	**-1,474**
of which current tax (expense)/income	*-1,501*	*-1,585*
of which deferred tax (expense)/income	*-44*	*111*

Deferred income taxes are calculated from all temporary differences between the tax bases and carrying values using tax rates effective in the periods in which the temporary tax difference is expected to be realized.

	Year ended 31 December 2017 EUR '000	Year ended 31 December 2016 EUR '000
Deferred tax assets		
Estimated costs for wages	138	176
Deferred tax liabilities		
Fixed assets depreciation	0	-4
AFS revaluation fund	0	-212
Net deferred income tax assets/(liabilities)	**138**	**-40**
Deferred tax asset / (liability) movement		
Balance at the beginning of period	-40	84
Net change recognized as income/ (expense)	-44	111
Net change relating to other comprehensive income	218	-212
Net impact of change in FX rate	4	-23
Balance at the end of period	**138**	**-40**

Deferred income taxes are calculated from all taxable and deductible differences between the tax bases and carrying values using effective tax rates 19 percent for 2018 onwards.

9. CASH AND DEPOSITS WITH BANKS

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Cash on hand	46	33
Current accounts with banks	48,401	43,693
Total cash and deposits with banks	**48,447**	**43,726**

Total cash and deposits with banks represent the cash and cash equivalents for cash flow reporting purposes.

The balance includes cash of custody clients in the amount of EUR 16,636 thousand (2016: EUR 12,007 thousand).

10. HELD FOR TRADING ASSETS AND LIABILITIES

Assets held for trading

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Securities traded on regular markets	8,638	6,292
Fair value of FX trades	654	5
Total held for trading assets	**9,292**	**6,297**

Liabilities held for trading

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Securities traded on regular markets	3,327	3,313
Fair value of FX trades	476	14
Total held for trading liabilities	**3,803**	**3,327**

Shares are denominated in particular local market currencies.

Nominal Value of FX trades	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Nominal receivables of FX trades	55,472	11,917
Nominal payables of FX trades	55,564	11,925

11. FINANCIAL ASSETS AVAILABLE FOR SALE

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Unquoted bonds	2,599	6,262
Unquoted shares and equity holdings	5,761	8,548
Total available for sale	**8,360**	**14,810**

The item "Unquoted bonds" consists of the unlisted bonds of Czech companies with maturity from 2018 to 2021.

Unlisted shares and equity holdings as of 31 December 2017 include mainly holdings in funds.

The Group entered forward agreement on selling part of the equity holdings in 2017 with settlement date in 2018. The balance of equity holdings will be reduced as at settlement date of the forward trade.

The Group created impairment amounted to EUR 150 thousand in 2016 to securities measured at costs.

12. SECURITIES HELD TO MATURITY

The WOOD & Company Group's held-to-maturity portfolio consists of the unlisted bonds of Czech company with maturity in 2018.

13. TRADE AND OTHER RECEIVABLES

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Receivables from securities trading	41,352	33,727
Receivable from reverse repo operations	29,348	34,364
Receivable from lending	37,957	8,515
Trade receivables and other receivables	3,442	4,455
Estimated receivables	2,413	1,577
Tax Receivable	180	135
Prepayments made – short-term	368	317
Total trade and other receivables	**115,060**	**83,089**

Receivables from securities trading (EUR 41,352 thousand) include mainly equity transactions for clients that remained unsettled at the 2017 year-end. These transactions were subsequently fully settled at the beginning of January 2018. Only an immaterial amount of receivables was overdue as of 31 December 2017.

Trade receivables totalling EUR 3,342 thousand consists of receivables resulting from issued invoices to clients for services of asset management, research and investment banking. The WOOD & Company Group collects these invoices gradually during 2018. All Trade receivables and other receivables are payable within one year.

Securities received as collateral amounted to EUR 48,913 thousand as of 31 December 2017 (EUR 56,993 thousand as 31 December 2016). Securities are measured at fair value. All securities received as collateral could be sold or repledged.

14. ACCRUED INCOME AND OTHER ASSETS

Accrued income includes mainly prepaid offices rental.

15. LONG-TERM RECEIVABLES

Long-term receivables in the total amount of EUR 211 thousand (EUR 175 thousand in 2016) are principally composed of long-term advances paid for rentals.

16. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Goodwill	Software	Technical Appreciation	Furniture and fixtures	Other equipment	Vehicles	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR 000	EUR '000
Cost							
1 January 2017	**269**	**4,085**	**937**	**882**	**1,439**	**562**	**8,174**
Additions	0	91	32	46	197	216	**582**
Acquisition of the new branch	304	0	0	4	12	0	**320**
Net impact of change in FX rate	0	236	47	51	62	18	**414**
Disposals	0	0	0	0	3	237	**240**
31 December 2017	**573**	**4,412**	**1,016**	**983**	**1,707**	**559**	**9,250**
Accumulated depreciation							
1 January 2017	**0**	**3,540**	**416**	**691**	**1,256**	**262**	**6,165**
Depreciation	0	319	51	87	99	157	**713**
Acquisition of the new branch	0	0	0	4	12	0	**16**
Net impact of change in FX rate		215	23	43	55	7	**343**
Disposals	0	0	0	0	2	186	**188**
31 December 2017	**0**	**4,074**	**490**	**825**	**1,420**	**240**	**7,049**
Net book value							
31 December 2017	**573**	**339**	**526**	**158**	**288**	**319**	**2,203**
31 December 2016	**269**	**544**	**521**	**191**	**183**	**300**	**2,008**

The net value of software consists mostly of Calypso software. Goodwill arose in 2014 following the acquisition of the Group in Italy.

17. SHARE CAPITAL AND RESERVES

As of 31 December 2017, the WOOD & Company Group has an issued and fully paid up share capital of EUR 1,024 thousands represented by 102,351 shares having a nominal value of EUR 10 each and an aggregate share premium of EUR 7,196 thousands.

18. TRADE AND OTHER PAYABLES

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Trade and other payables	3,974	2,051
Payables from securities trading	55,778	43,546
Payables from repo operation	37,678	42,931
Payables from borrowings	20,779	5,028
State budget payables	695	497
Estimated liabilities	2,977	2,105
Total trade and other payables	**121,881**	**96,158**

Trade payables consist of payables to suppliers that remained outstanding at the 2017 year-end. None of the payables were overdue as of 31 December 2017.

Payables from securities trading include equity transactions for clients that remained unsettled at the 2017 year-end. These transactions were subsequently settled in January 2018. These balances also include amounts owed to clients due to cash held in custody of EUR 17,267 thousand (EUR 12,007 thousand in 2016).

Estimated liabilities include mainly an estimate for a guarantee fund contribution and estimates for services not invoiced by 31 December 2017.

Securities provided as collateral amounted to EUR 45,817 thousand (2016: EUR 31,996 thousand). Securities are measured at fair value. The amount also includes issued bonds provided as pledge within a repo operation in the total amount of EUR 3,191 thousand.

19. ACCRUALS AND OTHER LIABILITIES

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Deferred income and accrued expenses	253	254
Provision for unconditional reimbursement	0	0
Total accruals and other liabilities	**253**	**254**

Deferred income and accrued expenses mainly consist of a received commission that belongs to other counterparties and accruals for lease of office space.

20. AMOUNT OWED TO BANKS

Amounts owed to banks are composed of overdraft loans that serve as a source for the short-term financing of securities transactions.

21. LONG-TERM PROVISIONS

	As of 31 December 2017 EUR '000	As of 31 December 2016 EUR '000
Share / Option scheme	540	453
Post-employment benefits	280	572
Total long-term provisions	**820**	**1,024**

The provision for post-employment benefits consist of the TFR fund for employees in Italy constituted obligatorily under Italian law. It represents the commitment of the amount that will be paid for employees after termination of the employment. The WOOD & Company Group holds the same amount in cash (recognised in the statement of financial position under "Cash and deposits with banks").

22. ISSUED BONDS

The Company issued bonds with a fixed interest rate of 3.22%, nominal value of CZK 200,000 thousand and a maturity date in 2018. In 2015, the Company sold a portion of these bonds (with a nominal value of CZK 100,000 thousand) to an individual investor. The Company purchased back these bonds in 2017 and resell it to individual investors.

The Company furthermore gives the issued bonds as pledge in repo operations. The total amount of pledged issued bonds amounts to EUR 3,191 thousands as at 31 December 2017.

23. FOREIGN CURRENCY RISK

The WOOD & Company Group established rules in respect of the holding of current assets, specifically cash denominated in individual currencies, pursuant to its internal guidelines for foreign currency risk management.

Responsibility for foreign currency risk management lies with the Treasury department which monitors, on an ongoing basis, foreign currency positions in respect of current assets and decides on their structure and amount specifically in relation to the currency structure of long-term liabilities.

Set out below is an analysis of selected assets and liabilities of the WOOD & Company Group as of 31 December 2017 in EUR thousand:

Currency:	CZK	EUR	PLN	HUF	Other	Total
Cash and deposits with banks	30,737	8,543	1,565	1,506	6,096	**48,447**
Financial assets held for trading	3,736	1,497	2,087	52	1,920	**9,292**
Financial assets available for sale	1,678	6,682	0	0	0	**8,360**
Trade and other receivables	36,450	37,601	11,105	8,285	21,619	**115,060**
Accrued income and other asset	106	229	64	6	371	**776**
Long term receivables	0	211	0	0	0	**211**
Held to maturity assets	39	0	0	0	0	**39**
Deferred tax assets	112	26	0	0	0	**138**
Intangible fixed assets, net	1,031	171	0	0	-291	**911**
Tangible fixed assets, net	946	373	16	0	-45	**1,290**
Total assets	**74,835**	**55,333**	**14,837**	**9,849**	**29,670**	**184,524**
Issued capital	0	1,024	0	0	0	**1,024**
Share premium	0	7,196	0	0	0	**7,196**
Reserve Fund	0	109	0	0	0	**109**
Retained earnings	0	16,034	0	0	0	**16,034**
Treasury stock	0	0	0	0	0	**0**
Revaluation fund from AFS	-68	0	0	0	0	**-68**
Share / option scheme capital fund	0	530	0	0	0	**530**
Profit for the period	0	3,965	0	0	0	**3,965**
Reporting currency conversion	0	2,313	0	0	0	**2,313**
Deferred tax liability	0	0	0	0	0	0
Issued debt securities	2,083	0	0	0	0	**2,083**
Long-term provision	0	820	0	0	0	**820**
Amounts owed to banks	589	23,094	888	0	7	**24,578**
Financial liabilities held for trading	1,228	2,130	445	0	0	**3,803**
Trade and other liabilities	45,632	33,313	11,760	8,875	22,301	**121,881**
Accruals and other liabilities	10	171	37	0	35	**253**
Income tax payable	0	3	0	0	0	**3**
Total liabilities	**49,474**	**90,702**	**13,130**	**8,875**	**22,343**	**184,524**
Off-Balance sheet items effect	6,790	4,674	-2,882	0	-8,582	**0**
Net on statement of financial position currency position as of 31 December 2017	**32,151**	**-30,695**	**-1,175**	**974**	**-1,255**	**0**
Net on statement of financial position currency position as of 31 December 2016	**18,074**	**-19,371**	**335**	**-50**	**1,012**	**0**

24. LIQUIDITY RISK MANAGEMENT

The liquidity management is based on the fact that the majority of the operations and transactions negotiated by the WOOD & Company Group are settled in compliance with the T+2 or T+3 principle (trade date + 2 or 3 business days). Responsibility for managing the liquidity rests with the Treasury department which closely co-operates with the Settlement department. The Treasury department primarily undertakes analyses of maturity and currency structures of future receivables and payables to ensure that the WOOD & Company Group constantly carries a sufficient amount of assets readily convertible into cash.

In addition, the WOOD & Company Group's internal guidelines set out volumes of purchases and sales that a dealer is authorized to enter into on his account during one trading day and the amount of the securities that the dealer may hold on his account at the end of the trading day.

Authorized employees of the Trading, Treasury and Settlement departments carry out checks for compliance with the set of limits during the day.

Set out below is an analysis of financial liabilities of the WOOD & Company Group as of 31 December 2016 (31 December 2015) according to remaining maturity in EUR thousand. Items with unspecified maturity are included in the column "Maturity undefined".

Maturity:	On demand	Under 3 months	Under 1 year	Under 5 years	Over 5 years	Maturity undefined	Total
Issued debt securities	0	0	2,083	0	0	0	**2,083**
Amounts owed to banks	0	24,578	0	0	0	0	**24,578**
Liabilities held for trading	0	3,803	0	0	0	0	**3,803**
Trade and other payables	0	118,904	2,977	0	0	0	**121,881**
Accruals and other liabilities	0	253	0	0	0	0	**253**
Income tax payable	0	0	3	0	0	0	**3**
Total 31 Dec 2017	**0**	**147,538**	**5,063**	**0**	**0**	**0**	**152,601**
Maturity:	**On demand**	**Under 3 months**	**Under 1 year**	**Under 5 years**	**Over 5 years**	**Maturity undefined**	**Total**
Issued debt securities	0	0	61	3,700	0	0	**3,761**
Amounts owed to banks	0	19,271	0	0	0	0	**19,271**
Liabilities held for trading	0	3,327	0	0	0	0	**3,327**
Trade and other payables	0	94,053	2,105	0	0	0	**96,158**
Accruals and other liabilities	0	254	0	0	0	0	**254**
Income tax payable	0	0	295	0	0	0	**295**
Total 31 Dec 2016	**0**	**116,905**	**2,461**	**3,700**	**0**	**0**	**123,066**

The carrying value does not significantly differ from the contractual cash flows of financial liabilities.

25. INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument thus indicates to what extent it is exposed to an interest rate risk.

Due to the nature of its operations and the contractual maturity of its financial assets and liabilities, the WOOD & Company Group is not exposed to a significant interest rate risk.

26. CREDIT RISK

The WOOD & Company Group controls its credit risk to minimise its exposures by appropriate selection and regular monitoring of the counterparties with which the WOOD & Company Group negotiates the transactions or to whom the Group provides its services. The WOOD & Company Group's receivables can be divided into a dominant part created by unsettled security trades and a minor part created by the holding of debt securities. As the transactions of security trading are settled using the delivery versus payment method, the WOOD & Company Group is exposed only to a marginal credit risk. The WOOD & Company Group reduces the credit risk of holding debt securities by choosing only securities where credit risk is manageable and acceptable. Subsequently, the WOOD & Company Group calculates fair value from ongoing trades with counterparties or the fair value is determined by a qualified independent third party (eg in the form of an expert appraisal).

The Group provides money market loans. The Company manages and continuously evaluates the credit risk of counterparties methodically. They go through the account opening procedure, when an internal (or external) credit rating is obtained after analysing the information. Then the counterparty is assigned a limit on the overall open position. In the case of loans, the decision to grant may be made only by the board of directors, which subsequently monitors the repayment. Securing and assessing the level of risk of loans is continuously monitored by the corporate finance department.

27. MARKET RISK

In order to measure and manage market risks, the WOOD & Company Group primarily operates a system of limits arising from its needs and external requirements.

The WOOD & Company Group trades the following instruments that carry market risk:

- Shares traded on the Prague Stock Exchange; and
- Selected foreign shares traded on foreign stock exchanges and derivatives contracts.

Companies also enter into currency forward and swap contracts to hedge their positions generating currency risk. These transactions are conducted over-the-counter (OTC).

The following table calculates the Equity Sensitivity Analysis (Delta) in EUR thousand. Sensitivity represents shift by +/- 5percent of all securities in the portfolio.

2017	**Sensitivity Long Position**	**Sensitivity Short Position**	**Total Sensitivity**
Sensitivity in Shareholder's Equity Amount - Public Equity(listed stock)	720	166	554
Sensitivity in Income Amount - Public Equity(listed stock)	432	166	266

2016	**Sensitivity Long Position**	**Sensitivity Short Position**	**Total Sensitivity**
Sensitivity in Shareholder's Equity Amount - Public Equity(listed stock)	742	166	576
Sensitivity in Income Amount - Public Equity(listed stock)	315	166	149

28. ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES OF THE WOOD & COMPANY GROUP

The carrying amounts of cash and cash equivalents, receivables, prepayments, other current assets, payables and current borrowings approximate their fair value due to the short-term maturity of these instruments.

29. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The WOOD & Company Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2017	Total EUR '000	Level 1 EUR '000	Level 2 EUR '000	Level 3 EUR '000
Financial assets				
Trading assets				
- Quoted equities	**8,638**	8,638	0	0
- Fair value of FX trades	**653**		653	
Securities available for sale				
-Unquoted bonds	**2,599**			2,599
-Unquoted equities	**2,088**			2,088
Financial liabilities				
Trading liabilities				
- Quoted equities	**-3,327**	-3,327		
- Fair value of FX trades	**-476**		-476	
Total	**10,175**	**5,311**	**177**	**4,687**

2016	Total EUR '000	Level 1 EUR '000	Level 2 EUR '000	Level 3 EUR '000
Financial assets				
Trading assets				
- Quoted equities	**6,292**	6,292	0	0
- Fair value of FX trades	**5**		5	
Securities available for sale				
-Unquoted bonds	**6,262**			6,262
-Unquoted equities	**5,127**			5,127
Financial liabilities				
Trading liabilities				
- Quoted equities	**-3,313**	-3,313		
- Fair value of FX trades	**-14**		-14	
Total	**14,359**	**2,979**	**-9**	**11,389**

*) Part of the securities available for sale not included in the table above are measured at cost due to the impossibility to reliably determine their fair value and the WOOD & Company Group performs regular impairment testing.

Financial instruments measured at fair value based on level 3

2017	**Securities available for sale** Unquoted bonds **EUR '000**	**Securities available for sale** Unquoted equities **EUR '000**
Opening balance	6,262	5,127
Purchase	2,439	11,504
Maturity	1,729	0
Disposals	4,373	14,544
Closing balance	**2,599**	**2,088**

2016	**Securities available for sale** Unquoted bonds **EUR '000**	**Securities available for sale** Unquoted equities **EUR '000**
Opening balance	3,258	0
Purchase	4,107	5,127
Disposals	1,102	0
Closing balance	**6,262**	**5,127**

30. ASSETS UNDER MANAGEMENT AND CUSTODY

	As of 31 December 2017 EUR '000	**As of 31 December 2016 EUR '000**
Assets under custody	231,103	208,896
Assets under management	322,587	327,754

The assets under custody do not include assets of EUR 22,932 thousand (2016: EUR 22,932 thousand) which are received under management as well as under the Group's custody.

31. CAPITAL MANAGEMENT

The WOOD & Company Group's principal capital management tool involves monitoring and adhering to the capital adequacy limit.

The WOOD & Company Group additionally manages its capital to ensure that the WOOD & Company Group is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

32. SEGMENT REPORTING

The WOOD & Company Group is not required to provide a segment reporting analysis under IFRS.

33. RELATED PARTIES

During the year, the WOOD & Company Group entered into the following related party transactions.

33.1. WOOD & Company Funds SICAV, p.l.c. (SICAV)

As of 31 December 2017, the WOOD & Company Group reports no receivable from SICAV (in 2016: EUR 0 thousand, included in "Trade and other receivables" in Note 14). The WOOD & Company Group invoiced the services provided to SICAV in the amount of EUR 557 thousand (EUR 300 thousand in 2016).

33.2. WOOD & Company, investiční fond s proměnným základním kapitálem, a.s. (SICAV CZ)

As at 31 December 2017, the WOOD & Company Group has no transaction with SICAV CZ that would have an impact on the statement of comprehensive income or the statement of financial position.

Sum of receivables from lending from other related parties according to IAS 24.9 is EUR 13 845 thousand.

34. REMUNERATION OF KEY MANAGEMENT

During the reporting period, the short-term benefits to the key management amounted EUR 295 thousand (2016 EUR 290 thousand). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the WOOD & Company Group. No other benefits were provided to the key management.

35. ISSUED LOANS, BORROWINGS OR OTHER BENEFITS

During the reporting period, the WOOD & Company Group provided its statutory bodies, shareholders or management with no loans, borrowings or other benefits.

36. WOOD & COMPANY GROUP FORMATION AND RESTRUCTURING

The consolidated financial statements include the following subsidiaries:

Name of the Group	Registered office	Principal activities	WOOD & Company Group interest as of 31 December 2017	WOOD & Company Group interest as of 31 December 2016
WOOD & Company Financial Services, a.s.	Czech Republic	Securities trading Investment banking	100%	100%
Wood and Company Holding AG	Switzerland	Holding	100%	100%
Wood and Company Financial Services AG	Switzerland	Securities trading Investment banking	100%	100%
Wood & Company, a.s.	Slovak Republic	Investment banking	100%	100%
WOOD& Company Holding Limited	Malta	Holding	100%	100%
WOOD & Company investiční společnost, a.s.	Czech Republic	Asset Management	100%	100%
WOOD & Co. S.A.M.	Monaco	Securities trading	100%	0%

On 21 September 2007, the WOOD & Company Group acquired 44.44 percent of the issued share capital of Wood & Company, a.s. for cash consideration of EUR 1,300 thousand. This transaction has been accounted for by the method described in Note 2.3. The carrying value of net assets at the date of acquisition amounted EUR 1,113 thousand.

On 30 November 2007, the WOOD & Company Group acquired 1.1 percent of the issued share capital of Wood and Company Holding AG for cash consideration of EUR 1,219 thousand. This transaction has been accounted for by the method described in Note 2.3. The carrying value of net assets at the date of acquisition amounted EUR 11 thousand. Wood and Company Holding AG holds 100 % shares of Wood and Company Financial Services AG.

On 11 December 2008 was incorporated WOOD & Company Holding Limited. WOOD & Company Holding Limited has a share capital in the amount of EUR 11 thousand and is 100 % owned by WOOD & Company Group S.A.

On 22 December 2008 was incorporated WOOD & Company Finance Limited. WOOD & Company Finance Limited has a share capital in the amount of EUR 5 thousand and is 100 % owned by WOOD & Company Holding Limited.

On 23 October 2008 WOOD & Company Group acquired 100 percent of the share capital of WOOD & Company Support Services, s.r.o. for cash consideration of EUR 7 thousand. The carrying amount of net assets at the date of acquisition amounted to EUR 7 thousand.

On 14 January 2009 was incorporated NIRON LIMITED. NIRON LIMITED has a share capital in the amount of EUR 1 thousand and is 100 % owned by WOOD & Company Group S.A

On 13 November 2009 WOOD & Company Group acquired 100 percent of the share capital of WOOD & Company investiční společnost, a.s. for cash consideration of EUR 199 thousand.

On 14 December 2011 WOOD & Company Group sold 100% of its stake in WOOD & Company Securities.

On 11 November 2013 WOOD & Company Group sold 100% of its stake in WOOD & Company Finance Limited and NIRON LIMITED. On 30 September 2013 WOOD & Company Group sold 100% of its stake in WOOD & Company Support Services, a.s.

As of 31 December 2013 the WOOD & Company Group reports the profit from discontinued operation amounted to EUR 21 thousand included in other operating income.

On 25 September 2017 WOOD & Company Group S.A. acquired 33 percent of the issued share capital of McLaren Securities, a Monaco public limited liability company (société anonyme) for cash consideration of EUR 198,000.

On 1 December 2017 WOOD & Company Group S.A. acquired additional 67 percent of the issued share capital of McLaren Securities, a Monaco public limited liability company (société anonyme) for cash consideration of EUR 402,000.

37. NETTING OF FINANCIAL ASSETS AND LIABILITIES

WOOD & Company Group enters into contracts with counterparties that contain a close-out netting clause.

WOOD & Company Group enters into foreign exchange transactions with counterparties - banks which may keep the cash accounts for WOOD & Company Group. The fair value of short-term foreign exchange transactions is insignificant given the volume of funds deposited with the bank. The fair value of foreign exchange transactions reported in Note 10 may be included in the set off in the event of counterparty default.

WOOD & Company Group enters into repurchase and reverse repurchase agreements with counterparties, where securities are used as collateral. As of 31 December 2013, WOOD & Company Group reports no repo operations, which could be utilized with other operations of the counterparty recognized in the financial position of WOOD & Company Group.

WOOD & Company Group enters into transactions for the purchase and sale of securities. These operations are recognized in the statement of financial position as assets or liabilities from trading in securities. Receivables and payables from trading in securities are held in the accounts by counterparty. In the statement of financial position, these are therefore reported in the value after the offset.

WOOD & Company Group is obliged to deposit part of the funds as collateral for the closed volume of transactions with clearing counterparties. This collateral cannot be associated with specific trades; therefore, it is not offset in the statement of financial position.

38. CONTINGENT LIABILITIES

Management considers that the WOOD & Company Group is not exposed to any contingent liabilities of any kind as of the date of the consolidated financial statements of WOOD & Company Group.

39. POST BALANCE SHEET EVENTS

No significant events that would have a material impact on the consolidated financial statements for the year ended 31 December 2017 occurred subsequent to the statement of financial position date.