2015

The Art of Investment

ANNUAL REPORT

Cornhill Management, o.c.p., a.s.

CORNHILL
MANAGEMENT

Amendment to the Auditor's Report on the Verification of Compliance of the Annual Report with the Financial Statements

pursuant to Act No. 540/2007 Coll. Section 23 (5)

To the Shareholders of Cornhill Management, o.c.p., a.s.:

I. We have reviewed the financial statements of Cornhill Management, o.c.p., a.s., registered office: Einsteinova 24, 851 01 Bratislava (hereinafter "the Company") as at December 31, 2015, given on pages 11-41 of the Company's annual report. On April 25, 2016 we issued a report regarding the statements as follows:

Independent Auditor's Report

To the Shareholders of Cornhill Management, o.c.p., a.s.:

We have audited the accompanying financial statements of Cornhill Management, o.c.p., a.s., registered office: Einsteinova 24, 851 01 Bratislava (hereinafter "the Company"), which comprise the statement of the Company's financial position as at 31 December 2015, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ending December 31, 2015, and notes, comprising a summary of significant accounting policies and methods and other explanatory information.

Responsibility of the Statutory Body for the Financial Statements
The statutory body 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 for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the statutory body, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cornhill Management, o.c.p., a.s. as at December 31, 2015, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Bratislava, April 25, 2016

Ing. Beata Rusová

E.R. Audit, spol. s r.o.
Gagarinova 7/b, 821 03 Bratislava
Commercial Register of District Court
Bratislava I, section: Sro, file No.: 11217/B
Licence SKAU No. 114

Ing. Beata Rusová
Responsible auditor
Licence SKAU No. 499

II. We have reviewed the compliance of the annual report with the above mentioned financial statements.
The Company's statutory body is responsible for the correctness of the annual report compilation. Our role is to review the compliance of the annual report with the financial statements and subsequently issue the amendment to the Auditor's Report on the compliance of the annual report with the financial statements.

We conducted our review in accordance with International Standards on Auditing. These standards require an auditor to plan and perform the audit to obtain reasonable assurances that the information in the annual report presented in the financial statements are in line with the relevant financial statements in all material respects.

The information given on pages 1-10 of the annual report was evaluated together with the information given in the financial statements as at December 31, 2015. Information other than the accounting information obtained from the financial statements and the books of accounts has not been reviewed. We believe that the review we have carried out is sufficient and appropriate to provide a basis for our opinion.

In our opinion, financial information given in the annual report of Cornhill Management, o.c.p., a.s., complies with the financial statements as at December 31, 2015.

Bratislava, April 25, 2016

Ing. Beata Rusová

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ANNUAL REPORT 2015

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A WORD FROM A MEMBER OF THE BOARD OF DIRECTORS

Looking back, 2015 appeared to be the culmination of the multi-year bear trend on equity markets. After a relatively stable first half of the year, there was significant market volatility at the end of the summer and beginning of autumn and although positive investor sentiment managed to quickly claw back losses, the mood turned once again s presahom do nasledujúceho roka. This came despite largely good news coming out of the US, with oil price developments, the situation in China and global security concerns proving the main influencing factors.

In terms of Cornhill Management, o.c.p., 2015 was a year of stabilisation, which was reflected in our financial results, which were very similar to the previous year. We recorded a continous growth in assets under management and continued to deepen and expand our co-operation, particularly with foreign fund partners, as well as furthering the process of gradually improving the quality of our investment platform offer. We managed to maintain an almost unchanged workforce and group of business partners, which is one of the key factors for creating a qualified team of expert staff. We also welcomed a number of local and overseas guests to our modern offices and strengthened our role as one of the key Company in the international Cornhill Management group.

I would like to thank everyone who played a part in helping the Company achieve the results it did and wish them success in the future.

Jakub Sýkora
Member of the Board of Directors

AT A GLANCE

Registered office:	Einsteinova 24 851 01 Bratislava Slovak Republic
ID:	35 771 801
Tax ID:	2020275587
Registered at:	Company Register District Court Bratislava I., section Sa, insertion 4532/B
Legal status:	Joint Stock Company

Main business activity:

Investment services, investment activities and ancillary services under Act No. 566/2001 Coll. on Securities and Investment Services (The Securities Act) as amended and to the following extent:

1. Receiving and execution of clients' orders related to one or more financial instruments in relation to the follwoing financial instruments: a) transferable securities,
   b) shares or securities issued by foreign collective investment entities,

2. Execution of orders on behalf of clients in relation to the follwoing financial instruments:
   a) transferable securities,
   b) shares or securities issued by foreign collective investment entities,

3. Portfolio management relating to the following financial instruments:
   a) transferable securities,
   b) shares or securities issued by foreign collective investment entities,

4. Investment advice in relation to the following financial instruments:
   a) transferable securities,
   b) shares or securities issued by foreign collective investment entities,

5. Custody and administration of financial instruments on behalf of the client, including custodianship and related services, mainly administration of cash and financial guarantees in relation to the following financial instruments:
   a) transferable securities,
   b) shares or securities issued by foreign collective investment entities,

6. Investment research and financial analysis or other forms of general recommendations relating to transactions involving financial instruments.

Shareholders as of December 31, 2015: SFM Group International S.A., Grand Duchy of Luxembourg 100 %

Registered Share Capital: 1,494,000 EUR (4,500 pcs of registered shares with a nominal value of EUR 332)

Contact details:

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Aupark Tower, Einsteinova 24
851 01 Bratislava
0800 11 11 44
www.cornhillmanagement.eu
info@1cornhill.eu

This annual report has been prepared in accordance with the Accounting Act No. 431/2002 Coll. as amended.

SENIOR MANAGEMENT AND ORGANISATIONAL STRUCTURE

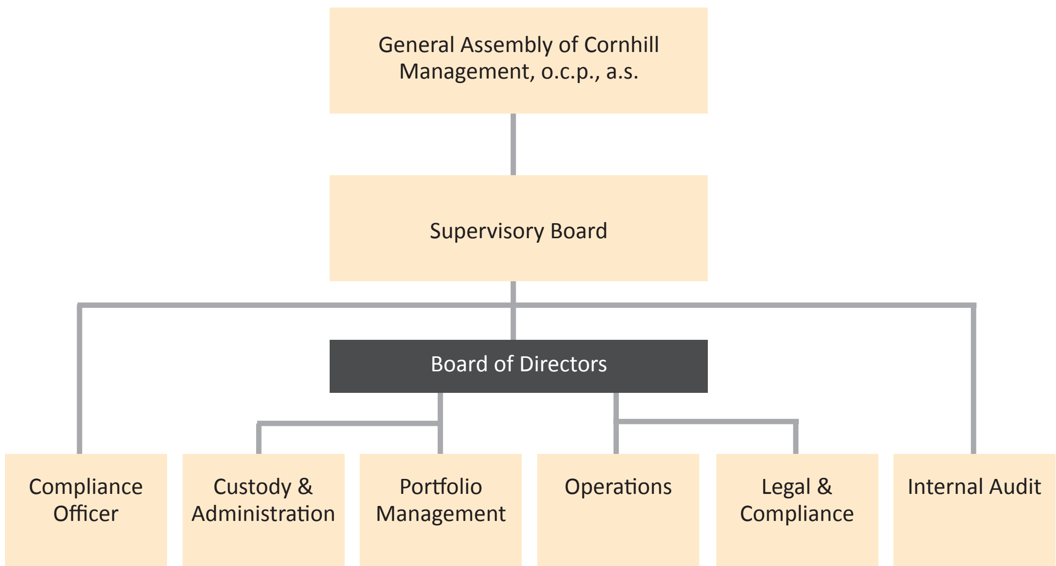
Board of Directors

Jakub Sýkora Member of the Board of Directors

Supervisory Board

Derek Chambers
Jana Frňková
Daniel Petrakovič

Our company's internal organisational structure is set up in order to comply with all the requirements of our supervisory authorities and relevant legislation, but also to ensure the effective operation of Company.



OBJECTIVES FOR 2016

We see 2016 optimistically, although we are not expecting developments on financial markets to be dramatically positive. While many indicators suggest a deeper and more permanent slowdown, a number of signs give investors hope for continued growth.

In 2016 we intend to begin the gradual innovation of our product range, mainly of those products which are coming to the end of their lives. We prefer to do this by creating new products rather than via the innovation of existing ones. We are also planning even greater links to overseas partners, including, but not limited to, those in the European Union. Previous experience has shown that this type of co-operation and the international sharing of experience has brought necessary innovation to our activities. In the current environment where global controls on flows of financial funds are being tightened, we must focues on more rigorous procedures in the field of money-laundering and the fight against terrorism.

Our Company, like the Cornhill Management Group, is still growing. We will therefore continue in investment activities leading to the acquisition of further clients and securities. Our financial results must reflect this situation.

PRODUCT RANGE

Cornhill Management, o.c.p. a.s. works with various business partners to deliver the following products:

FlexMax

FlexMax Konto

FlexMax Konto is an investment programme providing maximum investment freedom and flexibility to allow clients to meet their financial targets. The wide range of mutual funds on offer as part of the product allows investors to actively adjust their investment strategies over the life of the programme.

NEW Lifestyle

NEW Lifestyle

NEW Lifestyle is a flexible investment product which allows regular or lump sum investments throughout the investment period into an investment strategy that automatically-adjusts depending on how long the client has been invested and how long they have to go until the end of the investment period. Once the investment period ends, clients may then choose between receiving a lump sum payment or regular payments during the drawdown phase.

FlexMax

FlexMax Investment Account

The FlexMax Investment Account is a specialised investment product allowing a number of investments within a single investment plan. The product provides access to a wide choice of funds from a range of asset management Company, allowing clients to build up a wide range of investments using a single product.

konto života plus

Lifestyle account (Konto života PLUS)
Lifestyle account is a regular investment product offering investors a flexible investment strategy to implement a long-term financial plan which can then be used to create an annuity for retirement or, if the client prefers, the attainment of more short-term financial goals.

LifeFlex

LifeFlex is a regular investment product offering a flexible investment period of between three and ten years. Investors may choose between regular or lump sum investments as well as various investment strategies that correspond to their risk profile.

World Investment Opportunities Funds SICAV

Part of our World Funds products, the World Investment Opportunities Funds (WIOF) are currently registered for public offer in a number of countries across Europe. The WIOF family is composed of 10 sub-funds. The sub-funds are unique in that each individual fund is managed by an investment professional selected becuase of their bery specific and often localised knowledge of a geographic region, ensuring the highest levels of performance while also meeting all risk control criteria.

World Performance Portfolios SICAV

Cornhill's World Performance Portfolios (WPP) product is a Luxembourg based range of sub-funds that invest in equity and bond markets. The funds aim to achieve a level of historic volatility within a pre-determined range for each sub-fund. WPP is available to both retail and institutional investors.

World Strategy Portfolios SICAV

A Cornhill product, World Strategy Portfolios (WSP) is a set of funds of funds aimed at producing long term capital growth. WSP has a set investment return target and aims to meet a specified market volatility range within a pre-determined time period. Investors can select from a range of share classes according to subscription currency and charging structure.

World Shariah Funds

Cornhill's World Shariah Funds (WSF) are a series of sub-funds whose investment processes strictly adhere to Shariah regulations. The sub-funds invest in both selected regional and global markets and investors can choose from six share classes with a range of charging structures and minimum investment levels.

OTHER FACTS

Human Resources
In 2015
- the Company had on average 24 employees,
- the Company had 1 newly recruited employees,
- no employees left the Company
- the Company had 22 full-time employees as of the date of the completion of the financial statements

In 2016, the average number of employees in the Company is expected to be 25.

Employee facts for 2015
- the Company employed 43% women and 57% men,
- the average age of Company employees was 38 years,
- 75% of employees have a university education.

Cornhill's environmental footprint
The activity of the Company had no negative impact on the environment.

Research and development costs
The Company did not invest in research and development in the 2015 financial year.

High level financial results
The economic result of the Company for 2015 is a profit of EUR 114,271.

Overview of financial results since 2012:
- 2014: net profit of EUR 46,292
- 2013: net profit of EUR 32,807
- 2012: loss of EUR 98,892.

In 2015 the Company had the following significant revenues:
- revenues from provision of investment services (portfolio management, custodianship services) EUR 2,009,932
- revenues from services provided within the WPP fund EUR 206,754
- revenues from services provided within the WSP fund EUR 158,075
- revenues from services provided within the WIOF fund EUR 224,698

In 2015 the Company incurred the following significant costs:
- personnel costs EUR 606,309
- intermediary financial services commissions EUR 132,928
- marketing activities EUR 159,192
- office rental and related services EUR 123,615
- bank commissions EUR 50,071.

The equity share of total resources as of December 31, 2015 was 64%.

The Company did not purchase any of its own securities in 2015.

The Company did not open any branches abroad.

FINANCIAL INDICATORS OF THE COMPANY

1. Liquidity

- Immediate liquidity (recommended value 20 - 90%)

Immediate liquidity denotes the share of short-term liabilities a Company is able to cover with liquid funds (liquid funds: cash, stamps and vouchers, deposits in financial institutions).

2015	2014	2013
97%	183%	24%

Effective liquidity decreased by 86 percentage points in 2015 compared to the previous year.

- Common liquidity (recommended value more than 100%)

Common liquidity refers to the extent short-term liabilities are covered by liquid funds and receivables. It also allows the company's payment readiness to be assessed.

2015	2014	2013
388%	536%	306%

Despite the Company's current liquidity decreasing 148 percentage points compared to 2014, it remains above the recommended value. The Company is able to cover short-term liabilities with liquid funds and short-term receivables.

- Overall liquidity (recommended value 150 - 250%)

Overall liquidity is the ratio of circulating assets to short-term liabilities. It should be above

2015	2014	2013
388%	536%	306%

The Company's overall liquidity decreased by 148 percentage points compared to 2014, but still significantly exceeds the minimum recommended value. The Company is able to cover short-term liabilities with circulating assets.

2. Level (ratio) of self-financing (own equity to total capital ratio) in %

This is a reflection of the Company's financial independence – its ability to cover its needs with its own equity. It should be at least 30%.

2015	2014	2013
64%	76%	62%

The degree of self-financing fell 12 percentage points in 2015 compared to the previous year.

3. Foreign to own equity ratio

	2015	2014	2013
foreign equity ratio (EUR)	1,007,127	507,063	989,903
own equity ratio (EUR)	1,763,275	1,649,004	1,602,711
share of foreign and own equity ratio in %	57%	31%	62%

In 2015 the Company's foreign to own equity ratio increased by 26 percentage points compared to the previous year.

4. Level of financial independence (own equity to foreign equity rate) in %

2015	2014	2013
175%	325%	162%

In 2015 the level of financial independence decreased by 150 percentage points compared to the previous year.

5. Gross debt in %

Gross debt of more than 50% indicates a very high level of debt

2015	2014	2013
36%	24%	38%

In 2015 the company's gross debt rose 12 percentage points compared to 2014.

6. Cost intensity of revenues

2015	2014	2013
0,96	0,99	0,99

A slight improvement of the indicator of cost intensity of revenues was recorded in 2015 compared to the previous year.

7. Return on assets (Profitability of assets)

2015	2014	2013
4%	2%	1%

The return on assets increased by 2 percentage points compared to the previous year.

STATEMENT OF FINANCIAL POSITION

TO DECEMBER 31, 2015

(In whole Euros)	Note	31.12.2015	31.12.2014
Assets			
Cash and cash equivalents	3	656,138	659,432
Claims on clients	4	192,893	82,372
Financial assets at fair value are revalued through the income statement	5	395,229	623,635
Intangible assets	6	5,308	767
Tangible fixed assets	7	3,743	6,200
Deferred tax assets	8	110,340	78,881
Income tax		55,343	
Other assets	9	1,351,408	668,780
Assets total		2,770,402	2,156,067
Liabilities			
Provisions	10	74,496	108,440
Income tax		-	46,808
Other liabilities	11	932,631	351,815
Liabilities total		1,007,127	507,063
Equity			
Share capital		1,494,000	1,494,000
Reserve funds		99,175	94,546
Retained earnings		55,829	14,166
Accumulated loss			
Profit/ (loss) for the reporting period		114,271	46,292
Equity total		**1,763,275**	**1,649,004**
Total liabilities and equity together		**2,770,402**	**2,156,067**

Financial statements which include the notes on pages 15 to 42 were signed on March 29, 2016.

Signature of statutory body

Signature of the person responsible for preparation of financial statements

Signature of the person responsible for accounting

STATEMENT OF COMPREHENSIVE RESULTS

TO DECEMBER 31, 2015

(In whole Euros)	**Note**	**31.12.2015**	**31.12.2014**
Income from fees and commissions	12	2,449,016	2,679,530
Expenses for fees and commissions	12	(601,442)	(1,109,911)
Net fee and commission revenue	***12***	***1,847,574***	***1,569,619***
Interest income and similiar income	13	29,306	11,629
Interest expense and similiar expense	13	(113)	(1,004)
Net interest income	***13***	***29,193***	***10,625***
Net (loss)/profit from financial instruments at fair value, revalued through profit and loss statement	14	(232,373)	12,700
Net (loss)/profit from operations with foreign exchange and assets and liabilities, valued in foreign currency	15	8,015	25,438
Net loss/profit from trading		***(224,358)***	***38,138***
Payroll costs	16	(606,309)	(581,376)
Depreciation of tangible and intengible assets	16	(7,328)	(18,050)
Other administrative costs	16	(1,130,452)	(944,077)
Total administrative costs	***16***	***(1,744,089)***	***(1,543,503)***
Other operating costs	***17***	***(13,735)***	***(25,019)***
Other operating income	***17***	***352,817***	***408,874***
Costs for Creation of provisions for other asset		**(133,705)**	**(345,868)**
Profit before tax		**113,697**	**112,866**
Deferred income tax	8	31,459	19,654
Income tax	18	(30,885)	(86,228)
Profit after tax		**114,271**	**46,292**
Other parts of comprehensive result		-	-
Total comprehensive income for the year		**114,271**	**46,292**

Financial statements including the notes on pages 15 to 41 were signed on March 29, 2016.

Signature of statutory body

Signature of the person responsible for preparation of financial statements

Signature of the person responsible for accounting

STATEMENT OF CHANGES IN EQUITY

A summary of changes in equity during the accounting period is shown below.

Item	Registered capital EUR	Reserve funds EUR	Funds from valuation EUR	Retained earnings EUR	Total EUR
Closing balance as of December 31, 2013	1,494,000	91,265	-	17,446	1,602,711
Profit/ loss in 2014	-	3,281	-	43,011	46,292
Closing balance as of December 31, 2014	**1,494 000**	**94,546**	**-**	**60,457**	**1,649,004**
Profit in 2015	-	-	-	115,173	115,173
Dividend distribution		4,629		(4,629)	
Closing balance as of December 31, 2015	**1,494,000**	**99,175**	**-**	**171,001**	**1,764,177**

A settlement regarding the use of the Company's profit of EUR 46,292 for 2014 was agreed at a General Assembly held on June 30, 2015 as follows:

• EUR 4,629 to be transferred to the Company's legal reserve fund ,
• part of the amount - EUR 41,663 - will remain as undivided profit.

STATEMENT OF CASH FLOWS TO DECEMBER 31, 2015

	2015	2014
Profit/ loss for accounting period before tax		
Adjustments by non-monetary operations	113 697	112 866
Depreciations	7,328	18,050
Change in reserves	(33,944)	11,664
Profit/loss from sale of capital assets		-
Profit or loss from operations with foreign currency and with assets and liabilities valued in foreign currency	8,015	(25,438)
Revaluation of financial assets in real value revalued through profit and loss account	232,373	(12,700)
Impairment of assets value	133,705	345,868
Interest recorded under expenses	113	1,004
Interest recorded under income	(29,306)	(11,629)
Change in receivables against clients	(110,521)	(26,466)
Change in trading securities	(3,967)	(135,182)
Change in receivables against banks		-
Loans provided		-
Change in other assets and other tax receivables	(808,318)	791,646
Increase in the balance of liabilities	614,895	(491,982)
Interest paid	(113)	(1,004)
Accepted interest	-	7,158
Returned tax/Paid tax	(133,036)	(78,026)
Net cash flow from operating activities	**(25,109)**	**505,829**
Cash flow from investment activities		
Purchase of intangible and tangible assets	(9,412)	(2,950)
Income from sale of intangible and tangible assets	-	-
Sale of securities for sale	-	-
Net cash flow from investment activities	**(9,412)**	**(2,950)**
Cash flow from financial activities		
Instalments for finance lease		
Change in loans	(4,773)	(10,723)
Dividends paid	-	-
Net cash flow from financial activities	**(4,773)**	**(10,723)**
Cash and cash equivalents increase (decrease)	(39,294)	492,156
Cash and cash equivalent at the beginning of the year	**695,432**	**203,276**
Cash and cash equivalent at the end of the year	**656,138**	**695,432**

The notes on pages 15-42 are part of the Financial Statements.

FINANCIAL STATEMENTS

1. General information

Cornhill Management, o.c.p., a.s. was established on August 3,1999 and was registered in to the Commercial Register on 09.03.1999 (Commercial Register of District Court Bratislava in Bratislava I, Section Sa, File No. 4532 / B). Company Identification Number (ID) is 35771801, tax identification number (TIN) is 2020275587.

The main activities of the Company

The Company's main activity is the provision of investment services, investment activities and ancillary services according to act no. 566/2001 Law on Securities and Investment Services and on amendments to some laws as amended to the extent:

- receipt and transmission of client orders for one or more financial instruments in relation to financial instruments,
- Execution of orders on behalf of clients in relation to financial instruments,
- portfolio management in relation to financial instruments,
- investment consulting in relation to financial instruments,
- deposit and administration of financial instruments on behalf of clients, including custodianship and related services, especially money management and financial guarantees in relation to financial instruments,
- investment research and financial analysis or other forms of general recommendation relating to transactions with financial instruments.

Legal basis for preparing financial statements

The Company's financial statement as of December 31, 2015 is in accordance with Slovak law, § 17 par. No. 6 of Act No. 431/2002 Accounting Act, for the period from January 1, 2015 to December 31, 2015.

Date of approval of financial statements for the previous reporting period

The Company's financial statement as of December 31, 2014, for the previous reporting period, was approved by General Assembly on June 30, 2015.

Members of the statutory and the supervisory authority of the Company

Board of Directors	**Supervisory Board**
Jakub Sýkora	Jana Frňková
	Daniel Petrakovič
	Derek Chambers

Information about the consolidated entity

The Company is not included in the consolidated financial statements of any other Company.

Ownership Structure

The sole shareholder of the Company is SFM Group International S.A. registered at 20A rue des 3 Cantons, 8354 GARNICH.

As of 31.12.2015	**Share of fixed assets**		**Voting rights**
	in EUR (rounding)	%	%
SFM Group International S.A.	1 494 000	100	100
Total	**1 494 000**	**100**	**100**

2. Accounting principles and methods that were used:

The Company's financial statements ("Financial Statements") for the year ended December 31 2014 have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as adopted by the European Union and the Act No. 431/2002 of Slovak law on accounting as amended.
The Financial Statements include at least one comparable period.

Basis of preparation of financial statements

The Financial Statements have been prepared on an accrual basis, it means that the Company reports effects of transactions and other events at the time when they occur Transactions and other events are reported in the period to which the Financial Statements relate, assuming that the Company continues as a going business.

The Financial Statements have been prepared using historical cost valuation, with financial instruments recalculated to real value.

The currency used is the euro ("€") and balances are given in whole euro sums.

Significant accounting estimates

The preparation of financial statements in accordance with IFRS requires the establishment of estimates and assumptions that affect the reported amounts of assets and liabilities and for the development of accruals of active and passive losses on the balance sheet date and the reported amounts of revenues and expenses during the accounting period.

Actual results may be different from estimates because of future changes in economic conditions, business strategies, regulatory requirements, accounting rules, or other factors which could cause a change in estimates.

Significant areas requiring subjective judgement:

- Amounts recognized as reserves are calculated based on the judgement of the managementand represent the best estimate of expenses required to settle a liability of uncertain timing or amount.

Cash and cash equivalents

Cash and cash equivalents for purposes of drawing up "Statement of cash flows" and "Statement of financial position" include cash and balances on current accounts and other bank accounts with a contractual maturity less than three months.

Foreign currency

The Company's operational currency is the euro.
Foreign currency transactions are initially recorded in the functional currency, while the foreign currency amount uses the exchange rate announced by the European Central Bank ("ECB") the day before the transaction between the functional currency and foreign currency.

The transaction date is the date when the transaction first qualifies to be reported in accordance with International Financial Reporting Standards. For practical reasons, often using a rate that approximates the actual rate at the date of the transaction, for example average rate per week or month can be used for all transactions in each foreign currency occurring during the accounting period. However, if the rate fluctuates considerably, the use of the average rate for a period is inappropriate.
The Company will use the exchange rate announced by the ECB on the day preceding the transaction.

Foreign exchange differences incurred by revaluations of assets and liabilities in foreign currency are booked as net profit / loss from operations in foreign exchange and assets and liabilities, as valued foreign currency.
On the last day of the month the Company always converted assets and liabilities denominated in foreign currency to EUR using the exchange rate of the ECB on the day preceding that day or the ECB rate on the last day of each month and the date on which financial statements are compiled.

Financial assets

The Company recognises trading securities as financial assets at fair value, revalued through profit and loss statement. Trading takes the form of active and frequent buying and selling, and financial instruments held for trading are generally used to generate profit from short-term changes in price or dealer margins.

Trading securities are securities held to generate profit from short-term changes in price. Valuing is the difference in correlation of values booked through profit or loss on account of the net loss / profit from financial instruments at fair value revalued through profit and loss statement.

The transaction date is the date of settlement (settlement date).
The settlement date is the date on which the asset is delivered to an entity or asset which is supplied by the entity. Settlement date accounting means:

- Recognition as an asset on the date of its receipt by the entity and
- Derecognition of assets and recognition of any profits or losses on disposal on the date of an entity and its delivery The

Company recognizes any change in the fair value of the assets to be accepted within the period starting from the date of the transaction until the settlement date, in the same way as acquired assets are recognized . For assets classified as financial assets at fair value through profit and loss statement,any change in value is recognized in profit, and with respect to assets classified as available for sale, is recognized in equity.
The securities are initially recorded at its fair value. If there is a difference between the price at which the securities held for trading are procured and their fair value, the difference is income or expense to be charged to the account Net loss / profit from financial instruments in fair value revalued through profit and loss statement.
From the date of acquisition debt security is added to the interest income account. Accrual of interest is calculated using the effective interest rate.

On the day of the revaluation of the security it is written down or charged in a securities account in the corresponding entry to or from the account Net loss / profit from financial instruments in fair value revalued through profit or loss statement for trading securities and credit or debit to account "Funds from the award " in the case of securities for sale. Evaluation has no effect on interest income attributed to a particular security.

Valuation of financial instruments

The Company determines fair value using the following hierarchy of methods:
- Stage 1: The market price in active markets for identical instrument.
- Stage 2: Valuation techniques based on directly observable inputs (e.g. prices) or indirectly (for example, directly derived from prices). This method involves instruments valuated by using the following information: the quoted price in active markets for similar instruments or other valuation techniques where all significant inputs are observable directly or indirectly from market data.
- Stage 3: valuation techniques using significant unobservable inputs.

Reported amounts of financial instruments in fair value analyzed by the above methods of valuation:

to December, 31 2014

Financial instruments		Stage 1	Stage 2	Stage 3
Financial assets remeasured at fair value through profit and loss statement	6	-	623,635	-
Total			**623,635**	

to December, 31 2015

Financial instruments		Stage 1	Stage 2	Stage 3
Financial assets remeasured at fair value through profit and loss statement	6	-	395,229	-
Total			**395,229**	

Reserves

A reserve is a liability of undetermined timing or amount.

An obligating event is an event that creates a legal or constructive obligation that leads to the Company having no realistic alternative but to settle a given obligation.

The legal obligation is an obligation that derives from:
- A contract (through its explicit or implicit terms);
- Legislation or
- Other legal acts.

Non-contractual obligation is an obligation that derives from the activities of the Company if:
- established patterns of behaviour from past practice, published procedures or a sufficiently specific current statement of the Company indicated to the other parties to accept certain liabilities
- consequently the Company created a valid expectation on the part of other parties to fulfill this responsibility.

Reserves and other liabilities

Reserves can be differentiated from other liabilities such as current trade liabilities and future expenses because there is uncertainty about the period or amount of future expenses required in settlement.

A reserve is reported when:
- the Company has a present obligation (legal or constructive) as a result of a past event,
- It is probable that the settlement of the obligation will be required to outflow of resources embodying economic benefits and
- It is possible to make a reliable estimate of the liability.

If these conditions are not met, no reserve is reported.

The best estimate

- The amount reported as a reserve is the best estimate of expenses required to settle the present obligation at the date the financial statements are prepared.
- The best estimate of expenses required to settle the present obligation is the amount paid by the Company to settle a logical obligation on the date the financial statements are prepared or to its transfer to the third party at that time. There will be often impossible or prohibitively expensive to settle or transfer an obligation at the date the financial statements are prepared. However, the best estimate of an expense should be provided about the amount which would the Company logically pay to settle or transfer the obligation, provided that such an expense is required for the current obligation to be settled to the date of compilation of the annual report.However, estimate of the amount to be logically paid by the Company to settle or transfer an obligation is the best estimate of an expense required to settle the present obligation at the date the financial statements are prepared
- Estimates of results and financial impacts are determined by the management accounting unit, supplemented by experiences of similar transactions and, in some cases, reports from independent experts. Evidence under consideration contains any additional evidence provided by the events following the balance sheet date.

Any uncertainty surrounding the amount at which a reserve is recognised shall be determined according to circumstances. When the reserve, which is valued, contains a wide set of items, the obligation is estimated by considering all possible outcomes by their associated probabilities. This statistical method of estimation is “expected value”. A reserve will therefore be different depending on whether the probability of loss from the amount is 60 percent or 90 percent. If there is a continuous range of possible results and each point of this range is as likely as any other, the mid-point range will be used.

Asset Impairment

Identification of impaired assets

The Company has the date on which the financial statements are prepared and the last day of each quarter to determine whether there is an indication that an asset may be impaired. If there is any indication, the Company estimates the recoverable amount of such assets. The recoverable amount of an asset or cash generating unit is the higher of these two values:

- Fair value of assets minus cost of sales
- The value of used assets.

Fair value minus cost of sales - is the amount obtainable from the sale of an asset or cash generating unit in transaction under the usual conditions, between knowledgeable, willing parties minus cost from the sale. Cost of sales are costs directly related to the sale of assets, excluding finance costs and tax costs.
The value of a used asset - is the present value of future cash flows expected to be derived from an asset or cash generating unit. The recoverable amount for a given asset must always be determined so that the real value of the asset minus costs to sell and value in use can also be determined. If one of these values is higher than the accounting value, the asset is impaired and it is not necessary to determine a second value.
Fair value minus costs to sell

The best evidence of fair value of an asset minus costs to sell is the price in a binding sales contract at independent transaction, adjusted for the additional costs that would be directly attributable to the disposal of the asset. If there is no binding sale agreement but the asset is traded in an active market, the fair value of the asset minus costs to sell is the market value of the asset minus cost of disposal. The appropriate market price is usually the current price of the tender. If it is not immediately possible to determine the offer prices, the fair value of an asset minus costs to sell can be estimated based on the final price of the provided transaction and there is no significant change in economic circumstances between the transaction date and the date the estimate is made.

External indicators of impairment

- The market value of the asset during the period fell significantly more than would be expected due to time or normal usage,
- Significant changes in technology, the market, economic or legal environment in which the Company operates or in the market for which the asset is determined to have occurred within a period or become in the near future, with a negative impact on business
- An increase in market interest rates or rates of return on investment with it being likely that this increase will affect the discount rate used in calculating the value of the asset used and significantly reduce its recoverable value.

Internal indicators of impairment

- Accounting net value of the asset is higher than its market capitalization,
- Evidence of obsolescence or physical deterioration,
- Significant changes with a negative impact on business that have occurred over a period or will occur in the near future in scope and intended use of the asset that is or will be determined. These changes include plans for cancellation or restructuring of operations in which the asset is used or unplanned disposal of the asset
- Evidence from internal reporting that indicates that the economic performance of the asset is or will be lower than expected.

Tangible and intangible assets

Purchase price of assets, plant and equipment are recognized as assets only if:
- It is likely that the accounting entity will incur future economic benefits from the item, and
- Cost of the item can be measured reliably.

Components of purchase price

Purchase price of an asset, plant and equipment includes:

- The purchase price, including import duties and non-reimbursable taxes, after deducting trade discounts and rebates,
- All directly attributable costs in connection with the transportation of an asset to a destination and in a state in which it is capable of operation, by a method determined by management,
- Initial estimate of the cost of dismantling and removing the item and rebuilding to its original state, which is an obligation for the entity starting either by the acquisition of the assetor as a result of its use during a particular period for other purposes than to produce inventories during this period.

The depreciable value of an asset is systematically scheduled for the whole cycle of its working life.

The residual value and useful life of the of asset should be reviewed at least at the end of each financial year and if the expected value differs from previous estimates, the amount is recorded as an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and errors.

Depreciation is recognized even if the fair value of the asset exceeds its accounting value but only if its residual value does not exceed its book value. Repairs and maintenance do not exclude the need to depreciate an asset.
Depreciable asset value is determined after deduction of its residual value. In practice, the residual value of assets is often insignificant and therefore not relevant in calculating the depreciable value.
The residual value of an asset may be increased to an amount equal to its accounting value or higher. In this case, the depreciation expense of assets is zero when its residual value has subsequently been reduced to an amount less than the book value of assets.

The depreciation of an asset begins from the time it is available for use meaning when it is in situ and in a state in which it is capable of operating in a manner determined by management. The depreciation of the asset shall be terminated either on the date when the asset is classified as available for sale (or included in a group that is classified as available for sale) in accordance with IFRS 5, or the date on which the reporting of assets is completed, whichever is the sooner. Therefore, if the usage of the asset is interrupted or its active usage is terminated, depreciation of the asset is not completed unless the asset is fully depreciated.

When using the performance method of depreciation, the depreciation expense may be equal to zero if the asset is not used within production.

The future economic benefits included in the assets are used mainly by its use. Other factors, such as technical or commercial obsolescence and physical depreciation of assets during the period when the asset is not used, might often result in a decrease of economic benefits which could be otherwise obtained from the asset.

All of the following factors must be considered in determining the useful life of an asset::
- The expected use of assets. This use is assessed with regard to the expected capacity or physical output of the assets
- The expected physical use which depends on operational factors such as number of shifts, during which an asset is in use and schedule of repairs and maintenance, as well as the level of maintenance and care of an asset when not in use
- Technical or commercial obsolescence arising from changes or improvements in production or from changes in market demand for the product or service representing the outputs of assets
- Legal or similar limits on the use of assets, such as the date for the completion of related leases.

The useful life of assets is determined according to the expected utilization of assets by the Company
The principles of the Company's asset management may involve an asset's disposal after a specified period of time or after consumption of certain part of the future economic benefits included in the asset. The useful life of an asset may therefore be shorter than its economic life. Estimated useful lives of assets are a matter of judgment based on the experience of the company's accounting unit with similar assets.

The amortization of intangible assets is based on the expected period of use and expected physical use.

Depreciation starts within the month, when the intangible assets were put into use, therefore when the intangible assets are prepared for the intended use.An intangible asset is considered an asset valued at more than 2,400 EUR and with a useful life of longer than one year, while intangible assets also include assets valued at less than 2,400 EUR and more than 450 EUR and a useful life of longer than one year. Assets with a value of less than 450 EUR and useful life shorter than one year are for accounting purposes recorded only once as a cost. Estimated useful life, depreciation method and depreciation rate are shown below:

	Expected period of use in years	**Depreciation method**	**annual depreciation rate in %**
Software	2; 5	linear	50; 20

Depreciation of tangible assets are based on their expected period of use and expected useful life. Depreciation starts within the month, when the intangible assets were put into use, therefore when the intangible assets are prepared for the intended use.. Tangible assets are assets with an acquisition cost greater than 1,700 EUR and operational - technical time of use is longer than one year, while tangible assets also include assets valued at less than 1,700 EUR and more than 450 EUR and a useful life of longer than one year. Assets whose value is less than 450 EUR and useful life is shorter than one year are recorded for accounting purposes only once as a cost.

Estimated useful life, depreciation method and depreciation rate are shown below:

	Expected period of use in years	Depreciation method	Annual depreciation rate in %
Technical assessment of leased property	5	linear	20
Machinery and equipment	2; 4	linear	50; 25
Transport Equipment	3; 4	linear	33,3; 25
Inventory	4; 6	linear	25; 16,7

Lease

A lease is classified as a finance lease when all risks and rewards connected to ownership are transferred. The lease is classified as an operating lease, if if there is no substantial transfer of all risks and rewards connected to ownership.
Because the transaction between the lessor and the lessee is based on a leasing contract between them, it is appropriate to use consistent definitions. Applying these definitions to the differing circumstances of the lessor and lessee may result in the same lease being classified differently. This can happen for example if the lessor benefits from a residual value guaranteed by a person who is unrelated to the lessee.

Whether the lease is a finance lease or an operating lease depends on the nature of the transaction not on the form of contract. Examples of situations that could, individually or in combination normally lead to classification of leases as finance leases are:
- ownership of an asset at the end of its leasing is transferred to the lessee,
- The tenant has an option to purchase the asset at a price which is expected to be significantly lower than real value at the date the option becomes applicable, in the case that at the beginning of the lease it is reasonably certain that the option is applicable,
- The term of the lease comprises of the substantial part of the economic life of the asset even if ownership is not transferred,
- At the beginning of leasing the present value of minimum lease payments at least equals the entire real value of the leased asset
- Rented asset has such a specific nature that without major modifications it can only be used by the lessee.

Finance lease

At the beginning of the leasing period the Company reports finance leases as assets and liabilities on their balance sheets at amounts set at at the beginning of the lease that equal the real value of the leased asset or, if lower, the present value of minimum lease payments. Discount rate used to calculate the present value of minimum lease payments, is the implicit interest rate of leasing, if it can be determined, and if not, then the interest rate of loans to the lessee. Any initial direct costs of the lessee are added to the amount recognized as an asset.

Transactions and other events are booked and presented in accordance with their substance and financial reality and not only in legal form. Even when the legal form of leasing agreements is such that the lessee can not obtain legal rights to the leased assets, the nature and financial reality of finance leases is such that the lessee acquires the economic benefits from the use of the leased asset during a substantial part of its economic life in exchange for taking the obligation to pay an amount for that right at the beginning of the lease which is close to the real value of the financial asset and related fees.
Company finance leases are reported in the statement of financial position as well as assets and liability to pay future lease payments. At the beginning of the lease term, the assets and liabilities of future lease payments are recorded in the balance in equal amounts less initial direct costs of the lessee that are added to the amount recognized as an asset.
Initial direct costs are often created in connection with specific leasing activities, such as negotiating and securing leasing arrangements. The costs identified as directly attributable to costs of activities undertaken by the lessee for financial leasing are added to the amount recognized as an asset.

Deferred tax

Deferred tax assets are the amounts of income taxes refundable in future periods in connection with:
- Deductible temporary differences (temporary differences)
- Unused tax losses transferred from previous years and
- Unused tax relief transferred from previous years.

Temporary differences are differences between the accounting value of an asset or liability in the balance sheet and their tax base. Temporary differences may be either:
- Taxable temporary differences are temporary differences that result in taxable amounts in determining taxable profit (tax loss) in future periods when the book value of an asset or liability is recovered back or settled across, or
- Deductible temporary differences are temporary differences that result in amounts that are deductible in determining taxable profit (tax loss) in future periods when the carrying amount of an asset or liability is recovered back or settled across.

When reporting an asset it is important that its accounting value is paid in the form of economic benefits that will flow back to the Company in the future.

If the value of the asset exceeds the tax base, the value of taxable economic benefits will exceed the amount recognized as deductible for tax purposes. This difference is a taxable temporary difference and to pay the final income taxes from future periods is a deferred tax liability. When the Company recovers the accounting value of the asset, the taxable temporary difference is canceled and the accounting entity will have taxable profit. As a result, it is probable that the economic benefits will leave the Company via tax payments.

Some temporary differences arise when incomes or expenses are included in accounting profit in one period, but included in taxable income in another period. Such temporary differences are often described as timing differences. The following are examples of temporary differences of this kind which are taxable temporary differences, and therefore create deferred tax liabilities.

-The depreciation used in determining taxable profit (tax loss) may differ from those used in determining accounting profit. A temporary difference is the difference between the book value of an asset and its tax base, which equals the original cost of the asset less deductions in respect of the asset recognized by tax authorities in determining taxable profit for the current period and previous periods. Taxable temporary difference arises, and creates deferred tax liability, when tax depreciation is accelerated (if tax depreciation is slower than the accounting, there is a deductible temporary difference which creates a deferred tax asset).

Cost , revenues and accruals

Costs and revenues are always charged in the period to which they relate. Correction of significant errors of the previous accounting period are always charged to retained earnings from previous years or retained loss from previous years.
The criteria for accrual charging are that their factual content, the amount and period to which they relate is known. The accounting unit follows the accrual expenses and revenues on a monthly basis..

Client Assets

Clients' assets and liabilities of entrusted assets are assets which have been entrusted to a securities trader as part of the provision of investment services or those the securities trader has acquired as part of the provision of investment services to clients and with a commitment to return those assets.

Assets in the portfolio, submitted for management, are valued on the last day of the month.

Off-balance sheet evidence

The entity recognizes as off-balance sheet accounts:
- Debts and liabilities of the liens, security and other transfers of rights, security - assets taken as security and assets given as security and commitment of all kinds of material security. Securitiesare recognized at fair value,
- Clients' assets and liabilities of their entrusted assets values taken into custody,administration , for deposit, which are handled within the portfolio acquired for management, values entrusted for the purpose of the purchase or sale of securities for client, are recorded based on the benefits for client from the provided investment service (for example collection of dividends from administered share) and values rendered for client, which are recorded as settlement with the market of transactions carried out fo the account of client,
- amortized receivables.

New standards and interpretations applied in the period for this report

The Company implemented all new and revised standards and interpretations issued by International Accounting Standards Board - IASB) and International Financial Reporting Interpretations Committee - IFRIC) at JASB related to its activities, which were approved by the EU with effect for the accounting periods commencing on January 1, 2015.

- Amendments to different standards - annual improvement of IFRS concerning IFRS1, IFRS 3, IFRS 13 and IAS 40 (effective for the accounting period commencing on January 1, 2015 and later).
- IFRC 21 "Deductions" (effective for the accounting period commencing on June 17, 2014 and later).

The adoption of these amendments did not lead to any changes in the Company's accounting principles.

New standards and interpretations not yet effective

The following standards and interpretations or amendments to the existing standards and interpretations were issued as of the date of the compilation of these financial statements and are effective for the yearly accounting period commencing on January 1, 2016 or later:
- IFRS 9 "Financial Instruments" and the following amendments (effective for the accounting period commencing on January 1, 2018 and later),
- IFRS 14 "Regulatory Deferral Accounts" (effective for the accounting period commencing on January 1, 2016 and later),
- IFRS 15 "Revenues from Contracts with Customers" (effective for the accounting period commencing on January 1, 2018 and later),
- IFRS 16 " Lease" (effective for the accounting period commencing on January 1, 2019 and later),
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or contribution of assets between the investor and their associate or a joint venture (effective for the accounting period commencing on January 1, 2016 and later),

- Amendments to IFRS 10 “Consolidated Financial Statements”, FRS 12 “Disclosures of Shares in other Accounting Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment entities: Applying the Consolidation Exception (effective for the accounting period commencing on January 1, 2016 and later),
- Amendments to IFRS 11 “Joint Arrangements” - Accounting for Acquisitions of Interests in Joint Operations (effective for the accounting period commencing on January 1, 2016 and later),
- Amendments to IAS 1 “Presentation of Financial Statements” - Initiative to explore how disclosures can be improved (effective for the accounting period commencing on January 1, 2016 and later),
- Amendments of IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions (effective for the accounting period commencing on July 1, 2015 and later),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for the accounting period commencing on January 1, 2016 and later),
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants (effective for the accounting period commencing on January 1, 2016 and later),
- Amendments of IAS 27 “Individual Financial Statements” - Equity Method in Separate Financial Statements (effective for the accounting period commencing on January 1, 2016 and later),
- Amendments to IAS 7 “Statements of cash flows” - improvement in the area of information disclosure (effective for the accounting period commencing on January 1, 2017 and later),
- Amendments to IAS 12 “Income Taxes” - reporting of deferred tax receivables from unrealized losses (effective for the accounting periods commencing on January 1, 2017 and later),
- Amendments to different standards “IFRS Quality Improvement Project” (cycle of 2010-2012)” related to the annual IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) improvement project, primarily aimed at removing inconsistencies and clarifying wording (the amendments will concern the accounting period commencing on February 1, 2015 and later),
- Amendments to different standards “IFRS Quality Improvement Project” (2012-2014 cycle)” related to the annual IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) improvement project, primarily aimed at removing inconsistencies and clarifying wording (the amendments will concern the accounting period commencing on February 1, 2016 and later).

The Company decided not to adopt these standards, revised versions and interpretations prior to the date on which they come into effect. The Company does not expect the adoption of these standards, revised versions and interpretations to have a significant impact on its financial statements in the period immediately after their adoption, except for IFRS 15 “Revenues from Contracts with Customers”. The Company is currently assessing its possible impact and is not able to assess whether its application would cause significant changes in reporting as of the date of the compilation of these financial statements.

3. Cash and cash equivalents

Cash and cash equivalents	31. 12. 2015	31. 12. 2014
Cash in the Treasury	10,550	11,720
Current accounts in banks (with payment period to 3 months)	645,588	683,712
Total	**656,138**	**695,432**

Cash and cash equivalents are reported as petty cash, valuables and bank accounts with agreed payment period up to 3 months, which the dealer uses for manages cash flow.

4. Claims to clients

Claims to clients	31. 12. 2015	31. 12. 2014
Claims to clients - Slovak Republic	15,557	13,559
Claims to clients - Czech Republic	33,641	27,007
Claims to clients - Great Britain	143,573	41,701
Claims to clients - Poland	122	105
Total	**192,893**	**82,372**

Claims clients are charges for services provided to investment such as portfolio management of clients for products Konto života PLUS/ Lifestyle account, Konto života, LifeFlex and FlexMax

5. Financial assets remeasured at fair value through profit and loss statement

Trading securities	ISIN	31. 12. 2015	31. 12. 2014
GFG FX Algorithmic Fund	GG00BQRRWB08	325,357	331,987
Central & Eastern Europe Real Estate Fund	MT0000076423	0	229,105
WSF Global Equity Fund - USD Class I	GG00B4Q85X38	69,872	59,790
WSP Global Strategy Alpha Portfolio B GBP	LU0836480318	0	1,211
WSP Global Strategy Alpha Portfolio A USD	LU0858365520	0	781
WSP Global Strategy Alpha Portfolio B USD	LU0836480409	0	761
Total		**395,229**	**623,635**

Central & Eastern Europe Real Estate Fund

Indirect investments in real estate through real estate listed and unlisted funds, which invest mainly in Central and Eastern European securities and securities related to Central and Eastern European real estate.

WIOF Emerging Europe Performance Fund - Class I

Investments in equities and equity related securities of Company that are located or exposed to growth in Central and Eastern European countries that have joined the EU or they are expected to join in the near future. The Sub-Fund may invest in warrants and certificates in any currency issued by Company located in Central and Eastern Europe.

WSF Global Equity Fund - USD Class I

Worldwide investments into an actively managed portfolio of Shariah-compliant equities, which may be located in any jurisdiction or in any economic sector and quoted on a Recognised Stock Exchange

WSF Asian Pacific Fund - USD Class I

Investments in equities in emerging and developed markets in the Asian Pacific region excluding Japan that comply with Shariah Investment Guidelines

6. Non-current intangible assets

Overview of intangible assets from 1.1.2014 to 31.12.2014

Type		Purchase price	Adjustments and impairment	Net book value
Intangible assets	**1.1.2014**	**31,094**	**28,108**	**2,986**
	+ increase	**2,950**	**5,169**	
	- decrease			
	+/- transfer	**-**		
	31.12.2014	**34,044**	**33,277**	**767**
Software and other intangible assets	1.1.2014	31,094	28,108	2,986
	+ increase	2,950	5,169	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2014	34,044	33,277	767

Overview of intangible assets from 1.1.2015 to 31.12.2015

Type		Purchase price	Adjustments and impairment	Net book value
Intangible assets	**1.1.2015**	**34,044**	**33,277**	**767**
	+ increase	**5,658**	**1,117**	
	- decrease			
	+/- transfer	**-**		
	31.12.2015	**39,702**	**34,394**	**5,308**
Software and other intangible assets	1.1.2015	34,044	33,277	767
	+ increase	5,658	1,117	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2015	39,702	34,394	5,308

7. Long-term tangible assets

Overview of fixed assets from 1.1.2014 to 31.12.2014:

Type		Purchase price	Adjustments	Residual value
Tangible assets	**1.1.2014**	**188,075**	**168,994**	19,081
	+ increase	**-**	**12,881**	
	- decrease	**-**	**-**	
	+/- transfer	**-**	**-**	
	31.12.2014	**188,075**	**181 875**	6,200
Machines and equipment	1.1.2014	67,189	62,454	4,735
	+increase	-	3,112	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2014	67,189	65,566	1,623
Vehicles	1.1.2014	61,242	48,371	12,871
	+ increase	-	9,085	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2014	61,242	57,456	3,786
Inventory	1.1.2014	39,296	37,821	1,475
	+ increase	-	684	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2014	39,296	38,505	791
Other fixed assets	1.1.2014	20,348	20,348	-
	+ increase	-		
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2014	20,348	20,348	-

Overview of fixed assets from 1.1.2015 do 31.12.2015:

Type		Purchase price	Adjustments	Residual value
Tangible assets	**1.1.2015**	**188,075**	**181,875**	6,200
	+ increase	**3,754**	**6,211**	
	- decrease	**-**	**-**	
	+/- transfer	**-**	**-**	
	31.12.2015	**191,829**	**188,086**	3,743
Machines and equipment	1.1.2015	67,189	65,566	1,623
	+increase	3,754	2,012	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2015	70,943	67,578	3,365
Vehicles	1.1.2015	61,242	57,456	3,786
	+ increase	-	3,786	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2015	61,242	61,242	-

Inventory	1.1.2015	39 296	38 505	791
	+ increase	-	413	
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2015	39 296	38 918	378
Other fixed assets	1.1.2015	20 348	20 348	-
	+ increase	-		
	- decrease	-	-	
	+/- transfer	-	-	
	31.12.2015	20 348	20 348	-

There was no adjustment/correction made regarding tangible or intangible assets
.
The non-fixed assets of the Company are insured with the insurance Company Union poisťovňa, a.s. for the sum of EUR 132,800 and there is a separate insurance for cars for which the ownership is transferred to the finance Company based on the contract on the security transfer of ownership right.

8. Deferred tax liability

The calculation of deferred tax has been made with the tax rate applicable for 2016 which is 22%.

The calculation of deferred tax assets is shown in the table below:

Deferred Tax	**31.12.2015**	**31.12.2014**
Temporary differences between the accounting value of assets and liabilities and their tax base		
– deductible (tangible fixed assets)	12,670	11,555
– deductible (reserve for clients bonuses)	74,496	108,440
– deductible (provisions not included into the tax base)	306,200	191,844
– deductible (liabilities after payment period)	104,429	46,712
- costs of 2015, tax deductible after payment	3,750	
Total temporary differences	**501,545**	**358,551**
Income tax (in %) for 2015	22%	22%
Deferred tax receivable in 22%	110 340	78 881

Client bonuses

Clients using the LifeFlex product have, under certain terms and conditions of the agreed period of saving, a right to a bonus. The Company has created financial reserves to the full amount for these bonuses, less a discount rate

The change in deferred tax assets is included in the table below:

Change in deferred tax assets	**in Euro**
Value to December 31, 2015	110,340
Value to December 31, 2014	78,881
Change	**31,459**

9. Other assets

Other assets	**31.12.2015**	**31.12.2014**
Various debts	1,444,440	1,069,625
Provided loans	603,494	164,200
Deferred expenses	35,881	35,203

Long term advance payments	33,294	33,294
Short term advance payments	200	125
Deferred income	2,946	1,485
Value Added Tax		
Resources	112	103
Other assets before adjustments	**2,120,367**	**1,304,035**
Decreased value of assets (provisions)	768,959	635,255
Total other assets	**1,351,408**	**668,780**

Other claims include short-term claims from business activity, investment brokering services and other services.

The age structure of various debts to December 31, 2015 is given in the table below:

Different debts						
within payment period	**after payment period**					
	to 30 days	from 31 to 90 days	od 91 - 180 days	od 181 - 360 days	nad 360 days	Total
135 740		112,540	146,436	232,139	817,585	1,444,440

Information about costs for future periods can be found in this chart:

Costs for future periods	**31. 12. 2015**	**31. 12. 2014**
Deferred expenses - Rent	29,548	28,826
Insurance	2,189	2 ,189
Software updates	1,536	1,511
Other	2,608	2,677
Total	**35,881**	**35,203**

Long term advance payments are rent payments paid in advance.

No security has been created for the above claims.

The Company has no interest in assets after payment.

Creation of adjusted (corrected) entries

Throughout the year ending December 31, 2015 the Company created adjusted (corrected) entries in the sum of EUR 768,959 (2014: EUR 635,255). A provision was created on the receivables against various debts. Impairment was identified on receivables against debts which were overdue for more than 365 days

10. Reserves

Reserves	**to 31. 12.2014**	**Creation**	**Usage**	**Cancel-ation**	**to 31.12.2015**
Long-term reserves due over 5 years					
Reserve for clients´benefits	108,440	-	33,944	-	74,496
Total long-term reserves	**108,440**	**-**	**33,944**	**-**	**74,496**
Short-term reserves due over 1 year					
Total short-term reserves	**-**	**-**	**-**	**-**	**-**
Total	**108,440**	**-**	**33,944**	**-**	**74,496**

A financial reserve is created against a liability using an estimate corresponding to the cost of the account to which the liability would be booked. Clients of the LifeFlex product have, under certain terms and conditions of the agreed period of saving a right to a bonus. The Company has created financial reserves to the full amount of these bonuses, less a discount rate

11. Other liabilities

Other liabilities	31.12.2015	31.12.2014
Various creditors	582,691	231,026
Liabilities from provided loans (car loans)	-	4,773
Liabilities to employees	27,180	27,804
Liabilities against Social insurance Company and health insurance Company	16,902	17,368
Costs for future periods	256,953	17,404
Social fund	1,243	931
Tax obligation on value added tax	8,146	16,053
Tax from dependent activities	4,587	4,962
Other taxes and fees	390	508
Vacation pay including social security	30,789	27,376
Audit	3,500	3,300
Others	250	310
Total other liabilities	**932,631**	**351,815**

Different creditors: for the purpose of Company records these are short term liabilities related to business activities, fees and commissions.

Liabilities as of December 31, 2015 according to remaining due date

Other liabilities according to remaining due date	Up to 1 year	more than 1 year and less than 5 years	Total
Various creditors	582,691		582,691
Liabilities against employees	27,180		27,180
Liabilities against Social Insurance and health insurance Company	16 902		16,902
Prepaid expenses	256,953		256,953
Social Fund		1,243	1,243
Value added tax	8,146		16 053
Tax on dependent activity	4,587		4,587
Other taxes and fees	390		390
Vacation pay	30,789		30,789
Audit	3,500		3,500
Others	250		250
Total other liabilities	**931,388**	**1,243**	**932,631**

Age structure of various creditors as of December 31, 2015 is included in the following overview

Various creditors		
due	**overdue**	**Together**
175,977	406,714	**582,691**

All other liabilities are due in time.

The creation and use of the Social Fund during the accounting period are shown in the table below:

Social fund	31.12.2015	31.12.2014
Value to January 1st	931	348
Created against expenses	2,389	2,376
Usage	(2,077)	(1,793)
Status	**1,243**	**931**

One part of the Social Fund is under the Law on the Social Fund created against expenses and one part may be created from profits. Under the Social Fund Act, social funds are withdrawn in the form of a contribution for food vouchers equal to 10 % of the nominal value of a food voucher.

Statement of client assets

Clients' assets and liabilities are considered to be assets entrusted to a securities trader under the provision of investment services to clients and commitment to return the assets. The Company recorded the assets in off-balance sheet records.

Item	31.12.2015	31.12.2014
Clients' assets		
Clients' funds	5,154,708	3,726,903
Securities	127,910,836	108,797,784
Claims of client against the market	-	-
Liabilities of client against the market	-	-
Total clients' assets	**133,065,544**	**112,524,687**
Liabilities to clients of entrusted assets		
Liabilities to clients' funds	5,154,708	3,726,903
Liabilities to securities (portfolio management)	25,676,570	23,962,054
Liabilities from securities rating (custodianship)	102,234,266	84,835,730
Total liabilities to clients of entrusted property	**133,065,544**	**112,524,687**

12. Net income from fees and commissions

	31.12.2015	31.12.2014
Income from fees and commissions	**2,449,016**	**2,679,530**
Management of financial services	233,198	937,422
Portfolio management	2,009,932	1,572,484
Investment consultation	-	-
Other financial services	205,886	169,624
Costs of fees and commissions	**(601,442)**	**(1,109,911)**
Commissions for management of financial services	(132,928)	(859,203)
Client bonuses	33,365	(11,664)
Other	(501,879)	(239,044)
Net income from fees and commissions	**1,847,574**	**1,569,619**

Income from fees and commissions by type of service and main territories are listed in the table below:

Period	31.12.2015					31.12.2014				
Type of service	**Management of financial services**	**Portfolio management and custodianship**	**Investment consulting**	**Other financial services**	**Together**	**Management of financial services**	**Portfolio management and custodianship**	**Investment consulting**	**Other financial services**	**Total**
Slovakia	12,293	158,972		8,714	179,979	3,625	154,659		4,183	162,467
Luxemburg	199,431			197,172	396,603	828,233			165,441	993,674
Czech republic		198,002			198,002		192,252			192,252
United Kingdom	21,474	1,651,778			1,673,252	8,247	1,224,535			1,232,782
Cyprus										
Guernsey					0	97,317				97,317
Poland		1,180			1,180		1,038			1,038
Total	**233,198**	**2,009,932**		**205,886**	**2,449,016**	**937,422**	**1,572,484**	**0**	**169,624**	**2,679,530**

13. Net interest income

	31.12.2015	31.12.2014
Interest income and similar incomes	**29,306**	**11,629**
Interest from bank accounts and bank deposits	12	31
Interest from debt financial instruments	-	256
Loan interests	29,294	11,342
Interest cost and similar cost	**(113)**	**(1,004)**
Debit interest from bank accounts	-	(2)
Interest from financial car loan	(113)	(1,002)
Net interest income	**29,193**	**10,625**

14. Net profit/loss from financial instruments in real value calculated through profit and loss statement

	Profit 31.12.2015	Loss 31.12.2015	Net loss 31.12.2015	Profit 31.12.2014	Loss 31.12.2014	Net loss 31.12.2014
Net profit (loss) from financial instruments in real value calculated through profit and loss statement	43,662	276,035	(232,373)	39,724	27,024	12,700
Total	**43,662**	**276,035**	**(232,373)**	**39,724**	**27,024**	**12,700**

15. Net profit/loss from operations with foreign exchange and assets and liabilities valued in foreign currency

	Profit 31.12.2015	Loss 31.12.2015	Net loss 31.12.2015	Profit 31.12.2014	Loss 31.12.2014	Net loss 31.12.2014
Net profit/loss from operations with foreign exchange and assets and liabilities valued in foreign currency	83,297	75,282	8,015	68,532	43,094	25,438
Total	**83,297**	**75,282**	**8, 015**	**68,532**	**43,094**	**25,438**

16. Administrative costs

	31.12.2015	31.12.2014
Payroll costs	**(606 309)**	**(581 376)**
Payroll costs	436,763)	(422,064)
Social security costs	(150,855)	(140,797)
Other social costs	(18,691)	(18,515)
Amortization of tangible and intangible assets	**(7,328)**	**(18,050)**
Tangible fixed assets	(6,211)	(12,881)
Intangible Assets	(1,117)	(5,169)
Other administrative costs	**(1,130,452)**	**(944,077)**
Material usage	(11,228)	(11,323)
Car usage (petrol , material for cars)	(14,098)	(8,090)
Representatition expenses	(30,596)	(21,519)
Post and delivery services	(39,942)	(40,128)
Phones and internet	(11,538)	(18,630)
Rental of premises	(122,535)	(119,538)
Translation services	(19,656)	(17,506)
Computer services	(38,480)	(47,059)

Trainings	(79,877)	(335)
Tax and fees (except the income tax)	(1,156)	(2,027)
Marketing activities	(159,192)	(208,594)
Law consultancy	(37,568)	(15,288)
Software services	(20,545)	(29,218)
Audit	(13,450)	(12,950)
Marketing and administrative product support	(242 000)	
Other administrative costs	(288,591)	(391,872)
Total	**(1,744,089)**	**(1,543,503)**

17. Other operational income / expenses

	31.12.2015	31.12.2014
Other operatitinal costs	**(13,735)**	**(25,019)**
Not applicable VAT (coefficient)	(6,231)	(17, 518)
Insurance	(7,446)	(7,496)
Other	(58)	(5)
Other operational income	**352,817**	**408,874**
Operational income	332,409	348,261
Income from selling assets	-	60,153
Other	20,408	460

Operational income also includes income from the Konto života product, from data management of the WIOF, WPP and WSP funds, asset sales and other operational income.

18. Income tax

Income tax	Corporate tax base 2015	Tax 2015	Corporate tax base 2014	Tax 2014
Profit/ loss before tax	113,698	25,014	112,869	24,831
Deductible items	106,467	23,423	389,880	85,774
Attributable/added items	-79,779	-17,551	-110,804	-24,377
Tax loss amortization	-	-	-	-
	140,386	30,885	391,945	86,228
Deferred tax 22%		(31,459)		(19,654)
Income tax all		-574		66,574
Efective tax rate		-0.50%		58.98%

19. Information on income and benefits of members of statutory bodies, supervisory authorities and other bodies of the accounting unit.

Members of the statutory and supervisory bodies do not receive any income for membership. All income of members of statutory and supervisory bodies is derived from their work. These are as follows:

Gross income of members of the statutory and supervisory bodies arising from their labour relations		
	2015	2014
Board of Directors	3,960	3,960
Board of Supervisors	38,978	42,270
Total	**42,938**	**46,230**

20. Transactions with related parties

The mother Company and the only shareholder of the Company is SFM Group International SA with its registered office at 20A rue des 3 Cantons, 8354 GARNICH.

a) Shareholder

Summary of shareholder balances in the company's financial statement

(in Euro)	**31.12.2015**	**31.12.2014**
Assets		
Other Assets	451,996	350,115
Total	**451,996**	**350,115**
Liabilities		
Other Liabilities	17,548	
Total	**17,548**	**0**

The Company reported a provision on the receivables against SFM Group International SA in the total amount of EUR 451,261 (in 2014: EUR 349,832).

During the accounting period the Company carried out thefollowing transactions with shareholders:

(in Euro)	**31.12.2015**	**31.12.2014**
Income from interest and similar earnings	**-**	**-**
	-	-
Income from fees and commissions	101,430	118,604
Total	**101,430**	**118,604**

b) Other related parties

Summary of balances to other related parties in the company's financial statement

(in Euro)	**31.12.2015**	**31.12.2014**
Assets		
Financial assets with real value calculated through profit and loss		
Other assets	603,494	164,200
Total	**603,494**	**164,200**
Liabilities		
Other liabilities	348,296	15,859
Total	**348,296**	**15,859**

The Company carried out the following transactions with other related parties during the accounting period:

(in Euro)	**31.12.2015**	**31.12.2014**
Income from fees and commissions		
Costs of fees and commissions	(394,724)	(119,894)
Other administration costs	(258,000)	(352,800)

Interests on debt financial instruments	29,294	11,598
Other operational costs	-	
Other operational incomes	-	-
Total	**(365,430)**	**(461,096)**

21. Accurate values in accounting and reporting

The accurate and real value of assets is the amount of money for which an asset could be exchanged or paid for liability at usual price.

The estimated accurate values of financial assets and liabilities as of December 31, 2015 and December 31, 2014 correspond with their accounting value.

22. Average number of employees

Avarage number of employees	31.12.2015	31.12.2014
Avarage number of employees	24	21
Managers	5	5

23. Information about events that occurred between the end of the financial year and the date the balance sheet was created.

After December 31, 2015 no events occurred which significantly affected the fair presentation of facts relevant to the accounts.

24. Settlement of economic results for 2014

Proposal for distribution of profit from 2014	
Reserve fund	4,629
Retained earnings from previous years	41,663
Profit for 2014	**46,292**

25. Proposal for distribution of profit from 2015

Proposal for distribution of profit from 2015	
Reserve fund	11,427
Retained earnings from previous years	102,844
Profit for 2015	**114,271**

26. Earning/loss per one share

The calculation of earnings per share is listed in the table below:

Earning/ loss per one share	31.12.2015	31.12.2014
Profit/ loss for the reported period	114,271	46,292
Average of shares during the year	4,500	4,500
Earning/ loss per one share	**25**	**10**

Risk control in the Company

Performing business activities requires a controlled undergoing of potential risks associated with it. The Company must therefore be able to effectively manage any risks as well as to have adequate capital to cover such risks. The company's risk management is carried out in accordance with the Act. 566/2001 (collection of Laws) on securities and investment services and other generally binding legal regulations governing risks and risk management system.
The purpose of risk management is to prevent potential losses from business risks by means of early identification, tracking, measurement and mitigation of risks. This system also serves as a basis for informing the board of the Company and the National Bank of Slovakia about the risk situation.

The main objective of risk management is to prevent Company losses and thereby contribute to ensuring achievement of the company's long-term business goals, mainly to ensure profitability and competitiveness.
The Company is obliged to comply with the regulatory requirements of the NBS. These include limits and restrictions on capital adequacy and asset engagements. These requirements apply to all investment firms in Slovakia and their implementation is designed based on the reports that the Company submits in accordance with the regulations.

The Company defines and identifies risks in the following areas:

- Credit risk,
- Market risk,
- Operational risk,
- Liquidity risk.

Risk Management Strategy

Is a set of documents approved by the Board of Directors of the Company which includes the main objectives and principles used for risk management.

The Company's credit risk management strategy is::
- targets for credit risk management,
- acceptable level of credit risk
- acceptable level of risk to a single client, economically related group of clients, economic sectors, geographical areas and countries
- types of transactions and activities, which exposes the Company to credit risk,
- methods for measuring, monitoring and mitigation of credit risk
- types of limits that the Company will use to manage credit risk,
- sharing responsibility for managing credit risk.

The Company's market risk management strategy is
- targets for market risk management,
- acceptable level of market risk;
- types of transactions and activities, which exposes the Company to market risk,
- methods for measuring, monitoring and mitigating market risk,
- types of limits which the Company will use for market risk management,
- sharing responsibility for managing market risk
- guidelines for classifying positions into the trading book.

The Company's operational risk management strategy is:

- targets for operational risk management,
- the base for identification and classification of operational risk events in accordance with the definition of operational risk
- definition of major sources of operational risk, which the Company is exposed to,
- methods of identification, estimation, tracking and reconciliation of operational risk,
- Allocation of responsibilities for operational risk management

Credit Risk

Credit Risk Management

The Company's goal is to develop an appropriate system for the purpose of concluding transactions of credit risk management involving the trading of financial instruments, money market and capital market financial instruments, which have the potential for credit risk and in particular:

a) defining the types of financial instruments that can be traded with,
b) establishment of rules for closing of business transaction, cases in which a person can grant an exemption from the restrictions and cases where the employee may claim an exemption
c) a request for a written or audio record of the negotiation and conclusion of each transaction and also the requirement to store the records referred to in point. c) outside the organizational unit that closes the transaction , to prevent tampering at least for the duration of the obligation until its cessation.

For the purposes of credit risk management, internal regulations in accordance with the approved management strategy of credit risk include also:

a) competence for the conclusion and approval of various types of transactions that have the potential for credit risk, for the approvals of limits and also exceptions from approved limits and also procedures for exceeding these limits
b) a description of the method of cooperation and information flows between departments which carry out business activities, activities related to trading and dealing activities associated with managing credit risk,c) procedure for the management of transactions giving rise to credit risk with the rules for the creation of resources covering the identified risk
d) the procedure for recovery of outstanding debts
e) the procedure for measurement of security
f) requirements for regular and detailed information about credit risk for the statutory body and other responsible staff
g) control activities at the conclusion of transactions and business activities.

The measurement of credit risk within the Company should comply mainly with the scale and complexity of the activities of

Company and in particular:

a) provide for the measurement of credit risk in all transactions and activities in which credit risk has been identified
b) ensure that all transactions are recorded correctly and on time,
c) allow the identification of all significant sources of credit risk in assets and liabilities,
d) evaluate the impact of changes in risk factors on costs and revenues,
e) allow the measurement of credit risk using the method chosen in accordance with Company strategy,f) permit the measurement of credit risk in individual businesses, groups of related parties, in individual portfolios, economic sectors, geographical areas and countries and currencies.

The main things which should be considered when choosing the method of measuring of credit risk are:

a) type of business and trading conditions,
b) the volume of business operations until it is paid,
c) the economic situation of the contracted party until the operation is paid.

In order to monitor credit risk, the Company will mainly ensure :

a) the setting of limits and monitoring positions
b) the limiting of the company's internal compliance with all limits and regulations of secure business
c) a system of ongoing review of compliance with specified limits,
d) the establishment of rules and procedures in in cases where limits are exceeded and the authorization of exceptions to specified limits,
e) the responsible departments are informed when these limits are exceeded
f) monitoring the progress of the overall portfolio composition and quality appropriate to the scale and complexity of operations.

Company for the purposes of calculating the credit risk uses standardized approach. This means that the risk levels are assigned to the contracting party in accordance with the measure. Risk level depends on the perspective of rating agencies (ECAIs) on the contractual party.

Level of credit quality	1	2	3	4	5	6
Risk level	20%	50%	100%	100%	150%	150%

For the purposes of calculating risk measured exposures according to the standardized approach for credit risk, the Company assigns and determinesthe risk measured exposures to legal entities. Exposures to business entities for which a rating from a standard rating agency (ECAI) is available are assigned a risk measurement according to the attached table, which adheres to six levels of credit quality as is standard in recognised ratings agencies (ECAI)

An overview of exposures is given in the table below:

Overview of the exposure values	Value of exposure to 31.12.2015
Exposures towards institutions	645,588 €
Exposures to retail	192,893 €
Exposures to Company	1,707,498 €
Other exposures	154,125 €
Together	**2,700,104 €**

An overview of exposures according to risk importance is given in the table below:

Risk value	Value of exposure to 31.12.2015 (in Euro)
risk value 20%	645,588
risk value 100%	2,054,516
Together	**2,700,104**

Market risk

Market risk management

The establishment of an appropriate system of transactions in financial instruments in capital markets where there is a potential of market risk also includes :

a) defining the types of financial instruments which can be used for trading
b) establishment of rules for closing of transactions,
c) a request for a written or audio record of the negotiation and conclusion of each transaction,
d) the requirement to store the records referred to in point. c) outside the organizational unit that closes the transaction, to prevent tampering at least unil such time as the obligation ceases.

For the purposes of market risk management, internal regulations in accordance with the approved strategy of market risk management also include :

a) competence for the conclusion and approval of transactions in which there is a possibility of market risk,
b) the rules for classifying transactions in the trading book
c) procedures and competences for managing trading with financial instruments
d) the procedure for monitoring of prices in the trade and their comparison with market prices,
e) a description of cooperation and information flows between departments which carry out business activities, activities related to trading and activities associated with managing of market risk,
f) requirements for regular and detailed information about market risk for the statutory body and responsible employees
g) control activities for closing of businesses and other activities.

The measurement of market risk established inthe Company should correspond with the scale and complexity of the company's activities, mainly :

a) provide the measurement of market risk in all the transactions and activities in which this risk has already been identified
b) record all entered transactions correctly and on time,
c) allow the identification of all significant sources of market risk in the company's assets and liabilities,
d) evaluate the impact of changes in risk factors on costs and revenues,
e) allow the measurement of market risk by means of a method chosen in accordance with Company strategy,
f) permit the measurement of market risk in individual stores, groups of related parties, in individual portfolios, economic sectors, geographical areas and countries and currencies
g) ensure proper evaluation of positions,
h) enable the measurement of interest rate risk in each major currency.

In order to monitor market risk, the Company mainly ensures:

a) determination of a limit for market risk exposures and limits for each component of the market risk
b) the connection of internal limits of the Company with all limits and regulations of secure business making.
c) monitoring of all positions where the Company is exposed to market risk
d) establishment of a system of ongoing review of compliance with specified limits,
e) establish rules and procedures for exceeding limits and for the authorization of exceptions to those limits
f) the informing ofcompetent bodies of the degree of market risk and exceeding those limits.

For the purposes of calculating market risk, the Company decided to use the standardized method

Trading book positions are subject to market risk, i.e.:
- Positions in financial instruments or commodities held for trading for own account
- Long position in a financial instrument or commodity recorded in the trading book, the quantity of financial instruments or commodity for which the Company is either a creditor or owner.

As per the standardized approach, the Company matches all coefficients based on individual trading book positions

for basic own funds as of December 31, 2015	**(in thousands of EUR)**
OVERALL RISK EXPOSURE VALUE	**2,726**
THE VALUES OF RISK-WEIGHTED EXPOSURES FOR CREDIT RISK, CREDIT RISK OF COUNTERPARTY AND RISK OF REDUCTION OF THE QUALITY OF RECEIVABLES FOR OTHER THAN CREDIT REASONS AND FREE DELIVERY	**2,183**
Standardised approach (SA)	2,183
SA exposure classes without securitisation positions	2,183
Institutions	129
Business entities	1,708
Retail	192
Other items	154

OVERALL VALUE OF RISK EXPOSURES FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	**543**
The value of risk exposures for position, foreign exchange and commodities risks within standardised approaches (SA)	**543**
Foreign exchange	543
Calculation based on basic indicator	146

Shares and levels of capital as of December 31, 2015	
Item	**Value**
Share of capital CET1	0.6031
Surplus (+)/deficit (-) of capital CET1	1,521
Share of capital T1	0.6031
Surplus (+)/deficit (-) of capital T1	1,480
Total share of capital	0.6031
Surplus (+)/deficit (-) of total capital	**1,426**

Requirements for basic own funds as of December 31, 2014	**(in thousands of EUR)**
OVERALL RISK EXPOSURE VALUE	**2,022**
THE VALUES OF RISK-WEIGHTED EXPOSURES FOR CREDIT RISK, CREDIT RISK OF COUNTERPARTY AND RISK OF REDUCTION OF THE QUALITY OF RECEIVABLES FOR OTHER THAN CREDIT REASONS AND FREE DELIVERY	**1,597**
Standardised approach (SA)	1,597
SA exposure classes without securitisation positions	1,597
Institutions	137
Business entities	**1,256**
Retail	82
Other items	122
OVERALL VALUE OF RISK EXPOSURES FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	425
The value of risk exposures for position, foreign exchange and commodities risks within standardised approaches (SA)	**425**
Foreign exchange	425

Shares and levels of capital as of December 31, 2014	
Item	**Value**
Share of capital CET1	0.7923
Surplus (+)/deficit (-) of capital CET1	1,511
Share of capital T1	0. 7923
Surplus (+)/deficit (-) of capital T1	1,481
Total share of capital	0. 7923
Surplus (+)/deficit (-) of total capital	1,440

Total own funds as of December 31, 2015	**(in thousands of EUR)**
Basic own funds	**1,644**
Share capital	1,494
Used funds and other	155
Items generating the value of core capital	1,649

Payable share capital	1,494
Reserve funds and other funds created from profit after taxes to be used in cases of covering risk situations if occurs	99
Undistributed profit from previous years except of future profit from securitized assets allowing lower credit risk in securitized positrions	56
Items lowering the value of basic own funds	5
Net accounting value of policy statement	5
Loss for the reported period	

Total own funds as of December 31, 2014	**(in thousands of EUR)**
Basic own funds	**1,602**
Share capital	1,494
Used funds and other	108
Items generating the value of core capital	1,603
Payable share capital	1,494
Reserve funds and other funds created from profit after taxes to be used in cases of covering risk situations if occurs	95
Undistributed profit from previous years except of future profit from securitized assets allowing lower credit risk in securitized positions	14
Items lowering the value of basic own funds	1
Net accounting value of policy statement	1
Loss for the reported period	

For the monitored period of 2014 and 2015 the Company had sufficient own resources to cover the risks to which it was exposed.

The Company changed the method of reporting requirements for own resources in the current period, acting in accordance with the Commission Implementing Regulation (EU) No. 680/2014. The data for the previous period are reported using the same methodology.

Foreign exchange risk

Financial assets and financial liabilities in foreign currency were as follows (calculated to December 31, 2015)

Assets and liabilities in foreign currency	**CZK**	**Pounds**	**Polish Zloty**	**American dollar**	**Other**	**EURO**	**Together**
Assets							
Cash and cash equivalents	102,900	44,317	1,650	143,008	223	364,040	656,138
Claims towards clients	33,641	74,086	122	68,313	-	16,731	192,893
Financial assets in real value calculated through profit and loss	-	-	-	69,872	-	325,357	395,229
Deferred tax assets	-	-	-	-	-	110,340	110,340
Income tax						55,343	55,343
Other assets	71	59 406	-	12,834	-	1,279,097	1,351,408
Together	**136,612**	**177,809**	**1,772**	**294,027**	**223**	**2,150,908**	**2,761,351**
Liabilities							
Reserves	14,821	5,747	-	30,962	-	22,966	74,496
Liabilities - other	19,562	43,214	464	18,704	-	850,687	932,631
Total	**34,383**	**48,961**	**464**	**49,666**	**-**	**873,653**	**1,007,127**

Financial assets and financial liabilities in foreign currency were as follows (calculated to December 31, 2014)

Assets and liabilities in foreign currency	CZK	Pounds	Polish Zloty	American dollar	Other	EURO	Together
Cash and cash equivalents	**74,927**	**63,789**	**865**	**117,437**	**212**	**438,202**	**695,432**
Claims towards clients	27,007	1,231	105	39,289	-	14,740	82,372
Financial assets in real value calculated through profit and loss	-	1,211	-	61,331	-	561,093	623,635
Deferred tax assets	-	-	-	-	-	78,881	78,881
Other assets	247			9,207	-	659,326	668,780
Together	102,181	66,231	970	227,264	212	1,752,242	2,149,100
Liabilities							
Reserves	**15,404**	**5,349**	**-**	**54,412**	**-**	**33,275**	**108,440**
Income tax						46,808	46,808
Liabilities - other	16,768	7,741	19	2,235	-	325,052	351,815
Total	**32,172**	**13,090**	**19**	**56,647**	**-**	**405,135**	**507,063**

Liquidity Risk

Distribution of balance sheet assets and liabilities into time bands according to maturity as of December 31, 2015

Distribution of balance sheet assets and liabilities into time bands according to maturity as of December 31, 2015 (in euro)						
	To 1 month	**From 1 month to 3 months**	**From 3 months to 12 months**	**From 1 year to 5 years**	**Not specified**	**Total**
Cash and equivalents	656,138	-	-	-	-	656,138
Claims to clients	192,893	-	-	-	-	192,893
Financial assets in real value calculated through profit and loss	395,229	-		-	-	395,229
Long term intangible assets	-	-	-	-	5,308	5,308
Long term tangible assets	-	-	-	-	3,743	3,743
Income tax		-	55,343	-	-	55,343
Deferred tax assets	-	-		-	110,340	110,340
Other Assets	714,620	-	174,052	429,442	33,294	1,351,408
Total assets	**1,958,880**	**-**	**229,395**	**429,442**	**152,685**	**2,770,402**
Reserves		-	-	-	74,496	74,496
Other liabilities	896,849	3,500	31,039	-	1,243	932,631
Total liabilities	**896,849**	**3,500**	**31,039**	**-**	**75,739**	**1,007,127**

Distribution of balance sheet assets and liabilities into time bands according to maturity as of December 31, 2014

Distribution of balance sheet assets and liabilities into time bands according to maturity as of December 31, 2014 (in euro)						
	To 1 month	**From 1 month to 3 months**	**From 3 months to 12 months**	**From 1 year to 5 years**	**Not specified**	**Together**
Cash and equivalents	695,432	-	-	-	-	695,432
Claims to clients	82,372	-	-	-	-	82,372
Financial assets in real value calculated through profit and loss	623,635	-		-	-	623,635
Long term intangible assets	-	-	-	-	767	767
Long term tangible assets	-	-	-	-	6,200	6,200
Income tax	-	-	-	-	-	-
Deferred tax assets	-	-			78,881	78,881
Other Assets	471,137	-	-	164,200	33,443	668,780
Total assets	**1 872,576**	**-**	**-**	**164,200**	**119,291**	**2,156,067**
Provisions	-	-	-	-	108,440	108,440
Income tax			46,808			46,808
Other liabilities	306,022	15,555	29,307	-	931	351,815
Total liabilities	**306,022**	**15,555**	**76,115**	**-**	**109,371**	**507,063**

Operational risk

Operational risk management
The identification of operational risk applies:

1: In all kinds of businesses the Company is making
2: in all processes that are applied,
3: all information systems used.

For the purpose of managing operational risk an identification shall include the following:

a) definition of operational risk events observed by the Company
b) classification of operational risk events into groups designated by the Company in accordance with Company strategy.

For the purposes of operational risk management control there are internal regulations in accordance with the approved management strategy that also include:

a) establishing procedures for identifying sources of operational risk in transactions , key activities, processes and systems
b) breakdown of operational risk events and their classification,
c) the inclusion of monitoring and evaluation of operational risk in the performance of everyday activities in the Company
d) the procedure for the use of mitigating operational risk, particularly operational risk events with low frequency but potentially high financial losses for the Company,
e) developing policies and procedures for managing the risks associated with activities provided by contractors (outsourcing)
f) preparation of contingency plans for unexpected situations to ensure business continuity,
g) regular testing and review of contingency plans to match current business strategy of the Company
h) the manner of cooperation and exchange of information the departments which created operational risk and organisational units which assess the operational risk for the entire Company.

A forecasting system for management of operational risk will be implemented which:

a) corresponds to the scale and complexity of the Company and especially
b) allows regular monitoring of cases of losses connected with operational risk
c) allows identification of all sources of operational risk in businesses and activities and provides early warning of increased risk of future losses based on the number of indicators.

Operational risk can be estimated particularly from:

a) evaluation of processes and operations versus defined set of operational risk events monitored by Company
b) Operational risk mapping
c) monitoring indicators of operational risk, as the number of failed businesses, staff turnover rate, frequency and number of errors
d) measurement of operational risk, for example, by tracking the historical losses from operational risk events.

For the purposes of monitoring operational risk, the Company ensures in particular:

a) determination of operational risk indicators for early warning of increased risk of potential losses,
b) monitoring of operational risk events and losses that may result from these events,
c) to inform the competent departments of the degree of operational risk based on the prepared system of monitoring of operational risk and major events of operational risk.

For the purpose of mitigating operational risk, the Company undertakes to ensure:

a) the establishment of procedures for the selection of ways how the Company manages access to the identified risk
b) the delivery of regular reports on the company's approach to the identified risk on the basis of the results of changes in the use of different approaches
c) that relevant responsible employees are regularly informed about the results of the company's approach to operational risk,
d) safe, reliable and continuous operation of its information system, especially:

- Developing an information system security policy, which sets targets for the security of the company's information system, guiding principles and procedures to achieve them and ensure compliance with this policy,

- Creating an information security infrastructure which presents governing bodies and working groups, whose role is to manage and ensure the efficient level of information system security, data and information

- Developing risk analysis of the information system, which is regularly reviewed,

- Ensuring the protection of information systems against unauthorized access and damage and protect premises where data is processed , equipment and data itself,

- Ensuring efficient, safe, reliable and continuous operation of processing equipment,

- Ensuring access of different people to management data and information about the Company

- Ensuring the identification and assessment of unauthorized activities in the information system

- Ensuring continuity of information system operation in case of major failures and accidents and creation of a recovery plan and an information back-up system in case of accident.

For the purpose of calculating operational risk, the Company has decided to use the basic indicator approach.

Based on the statement of profit and loss account the company's relevant indicator is calculated as the sum of the items listed in the table. The sum is included in each item

1	Income from interest and similar incomes
2	Interest costs and similar costs
3	Income from shares and other securities with variable / fixed income
4	Income from fees and commissions
5	Costs of fees and commisssions
6	Net profit or net loss calculated from financial operations
7	Other income from financial transactions

The financial statements were prepared and signed on March 29, 2016.

Signature of statutory body

Signature of the person responsible for preparation of the financial statements

Signature of the person responsible for accounting

Independent Auditor's report

To the Shareholders of Cornhill Management, o.c.p., a.s.:

We have audited the accompanying financial statements of Cornhill Management, o.c.p., a.s., registered office: Einsteinova 24, 851 01 Bratislava (hereinafter "the Company"), which comprise the statement of the Company's financial position as at December 31, 2015, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ending December 31, 2015, and notes, comprising a summary of significant accounting policies and methods and other explanatory information.

Responsibility of the Statutory Body for the Financial Statements

The statutory body 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 for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the statutory body, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cornhill Management, o.c.p., a.s. as at December 31, 2015, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Bratislava, April 25, 2016

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Bratislava I, section: Sro, file No.: 11217/B
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The Art of Investment

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