WOOD & Company Financial Services, a.s.

INDEPENDENT AUDITOR’S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of WOOD & Company Financial Services, a.s.

Having its registered office at: Náměstí Republiky 1079/1a, 110 00 Praha 1

Opinion

We have audited the accompanying financial statements of WOOD & Company Financial Services, a.s. (hereinafter also the "Company"), which comprise the statement of financial position as at 31 December 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of WOOD & Company Financial Services, a.s. as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the financial statements.

The presentation currency of these financial statements is EUR. The presentation currency of these financial statements differs from presentation currency of the statutory financial statements which is CZK. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

In Prague on 11 May 2017

Audit firm:	Represented by:
Deloitte Audit s.r.o. registration no. 079	David Batal registration no. 2147

WOOD & Company Financial Services, a.s.

Financial Statements for the Year Ended 31 December 2016

in accordance with
International Financial Reporting Standards adopted by the European Union

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FINANCIAL STATEMENTS

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

CAPITAL STRENGTH IN DIFFICULT MARKETS

Key results for 2016:

- Net fees and commissions were EUR 15.8 m
- Net profit on financial operations from trading and investment activities was EUR 8.7 m
- Operating income totalled EUR 25.7 m
- Operating costs were EUR 21.3 m
- Total equity as of 31 December 2016 was EUR 27.3 m.

Presentation of financial Statements

WOOD & Company Financial Services, a.s. (hereinafter "Company") presents the audited statements of its financial performance for 2016 and its financial position as of 31 December 2016 prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union. The presentation currency of these financial statements is the euro (EUR). The presentation currency of these financial statements differs from the presentation currency of the statutory financial statements which is the Czech crown (CZK), which is also the functional currency of the Company. The translation from CZK to EUR is described in Note 1.

All figures are stated in thousands of EUR unless stated otherwise.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	31 December 2016 EUR '000	31 December 2015 EUR '000
Interest income		2,617	1,217
Interest expense		-1,805	-485
Net interest expense	0	**813**	**732**
Fee and commissions income		25,390	32,203
Fee and commissions expense		-9,576	-12,787
Net fee and commissions income	7	**15,814**	**19,416**
Net profit on financial operations	8	8,739	6,259
Other operating income/(expense), net	9	302	-158
Total operating income		**25,668**	**26,249**
General administrative expenses	10	-20,521	-20,035
Depreciation	10, 19	-685	-673
Share/Option Scheme	10	-63	-16
Total operating costs		**-21,270**	**-20,724**
Profit before income taxes		**4,398**	**5,525**
Income taxes	11	-1,192	-1497
Deferred tax	11	109	268
Net Income		**3,315**	**4,296**
Other comprehensive income			
Items that will not be reclassified subsequently to the Statement of Income			
Change in reporting currency conversion differences		-7	527
Items that may be reclassified subsequently to the Statement of Income			
Gains/ losses from available for sale securities		1,117	5
Deferred tax asset/ liability		-212	0
Total comprehensive income		**4,213**	**4,828**

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

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2016

	NOTES	31 December 2016 EUR '000	31 December 2015 EUR '000
ASSETS			
Current assets			
Cash and deposits with banks	12	41,932	17,562
Assets held for trading	13	6,297	1,239
Securities available for sale	16	11,390	7,224
Trade and other receivables	14	84,583	115,527
Accrued income and other assets	15	707	669
Total current assets		*144,909*	*142,221*
Non-current assets			
Long-term receivables	18	175	149
Securities held to maturity	17	37	37
Deferred tax assets	11	0	52
Intangible fixed assets, net	19	809	1,196
Tangible fixed assets, net	19	970	1,112
Total non-current assets		*1,991*	*2,546*
Total assets		**146,900**	**144,767**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	20	17,777	17,777
Reserve fund from profit		610	610
Retained earnings (loss)		5,570	1,869
Revaluation fund from AFS		905	0
Share/Option scheme capital fund		643	579
Profit (loss) for the current period		3,315	4,296
Reporting currency conversion		-1,486	-1,479
Total capital and reserves		*27,334*	*23,652*
Deferred tax liabilities	11	51	0
Issued debt securities	24	3,761	3,761
Provision for post-employment benefits	23	572	498
Equity and long term liability		*4,384*	*27,911*
Current liabilities			
Amounts owed to banks		19,271	8,206
Liabilities held for trading	13	3,327	674
Trade and other payables	21	91,982	106,263
Accruals and other liabilities	22	254	305
Income tax payable	11	348	1,408
Current liabilities total		*115,182*	*116,856*
Total equity and liabilities		**146,900**	**144,767**

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Reserve fund from profit	Revaluation fund from AFS	Share/option scheme capital fund	Accumulated profit/(loss)	Reporting currency conversion	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance at 31 December 2014	**17,777**	**610**	**-5**	**563**	**1,869**	**-2,006**	**18,808**
Creation of Share/Option scheme capital fund	0	0	0	16	0	0	16
Creation/ release of Share/Option scheme capital fund	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Change in reporting currency conversion	0	0	0	0	0	527	527
Profit for 2015	**0**	0	0	0	4,296	0	4,296
Balance at 31 December 2015	**17,777**	**610**	**0**	**579**	**6,165**	**-1,479**	**23,652**
Creation/ release of Share/Option scheme capital fund	0	0	0	64	0	0	64
Change in Available for sales securities less tax	0	0	905	0	0	0	905
Dividends	0	0	0	0	-595	0	-595
Change in reporting currency conversion	0	0	0	0	0	-7	-7
Profit for 2016	**0**	0	0	0	3,315	0	3,315
Balance at 31 December 2016	**17,777**	**610**	**905**	**643**	**8,885**	**-1,486**	**27,334**

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

CASH-FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016 EUR '000	31 December 2015 EUR '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**4,398**	**5,525**
Depreciation of tangible and intangible assets	685	673
Share/Option scheme	63	16
Change in impairment and provisions	70	492
Other non-financial movements	0	-1
Operating profit before changes in operating assets	**5,217**	**6,705**
Trade and other receivables	30,953	-33,955
Trading shares	-2,404	-124
Other assets	-38	-134
Trade and other payables	-14,294	22,778
Other liabilities	-51	165
Income taxes paid	-2,038	-255
NET CASH FROM OPERATING ACTIVITIES	**17,345**	**-4,820**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase (sale) of securities available for sale	-3,258	-3,776
(Purchase)/Redemption of HTM securities	0	0
Net cash flow from the purchase of a new branch	0	81
Purchase of property, plant & equipment	-156	-460
NET CASH USED IN INVESTING ACTIVITIES	**-3,414**	**-4,155**
CASH FLOW FROM FINANCING ACTIVITIES		
Non-current receivables	-27	4
Short-term debt increase/(decrease)	11,058	3,925
Selling of own bonds	0	3,725
Dividend paid-out	-596	0
NET CASH USED IN FINANCING ACTIVITIES	**10,436**	**7,654**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**24,367**	**-1,321**
NET IMPACT OF FX RATES CHANGES	3	461
CASH AT THE BEGINNING OF PERIOD	**17,562**	**18,422**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**41,392**	**17,562**

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

1. USE OF THE EURO AS THE PRESENTATION CURRENCY

These financial statements were derived from the statutory financial statements that were issued as of 28 April 2017. The statutory financial statements' functional and presentation currency is the Czech crown (CZK).

The presentation currency of these financial statements is the euro (EUR). The presentation currency of these financial statements differs from the presentation currency of the statutory financial statements which is the Czech crown (CZK). The Company presents these financial statements in the euro ("EUR") with accuracy to EUR thousand ("EUR '000"). The statement of financial positions was translated to EUR at the closing rate announced by the Czech National Bank at the date of that statement of financial position, i.e. as of 31 December 2016 at the rate of EUR/CZK 27.020 (as of 31 December 2015 at the rate of EUR/CZK 27.025). Equity was translated using historical exchange rates. Income and expenses were translated at exchange rates at the date of the transactions. All resulting exchange differences were recognised in other comprehensive income. Cash flows were translated at average exchange rates for the period.

2. INTRODUCTION

WOOD & Company Financial Services, a.s. (hereinafter "WOOD & Co." or the "Company"), with its registered office at Náměstí republiky 1079/1a, 110 00 Prague 1, is a joint stock company and was formally entered into the Register of Companies held at the Commercial Court in 2002.

Capital Structure and Financial Resources of the Company

The shareholders' equity was EUR 27,334 thousand as of 31 December 2016 (2015: EUR 23,652 thousand).

In addition to its internal funding the Company secured additional renewable overdraft facilities from various commercial banks. In most cases the utilisation of these facilities is limited only to the financing of settlement imperfections and guarantee funds of various stock exchanges.

Shareholder Structure

The ultimate majority shareholders of the Company as of 31 December 2016 were Jan Sýkora, Vladimír Jaroš and Ľubomír Šoltýs (Partners). These individuals are regarded as key management personnel.

The sole shareholder of the Company at the issuance date of this report is WOOD & Company Group S.A., with registered office at 6C, rue Gabriel Lippmann, L-5365 Munsbach, Grand - Duchy of Luxembourg.

Board of Directors as of 31 December 2016

The principle rule agreed among main shareholders and directors of the Company is that the shareholders/directors of the Company will be represented on the Board of Directors as follows.

Chairman - Jan Sýkora

Vice Chairman – Vladimír Jaroš

Member – Ľubomír Šoltýs

Supervisory Board as of 31 December 2016:

Chairman – Slavomír Veselý

Member – Vojtěch Láska

Member – Marek Herold

On 9 November 2016 Tomáš Pilař was dismissed from the Supervisory Board. On the same day Marek Herold was elected as a new member of the Supervisory Board.

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

3. BASIS OF PREPARATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The unconsolidated financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate on the going concern assumption.

The financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a cash flow statement and notes to the financial statements.

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

The comparative figures on the face of the statement of financial position represent balances as of 31 December 2015, for the statement of comprehensive income and statement of cash flows amounts for the year ended 31 December 2015.

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

In addition, the Company fine-tuned the treatment for the calculation of costs allocated to the respective states in which the Company's subsidiaries are located. The new treatment was applied for the year ended 31 December 2016.

The Company prepares the unconsolidated financial statements in accordance with Accounting Act No. 563/1991 Coll., as amended.

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

In connection with the current economic environment, management has considered all relevant factors that could have an effect on the valuation of assets and liabilities in these financial statements, liquidity, funding of the Company's operations and other effects, if any, on the financial statements. All such impacts, if any, have been reflected in these financial statements. Management of the Company continues to monitor the current situation and the possible impact of the financial crisis and economic slowdown on its operations.

4. ADOPTION OF NEW AND REVISED STANDARDS

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

In the year ended 31 December 2016, the Company did not apply any new standards and interpretations, the use of which would have a significant impact on the financial statements.

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

During the year ended 31 December 2016, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect, the use of which did not have a significant impact on the consolidated financial statements:

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 11 "Joint Arrangements" –** Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 "Presentation of Financial Statements" -** Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Bearer Plants -** adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" -** Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 19 "Employee Benefits" –** Benefit plans: Employee contributions – adopted by the EU on 17 December 2014 (effective for reporting periods beginning on or after 1 February 2015);
- **Amendments to IAS 27 "Separate Financial Statements" -** Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to various standards** "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015);

- **Amendments to various standards** "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

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

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

The Company has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. The Company has not performed a detailed analysis yet but anticipates that the adoption of these standards and amendments to or interpretation of existing standards will have no material impact on the financial statements of the Company in the period of initial application.

The Company has commenced activities to assess the potential impact of the adoption of IFRS 9. The Company estimates that the adoption of other standards, amendments to existing standards and interpretations in the first-time period will not have a material effect on the Company's financial statements as at 31 December 2017, including comparable figures.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in EU as at 28 April 2017 (the effective dates stated below is for IFRS in full):

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

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

- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018);

- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time);

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

- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018);

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017);

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018);

- **Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018);

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

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

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of Income and Expenses

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

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

Recognition of date of accounting transaction

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

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

Foreign Currency Translation

Transactions with foreign currencies (spot and forward transactions) and transactions with GDRs are translated into Czech crowns using the market exchange rate ruling on the trade date of the relevant transaction.

Other transactions denominated in a foreign currency are translated into Czech crowns and accounted for using the official exchange rate announced by the Czech National Bank at the transaction date.

At the statement of financial position date, assets and liabilities denominated in foreign currencies are translated into Czech crowns at the Czech National Bank's exchange rate prevailing on that date. Realised and unrealised foreign exchange rate gains and losses arising from the translation of assets and liabilities denominated in foreign currencies into Czech crowns are recognised in the statement of comprehensive income as "Net profit or loss on financial operations."

The translation into the presentation currency is described in Note 1.

Business Combination

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

The Company recognises goodwill representing future economic benefits arising from other assets acquired in a business combination that cannot be individually identified. Its amount is calculated as the excess of the transferred payment over the identifiable assets net of liabilities. Once a year, the amount is tested for impairment.

Income Taxation, Deferred Taxes

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

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

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

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

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

Tangible and Intangible Fixed Assets

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

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

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

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

Financial Assets and Financial Liabilities

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

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

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

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

A financial asset is classified as held for trading if:

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

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

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

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

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

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

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

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

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

Repurchase Agreements

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

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

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

With regard to the sale of a security acquired as collateral under a reverse repurchase transaction, the Company recognises in the statement of financial position an amount payable from a short sale remeasured to fair value in the line "Liabilities held for trading".

Financial Derivative Instruments

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

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

Provisions

The Company recognises a provision when:

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

Post-employments Benefits

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

1. Monthly calculation reflects all compensation, including benefits in kind, paid to the worker in dependence of the employment relationship, as long as not occasional, subject to different estimates of the collective agreements.

2. The sum of salaries, paid monthly, is divided at the end of each year or at the end of the employment relationship, by the coefficient of 13.5.

3. Each year the amount allocated in the previous year is revalued based on the revaluation coefficient defined by the ISTAT for inflation.

4. Annually, a monthly contribution of 0.50% is calculated (together with contributions) by the employer on behalf of the employee in the form of an advance payment to the Italian Social Security Administration (INPS).

5. The amount referred to in paragraph 2) added to the amount obtained in step 3) reduced by the amount of point 4) gives the amount to be set aside as a business cost and debt into the fund account "TFR" (retirement benefits).

6. The new legislation in force since March 2015 provides the possibility

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

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

Share/Option scheme - Long Term employee benefits

Key employees of the Company were granted shares or options to acquire shares of the parent company (WOOD & Company Group S.A.). These employees were also granted options to sell certain shares to the parent company. The conditions for options putting are set individually in the employee contract. The management of the Company analysed those contracts and concluded the employee benefits are out of scope of IFRS 2. Given that the Company is not a party to the contract, no legal obligations arise to the Company.

The Company recognises the expense in the amount of the deemed value of shares and options granted to its employees derived from the parent company's consolidated equity. The expense is recognised in the statement of comprehensive income as "Share/Option scheme". As the formal commitment to meet obligations from these share schemes is with the parent company, the amount recognised in equity in the "Share/Option scheme capital fund" represents in substance the contribution from the parent company.

The Company dissolves the capital fund to the stock / option programme and increases retained earnings in the event of termination of the option programme.

Securities transactions for clients

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

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

Issued Debt Securities

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

6. NET INTEREST INCOME

Interest income totalling EUR 2,617 thousand (2015: EUR 1,217 thousand) is principally generated from bonds, provided money market loans and repo loans.

Interest expenses totalling EUR 1,805 thousand (2015: EUR 485 thousand) principally include bank overdraft interest of EUR 187 thousand (2015: EUR 109 thousand) and interest on repo transactions, security loans and money market loans of EUR 1,617 thousand (2015: EUR 376 thousand).

7. NET FEES AND COMMISSIONS

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Fee and commissions income:	**25,390**	**32,203**
- Securities transaction	18,012	23,287
- Research services	1,999	2,059
- Asset management	608	927
- Investment banking	4,771	5,930
Fee and commissions expense:	**-9,576**	**-12,787**
- Securities transactions	-9,573	-12,182
- Other	-3	-605
Total net fees and commissions	**15,814**	**19,416**

8. NET PROFIT ON FINANCIAL OPERATIONS

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Net profit from proprietary trading with securities	8,454	6,060
Net profit from foreign exchange transactions and foreign currency differences	-14	-95
Dividend income	299	294
Net profit on financial operations	**8,739**	**6,259**

9. OTHER INCOME/ (EXPENSES)

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Re-invoicing of operating costs	240	123
Other operating income	59	217
Gain/ (loss) on disposal of tangible assets	-1	0
Release/ (creation) of provisions to receivables	4	-498
Other income	**302**	**-158**

10. GENERAL ADMINISTRATIVE EXPENSES

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Wages, salaries and bonuses	-10,283	-9,978
Social security and health insurance costs	-1,799	-1,772
Allocation to T.F.R. provisions	-118	-79
Share/option scheme	-118	-16
Employee expenses	**-12,318**	**-11,845**
Other administrative expenses	-8,321	-8,206
Total administrative expenses	**-20,639**	**-20,051**
Depreciation	-685	-673
Total administrative and other expenses	**-21,325**	**-20,724**
Number of employees at the end of the period	154	148
Average number of employees during the period	150	138
Average employee cost per employee	**-82**	**-86**

Other administrative expenses mainly comprise payments for IT services (EUR 3,383 thousand; EUR 3,363 thousand in 2015) and rent of office space (EUR 1,140 thousand; EUR 1,202 thousand in 2015).

11. TAXATION

The corporate tax rate for the year ended 31 December 2016 is 19 percent. The Company's tax liability is calculated based upon the accounting profit/(loss) according to Czech Accounting Standards taking into account non tax-deductible expenses and tax exempt income or income subject to a final withholding tax rate.

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Profit / (loss) before tax	4,398	5,525
Theoretical tax calculated at a tax rate of 19% (2015: 19%)	**836**	**1,050**
Tax effect of non-taxable income	-70	-266
Tax effect of expenses that are not deductible for tax purposes	237	457
Tax effect of other allowances	-341	-487
Tax effect of dividend income and foreign branches income	423	472
Net impact of change in the FX rate	-1	3
Income tax expense / (income)	**1,083**	**1,229**
- *Of which deferred tax expense/income*	*-109*	*-268*

Deferred tax

	Year ended 31 December 2016 EUR '000	Year ended 31 December 2015 EUR '000
Deferred income tax assets		
Estimated costs for wages	165	147
Deferred tax liabilities		
Fixed assets depreciation for tax and accounting purposes	-4	-95
AFS revaluation fund	-212	0
Net deferred income tax assets/(liabilities)	**-51**	**52**

Deferred tax asset/ (liability) movement		
Balance at the beginning of period	52	-211
Net change recognised as income/ (expense)	109	268
Net change relating to other comprehensive income	-212	268
Net impact of change in FX rate	0	-5
Balance at the end of period	**-51**	**52**

Deferred income taxes are calculated from all taxable and deductible differences between the tax bases and carrying values using effective tax rates of 19 percent for 2016 onwards.

12. CASH AND DEPOSITS WITH BANKS

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Cash on hand	32	44
Current accounts with banks	41,900	17,518
Total cash and deposits with banks	**41,932**	**17,562**

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

The balance includes cash of custody clients in the amount of EUR 12,007 thousand (2015: EUR 6,804 thousand).

13. HELD FOR TRADING ASSETS AND LIABILITIES

Assets held for trading

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Securities traded on regular markets	6,292	1,231
Fair value of FX trades	5	8
Total held for trading assets	**6,297**	**1,239**

Liabilities held for trading

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Securities traded on regular markets	3,313	656
Fair value of FX trades	14	18
Total held for trading liabilities	**3,327**	**674**

Shares are denominated in particular local market currencies.

Nominal Value of FX trades	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Nominal receivables of FX trades	11,917	10,705
Nominal payables of FX trades	11,925	10,709

14. TRADE AND OTHER RECEIVABLES

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Receivables from securities trading	33,727	65,375
Receivables from reverse repo operation	34,364	38,671
Receivables from lending	12,797	7,882
Trade receivables and other receivables	3,249	2,963
Tax receivables	134	294
Prepayments made – short-term	312	342
Total trade and other receivables	**84,583**	**115,527**

Receivables from securities trading (EUR 33,727 thousand) include mainly equity transactions for clients that remained unsettled at the 2016 year-end. These transactions were subsequently fully settled at the beginning of January 2017. Only an immaterial amount of receivables was overdue as of 31 December 2016.

Trade and other receivables totalling EUR 3,249 thousand consist of receivables resulting from issued invoices to clients for services of asset management, research and investment banking (EUR 858 thousand, 2015: EUR 1,609 thousand). They also include intercompany relations (EUR 116 thousand, 2015: EUR 217 thousand) and estimated receivables (EUR 829 thousand, 2015: EUR 58 thousand).

Securities received as collateral amounted to EUR 56,993 thousand as of 31 December 2016 (EUR 61,681 thousand as of 31 December 2015). Securities are measured at fair value. All securities received as collateral could be sold or repledged.

15. ACCRUED INCOME AND OTHER ASSETS

Accrued income mainly includes prepaid offices rental.

16. SECURITIES AVAILABLE FOR SALE

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Unquoted bonds	6,262	3,258
Unquoted shares and equity holdings	5,127	3,966
Total available for sale	**11,390**	**7,224**

The item "Unquoted bonds" consists of the unlisted bonds of Czech companies with maturity from 2018 to 2020.

Unlisted shares and equity holdings as of 31 December 2016 include mainly holdings in real estate funds.

17. SECURITIES HELD TO MATURITY

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

18. LONG-TERM RECEIVABLES

Long-term receivables in the total amount of EUR 175 thousand (EUR 149 thousand in 2015) are principally composed of long-term advances paid for rentals.

19. TANGIBLE AND INTANGIBLE FIXED ASSETS

	Goodwill EUR '000	Software EUR '000	Technical appreciation EUR '000	Furniture and fixtures EUR '000	Other equipment EUR '000	Vehicles EUR '000	Total EUR '000
Cost							
1 January 2016	**269**	**4,034**	**796**	**816**	**1,314**	**303**	**7,532**
Additions	**0**	20	3	51	86	0	160
Disposals	0	0	0	0	2	0	2
Net impact of change in FX rate	0	-1	-2	-3	-21	0	-27
31 December 2016	**269**	**4,053**	**797**	**864**	**1,377**	**303**	**7,663**
Accumulated depreciation							
1 January 2016	**0**	**3,106**	**335**	**598**	**1,138**	**47**	**5,224**
Depreciation	0	407	41	77	83	76	684
Disposals	0	0	0	0	0	0	0
Net impact of change in FX rate	0	-2	-2	-2	-18	0	-24
31 December 2016	**0**	**3,511**	**374**	**673**	**1,202**	**123**	**5,883**
Net book value							
31 December 2016	269	542	423	191	175	180	**1,779**
1 January 2016	269	928	461	218	176	256	**2,309**

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

20. SHARE CAPITAL AND RESERVES

The registered share capital of the Company is represented by 198,000 shares with a nominal value of CZK 2,250 each.

21. TRADE AND OTHER PAYABLES

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Trade and other payables	1,864	2,369
Payables from securities trading	43,542	67,904
Payables from repo operation	42,931	29,852
Payables from borrowings	1,331	2,926
State budget payables	463	512
Estimated liabilities	1,852	2,700
Total trade and other payables	**91,982**	**106,263**

Trade and other payables consist of payables to suppliers that remained outstanding at the 2016 year-end and related parties payables. None of the payables were overdue as of 31 December 2016.

Payables from securities trading include equity transactions for clients that remained unsettled at the 2016 year-end, that were subsequently settled in January 2017. These balances also include amounts owed to clients due to cash held in custody of EUR 12,007 thousand (EUR 6,804 thousand in 2015)

Estimated liabilities include mainly an estimate for a guarantee fund contribution and estimates for services not invoiced by 31 December 2016.

Securities provided as collateral amounted to EUR 56,651 thousand (2015: EUR 31,996 thousand). Securities are measured at fair value.

22. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities mainly consist of a received commission that belongs to other counterparties and accruals for the lease of office space.

23. PROVISION FOR POST-EMPLOYMENT BENEFITS

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

24. ISSUED BONDS

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

25. FOREIGN CURRENCY RISK

The Company principally conducts its business in Czech crowns and other important currencies of Central and Eastern Europe. The Company established rules in respect of the holding of current assets, specifically cash denominated in individual currencies, pursuant to its internal guidelines for foreign currency risk management.

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

Set out below is an analysis of selected assets and liabilities of the Company as of 31 December 2016 in EUR thousand:

Currency:	**CZK**	**EUR**	**PLN**	**HUF**	**Other**	**Total**
Cash and deposits with banks	24,331	8,527	1,486	4,150	3,439	**41,932**
Assets held for trading	1,642	1,790	1,719	0	1,146	**6,297**
Securities available for sale	4,647	6,743	0	0	0	**11,390**
Trade and other receivables	31,920	19,794	9,044	4,867	18,958	**84,583**
Accrued income and other asset	78	230	56	6	338	**707**
Long-term receivables	0	175	0	0	0	**175**
Held to maturity securities	37	0	0	0	0	**37**
Deferred tax assets	0					**0**
Intangible assets	637	171	1	0	0	**809**
Property and equipment	753	179	18	0	21	**970**
Total assets	**64,044**	**37,608**	**12,323**	**9,023**	**23,902**	**146,900**
Share capital	17,777	0	0	0	0	**17,777**
Reserve fund from profit	610	0	0	0	0	**610**
Retained earnings	5,570	0	0	0	0	**5,570**
Revaluation fund from AFS	905	0	0	0	0	**905**
Share / Option scheme capital fund	643	0	0	0	0	**643**
Profit for the current period	3,315	0	0	0	0	**3,315**
Reporting currency conversion	-1,486	0	0	0	0	**-1,486**
Deferred tax liability	211	0	0	0	0	211
Issued debt securities	3,761	0	0	0	0	3,761
Provision for post-employment benefits	0	572	0	0	0	**572**
Amounts owed to banks	0	17,414	0	0	1,857	**19,271**
Liabilities held for trading	1,491	1,630	188	14	3	**3,327**
Trade and other liabilities	43,333	12,009	8,365	9,059	19,216	**91,982**
Accruals and other liabilities	18	211	4	0	21	**254**
Tax liabilities, current	285	64	0	0	0	**348**
Total liabilities	**76,273**	**31,900**	**8,557**	**9,073**	**21,097**	**146,900**
Off-Balance sheet items effect	1,870	2,520	-3,198	0	-1,192	**0**
Net on statement of financial position currency position as of 31 December 2016	**-10,359**	**8,229**	**568**	**-50**	**1,612**	**0**
Net on statement of financial position currency position as of 31 December 2015	**-3,824**	**2,424**	**348**	**-45**	**1,097**	**0**

26. LIQUIDITY RISK MANAGEMENT

The Company's liquidity management is based on the fact that the majority of the operations and transactions negotiated by the Company are settled in compliance with the T+2 or T+3 principle (trade date + 2 or 3 business days). Responsibility for managing the Company's liquidity rests with the Treasury department, which closely co-operates with the Settlement department. The Treasury department primarily undertakes analyses of maturity and currency structures of future receivables and payables to ensure that the Company constantly carries a sufficient amount of assets readily convertible into cash.

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

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

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

Maturity:	**On demand**	**Under 3 months**	**Under 1 year**	**Under 5 years**	**Over 5 years**	**Maturity undefined**	**Total**
Issued debt securities	0	0	60	3,701	0	0	**3,761**
Amounts owed to banks	0	19,271	0	0	0	0	**19,271**
Liabilities held for trading	0	3,327	0	0	0	0	**3,327**
Trade and other payables	0	90,130	1,852	0	0	0	**91,982**
Accruals and other liabilities	0	254	0	0	0	0	**254**
Income tax payable	0	0	348	0	0	0	**348**
Total 31 Dec 2016	**0**	**112,982**	**2,260**	**3,701**	**-**	**-**	**118,943**

Maturity:	**On demand**	**Under 3 months**	**Under 1 year**	**Under 5 years**	**Over 5 years**	**Maturity undefined**	**Total**
Issued debt securities	0	0	61	3,700	0	0	**3,761**
Amounts owed to banks	0	8,206	0	0	0	0	**8,206**
Liabilities held for trading	0	674	0	0	0	0	**674**
Trade and other payables	0	103,563	2,700	0	0	0	**106,263**
Accruals and other liabilities	0	305	0	0	0	0	**305**
Income tax payable	0	0	1,408	0	0	0	**1,408**
Total 31 Dec 2015	**0**	**112,748**	**4,169**	**3,700**	**-**	**-**	**120,617**

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

27. CREDIT RISK

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

28. INTEREST RATE RISK

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

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

29. MARKET RISK

In order to measure and manage market risks, the Company primarily operates a system of limits arising from the Company's needs and external requirements.

The Company trades the following instruments that carry market risk:

- Shares traded on the Prague Stock Exchange; and

- Selected foreign shares traded on foreign stock exchanges and derivatives contracts.

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

2016	Sensitivity Long Position	Sensitivity Short Position	Total Sensitivity
Sensitivity in Shareholder's Equity Amount –Public Equity (listed stock)	571	166	405
Sensitivity in Income Amount –Public Equity (listed stock)	315	166	149

2015	Sensitivity Long Position	Sensitivity Short Position	Total Sensitivity
Sensitivity in Shareholder's Equity Amount –Public Equity (listed stock)	260	33	227
Sensitivity in Income Amount –Public Equity (listed stock)	62	33	29

30. CAPITAL MANAGEMENT

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

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

31. ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES OF THE COMPANY

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

32. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

a. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

c. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

,2016	**Total EUR '000**	**Level 1 EUR '000**	**Level 2 EUR '000**	**Level 3 EUR '000**
Financial assets				
Trading assets				
- Quoted equities	**6,292**	6,292	0	0
- Fair value of FX trades	**5**		5	
Securities available for sale				
-Unquoted bonds	**6,262**			6,262
-Unquoted equities	**5,127**			5,127
Financial liabilities				
Trading liabilities				
- Quoted equities	**-3,313**	-3,313	0	
- Fair value of FX trades	**-14**	0	-14	
Total	**14,359**	**2,979**	**-9**	**11,390**

2015	Total EUR '000	Level 1 EUR '000	Level 2 EUR '000	Level 3 EUR '000
Financial assets				
Trading assets				
- Quoted equities	**1,231**	1,231	0	0
- Fair value of FX trades	**8**	**0**	8	0
Securities available for sale				
-Unquoted bonds	**3,258**	**0**	0	3,258
-Unquoted equities	**0**	**0**	0	0
Financial liabilities				
Trading liabilities				
- Quoted equities	**-656**	-656	0	0
- Fair value of FX trades	**-18**	0	-18	0
Total	**3,823**	**575**	**-10**	**3,258**

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

Financial instruments measured at fair value based on level 3

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

2015	Securities available for sale Unquoted bonds EUR '000
Opening balance	3,301
Purchase	513
Disposals	556
Closing balance	**3,258**

33. SEGMENT REPORTING

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

34. RELATED PARTIES

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

34.1. WOOD & Company Group S.A. ("WOOD SA")

As of 31 December 2016, the Company reports a receivable of EUR 3,894 thousand (2015: EUR 2,992 thousand) from WOOD SA (included in "Receivables from lending" in Note 14).

As of 31 December 2016, the Company reports payables of EUR 127 thousand (2015: EUR 127 thousand) to WOOD SA (included in "Trade and other payables" in Note 21).

The Company recognises expenses in the amount of EUR 63 thousand (2015: EUR 16 thousand) which represent the deemed value of shares and options of WOOD SA granted to employees of the Company derived from WOOD SA's consolidated equity.

The Company reports interest income totalling EUR 59 thousand (2015: EUR 50 thousand) from a loan granted to WOOD SA.

34.2. Wood and Company Financial Services AG ("WOOD AG")

The Company invoiced to WOOD AG a fee for services in the amount of EUR 16 thousand (2015: EUR 13 thousand).

As of 31 December 2016, the Company reports a receivable of EUR 388 thousand (2015: EUR 871 thousand) from WOOD AG which is included in "Receivables from lending" in Note 14. As of 31 December 2016, the Company reported a payable to WOOD AG in the amount of EUR 7 thousand (2015: EUR 65 thousand) which is included in "Trade and other payables" in Note 21.

The Company reports interest income of EUR 16 thousand related to a loan provided to WOOD AG (2015: EUR 21 thousand).

34.3. Wood & Company, a.s. ("WOOD SK")

As of 31 December 2016, the Company reports receivables from WOOD SK of EUR 110 (2015: EUR 210 thousand) which is included in "Trade and other receivables" in Note 14.

As of 31 December 2016, the Company reports payables of EUR 1 thousand (2015: EUR 0 thousand) to WOOD SK (included in "Trade and other payables" in Note 21).

WOOD SK invoiced the Company for services in the amount of EUR 7 thousand (2015: EUR 7 thousand).

34.4. WOOD & Company investiční společnost, a.s. ("WOOD IS")

The Company invoiced the services provided to WOOD IS in the amount of EUR 20 thousand (2015: EUR 36 thousand). Interest expense from a loan provided by WOOD IS amounted to EUR 11 thousand (2015: EUR 17 thousand).

As of 31 December 2016, the Company reported a receivable of EUR 2 thousand (2015: EUR 3 thousand) from WOOD IS (included in "Trade and other receivables" in Note 14) arising mainly from the recharging of rental costs.

As of 31 December 2016, the Company reports payables of EUR 368 thousand (2015: EUR 986 thousand) to WOOD IS (included in "Payables from borrowings" in Note 21).

34.5. WOOD & Company Holding Limited (HOLDING MALTA)

As of 31 December 2016, the Company reports a receivable from HOLDING MALTA (included in "Trade and other receivable" in Note 14) in the amount of EUR 4 thousand (2015: EUR 4 thousand).

The Company reports no interest expenses (2015: EUR 2 thousand) related to a loan provided by HOLDING MALTA.

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

As of 31 December 2016, the Company reports no receivable from SICAV (in 2015: EUR 308 thousand, included in "Trade and other receivables" in Note 14). The Company invoiced the services provided to SICAV in the amount of EUR 300 thousand (EUR 294 thousand in 2015).

35. ASSETS UNDER MANAGEMENT AND CUSTODY

	As of 31 December 2016 EUR '000	As of 31 December 2015 EUR '000
Assets under custody	208,896	193,600
Assets under management	74,908	64,694

The assets under custody do not include assets of EUR 22,932 thousand (2015: EUR 23,574 thousand) which are received under management as well as under the Company's custody.

36. REMUNERATION OF KEY MANAGEMENT

During the reporting period, the short-term benefits to the key management amounted to EUR 190 thousand (2015: EUR 188 thousand). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. No other benefits were provided to the key management.

37. ISSUED LOANS, BORROWINGS OR OTHER BENEFITS

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

38. NETTING OF FINANCIAL ASSETS AND LIABILITIES

The Company enters into contracts with counterparties that contain a close-out netting clause.

The Company enters into foreign exchange transactions with counterparties - banks which may keep the cash accounts for the Company. The fair value of short-term foreign exchange transactions is insignificant given the volume of funds deposited with the bank. The fair value of foreign exchange reported in Note 13 may be included in the set off in the event of counterparty default.

The Company enters into repurchase and reverse repurchase agreements with counterparties, where securities are used as collateral. As of 31 December 2016, the Company reports no repo operations, which could be utilised with other operations of the counterparty recognised in the financial position of the Company.

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

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

39. CONTINGENT LIABILITIES

The Company's directors consider that the Company is not exposed to any contingent liabilities of any kind as of the date of the Company's financial statements for which no provision was created.

40. SUBSEQUENT EVENTS

No significant events that would have a material impact on the financial statements for the year ended 31 December 2016 occurred subsequent to the statement of financial position date.