

ANNUAL REPORT

2019



#solidarityforalbania

32,400

678,600

24,400

550,500

667,300

42,000

109,000

144,500

764,300

109,100

5,598

6.8

5.0

2.0

0.6

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0.5

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MESSAGE

CHAIRMAN OF THE SUPERVISORY BOARD



Albanian Securities Exchange (ALSE) continued its efforts to maintain its pivotal position as a crucial factor within the domestic capital market. It has, however, not yet obtained the desired indicators of financial performance, mainly due to the fact that the stock exchange is in its first years and, like any new investment, it needs its time to consolidate, as well as due to some restrictions on the activities. Last year's performance was adversely affected by the financial hardship of the business community, caused by September's and November's earthquakes, which hit the heart of the country's economy.

Notwithstanding the above, thanks to the trust of the shareholders and their continuous contributions, progress pervaded 2019 too, especially with respect to the further completion of the necessary regulatory operational framework. Of utmost importance was the work performed for raising the awareness of the domestic stakeholders as well as the continuous communication with the regulatory authorities and groups of interests. A further achievement was the recognition of ALSE beyond state's borders, especially the agreement with Vienna Stock Exchange, a potential promise to boost foreign investments.

The growing demand for more transparency from the business community as well as the latter's financial and non-financial reporting, with the entry into force last year of the new law "On Accounting and Financial Statements", have introduced real opportunities for Public Interest Entities (PIEs) to consider being listed on the stock exchange and conducting trading operations through it. The progress reports, the use of advanced non-financial reporting standards, the approximation with the European Non-Financial Reporting Directive, the licensing by the regulatory bodies of the Albanian Securities Register (ALREG), as well as the draft-law "On Capital Market" are considered the right steps toward the listing of large companies and the trading of shares and debt securities issued by them.

Future perseveres challenging. In the long run, the activities of the stock exchange cannot be detached from the use of new technologies and artificial intelligence, which not only will facilitate work, but will further improve the way Exchange works. They will raise public awareness on the matter and add value to the whole process.

Prof. Dr. Hysen ÇELA
Chairman
Supervisory Board



CHIEF EXECUTIVE OFFICER



On the grounds of this year's challenges, ALSE progress for 2019 resulted within expectations. Despite the negative impact on the country's economy and its financial markets of September's and November's earthquakes, we managed to guarantee a stable year, both in terms of trade indicators and consolidation of the relations with stock exchange members.

This year marked a very important milestone towards the recognition of ALSE in the international arena. After an admirable performance, we have successfully entered into an agreement with Vienna Stock Exchange to sell trading data to the entire network of investors of this counterpart institution, representing a remarkably prestigious EU counterpart. Accessing data which concern the Albanian securities market provides us with the opportunity to acquire

the attention of foreign investors, encouraging them to be present in the Albanian securities market.

The licensing in 2019 of the Albanian Securities Register (ALREG) by the Financial Supervisory Authority and the Bank of Albania, established a cornerstone in the institutional and financial architecture indispensable for the trading of securities on Albanian Securities Exchange. ALREG will pave the way for the listing and trading of shares and bonds issued by Albanian companies through ALSE, increasing the chances for positive market developments in the forthcoming years.

Same is true for the new draft law "On the Capital Market", prepared by the Financial Supervisory Authority with World Bank support, which induces further alignment of the legal framework with the EU directives, leading to further developments in the domestic capital market.

To conclude, ALSE continued being quite an active and crucial institution for the public's financial education regarding the securities industry and capital markets, in cooperation with other domestic economic agents.

Artan GJERGJI
Chief Executive Officer



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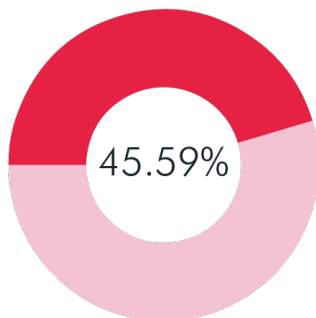
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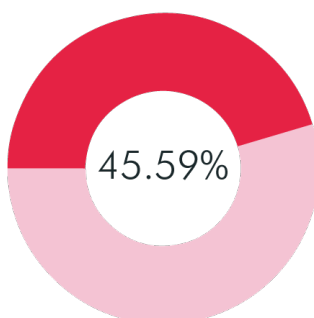
ABOUT THE ALBANIAN SECURITIES EXCHANGE

SHAREHOLDERS

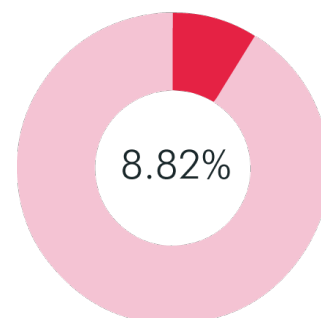
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CHAIRMAN

BRIKENA HOXHA
DEPUTY CHAIRMAN

OBJECTIVES FOR 2020

- ALSE's main objective is to become an important stakeholder within the securities industry, in compliance with the best practices of the developed markets.
- List the securities issued by the firsts private and/or state corporations.
- Maturation of all pre-conditions to enable the quotation of all corporate bonds existing in the market, issued via private placements.
- Create a secondary liquidity market for the existing corporate bonds and for the new ones to be issued.
- Attract financial intermediaries (brokerage firms, banks or non-bank institutions) to a regulated and organized market, with a view to provide a liquidity window that will enable high transparency during trade executions.
- Extend cooperation to higher education institutions within the country, aiming at increasing the awareness on and familiarization with the securities industry and the domestic capital market.
- Financial education of the general public regarding capital markets and the functioning of the Exchange and market actors.



FUTURE PLANS

Promote the financial education of key stakeholders - through conferences, open lectures, educational materials, business meetings and collaboration with groups of interest.

Issue the first public offer in the country, providing all investors with an opportunity to allocate their savings to instruments beyond the traditional ones.

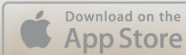
Establish a transparent, efficient, well-regulated and unbiased market, which will provide market operators with the lowest possible intermediation costs.

Enhance the presence in international organisations and events of mutual benefits, with a view to the economic promotion of the country as well as that of the Albanian securities market.

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ALSE ACTIVITIES FOR 2019

MEMBERSHIP

Membership of the Brokerage Firms

Two banks licensed as brokerage firms: Credins Bank sh.a. and American Investment Bank sh.a., have re-confirmed their membership to trade securities in the Republic of Albania for 2019.

During 2019, Albanian Securities Exchange (ALSE) was joined by two new members entitled to full rights: Triumf Grup sh.a and Intesa SanPaolo Bank sh.a.

The membership of Triumf Grup sh.a, as a non-banking brokerage firm, is a novelty for the securities market, as it is the first Brokerage Firm to link Brokerage Firms, Custodians and Securities Depositors, via the same ALSE trading platform.

Three out of the four members: Credins Bank sh.a, American Bank of Investments sh.a and Intesa SanPaolo Bank sh.a, have been licensed by Financial Supervisory Authority to perform transactions with securities on their behalf and on behalf of their clients (broker-dealer), whereas Triumf Grup sh.a., is already in possession of a licence for performing transactions in T-Bills, on behalf of its clients.

Training of Physical Brokers

Following the membership of the new Brokerage Firms with the Albanian Securities Exchange (ALSE), the latter has continued with the training of the Brokers working for these Members.

Physical brokers authorized to represent the securities transactions of the Members and their clients, received a three-days personal training, which focused on financial education and the use of the electronic trading system.





LISTING

Government Debt Securities traded through ALSE

The Albanian Securities Exchange continued with the listing of the government debt securities issued in the primary market by the Ministry of Finance and Economy. Government debt securities are listed on ALSE on the same day the auction organized by the Bank of Albania in the primary market ends, enabling thus the execution of transactions from Members via ALSE in the secondary exchange market.

Corporate Bonds

Since February 2019 ALSE is allowed to trade securities other than government debt securities, paving the way for the listing of corporate bonds.

Meanwhile, the completion of the capital market architecture continued in 2019 too, through the licensing of the Albanian Securities Register (ALREG) by the Financial Supervisory Authority, for the registration of corporate bonds and, by the Bank of Albania, as an operator of the cash & securities settlement system.

ALREG's licensing enables the listing and trading of corporate bonds in the organized and regulated market of the Albanian Securities Exchange.

Meeting with business potential to be listed

During 2019, the Albanian Securities Exchange has continued intensively the meetings with business entities potential to be listed on the stock exchange. The contacts and meetings with these business were carried out based on their compliance with the listing criteria, as defined in ALSE regulatory framework, which focus mainly on their last 3 years financial performance and size of capital.

Business entities which ALSE has held meetings with operate mainly in different sectors, such as:

- Financial Sector (*banks and non-bank institutions*),
- Manufacturing (*food, drinks, water*),
- Constructions (*infrastructure and residential constructions*),
- Production and delivery of power supply.

Over the next year the first issuance from corporations of various bonds and equities is expected.





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MARKET ANALYSIS AND STATISTICS

In the general overview, during 2019, the trading value executed through ALSE amounted to ALL 2.46 billion, or approximately Euro 20.23 million, with a volume of more than 52,350 traded securities units and a total volume of 101 transactions. The slender decrease of about 4% compared to the previous year in the traded volume, was mainly due to the decrease in the number of members in the first 6 months of 2019, as well as of the psychological impact the country's economic crisis caused by November 2019 earthquake had on the markets.

From the overall analysis concerning ALSE trading features for 2019, it is clear that the prevailing transactions for 2019 were:

- Transactions for clients,
- On-Exchange transactions,
- Transactions in T-Bonds,
- Transactions in Albanian LEK (ALL).

More specifically, ALSE progress has been considered against the following four approaches:

By Transaction Type

Most of them are transactions executed in the retail market, which represent bank-client or client-client transactions, compared to inter-bank transactions (*interbank market*).

Transactions for clients executed through the On-Exchange dominate the market value (76.7% of the total) together with the volume of the executed transactions (82.2% of the total), whereas in terms of volume traded, the majority of transactions are executed between banks (64.4% of the total).

Table 1: Trading through ALSE by transaction type (January – December 2019)

Type of Transaction	January - December 2019		
	No. of Trades	Traded Volume	Traded Value (all)
Interbank	18	33,733	574,748,469
for Clients	83	18,617	1,888,949,036

By Security Type

The majority of executed transactions are in T-Bonds, compared to transactions with T-Bills. Hereby the traded volume of T-Bills prevails (62.7% of the total). Yet there is a predominance of the traded value of the T-Bonds (86.7% of the total), also as number of transactions, the one in T-Bonds is higher (75.3% of the total).

Table 2: Trading through ALSE by security type (January – December 2019)

Type of Securities	January - December 2019		
	No. of Trades	Traded Volume	Traded Value (all)
T-Bills	25	32,800	327,201,585
T-Bons	76	19,550	2,136,495,920



By Trading Hours

The major number of transactions is executed during the Off-Exchange hours, compared to the ones executed during the official trading hours (On-Exchange). Transactions executed during trading hours predominate in terms of market value (59.8% of the total), the traded volume (80.5% of the total). In the meantime, as far as the number of transactions is concerned, it is higher during off-exchange hours, accounting for approximately 56.4% of the total number of the executed transactions.

Transactions executed during official trading hours (On-Exchange) are transactions of a much higher level of transparency and any data in this respect is easily accessible by the investors.

Table 3: Trading through ALSE by trading hours (January - December 2019)

Trading Sessions	January - December 2019		
	No. of Trades	Traded Volume	Traded Value (all)
On-Exchange	44	42,122	1,473,784,835
OTC (Off-Exchange)	57	10,228	989,912,670

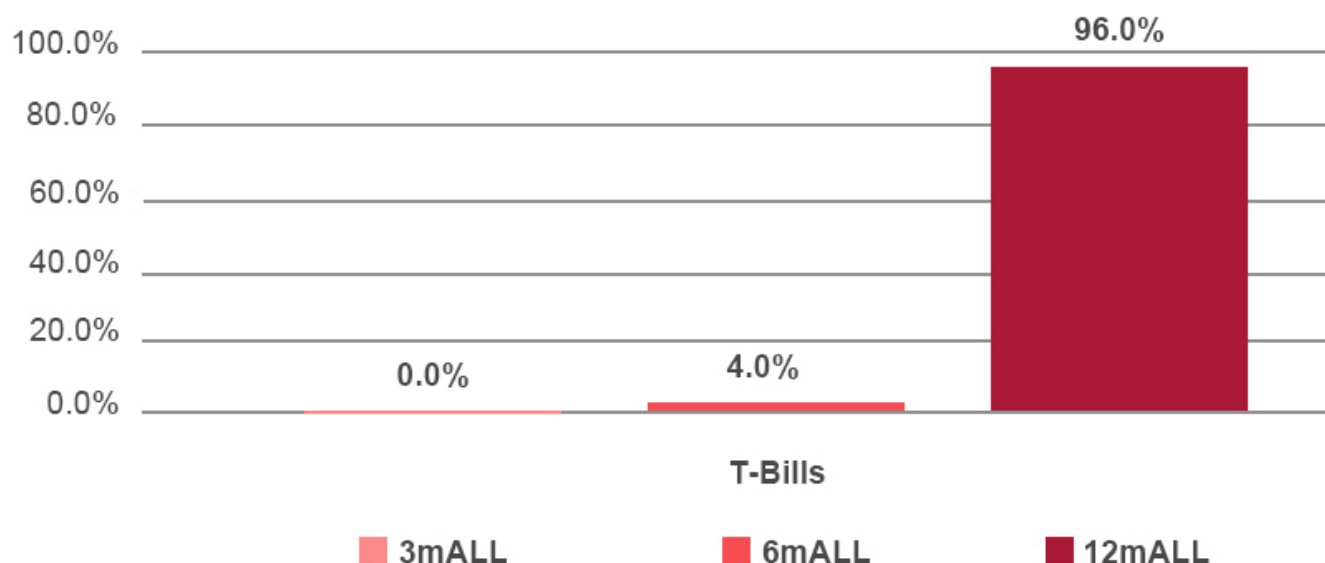
By Terms of Maturity

From the maturity point of view, the most active T-Bills are those with a **12-month maturity**, accounting for 96% of the transactions number and 99.9% of the trading volume and trading value respectively, followed by the **6-month T-Bills**.



No. of Trades
January - December 2019

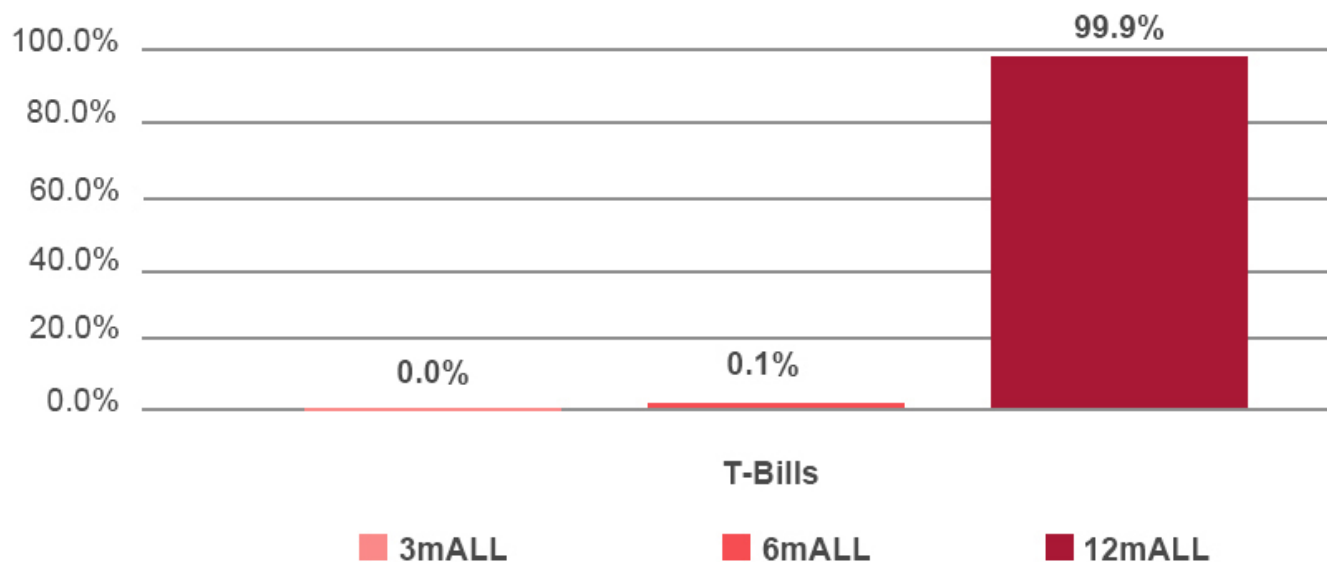
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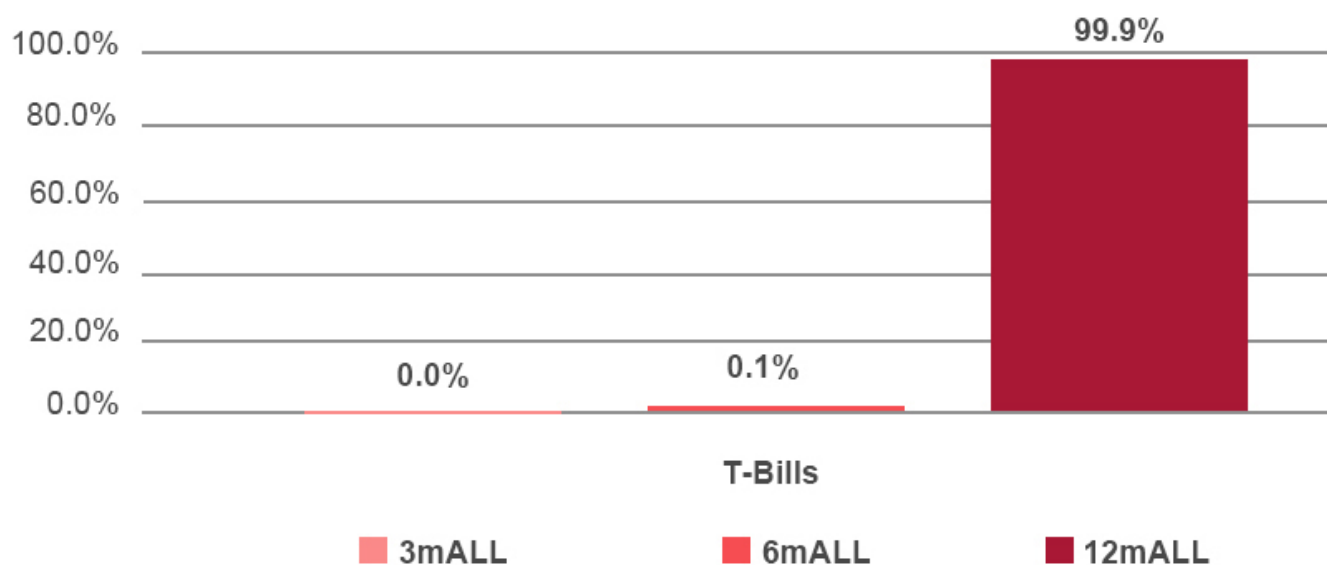
Volume of Trades January - December 2019

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Value of Trades January - December 2019

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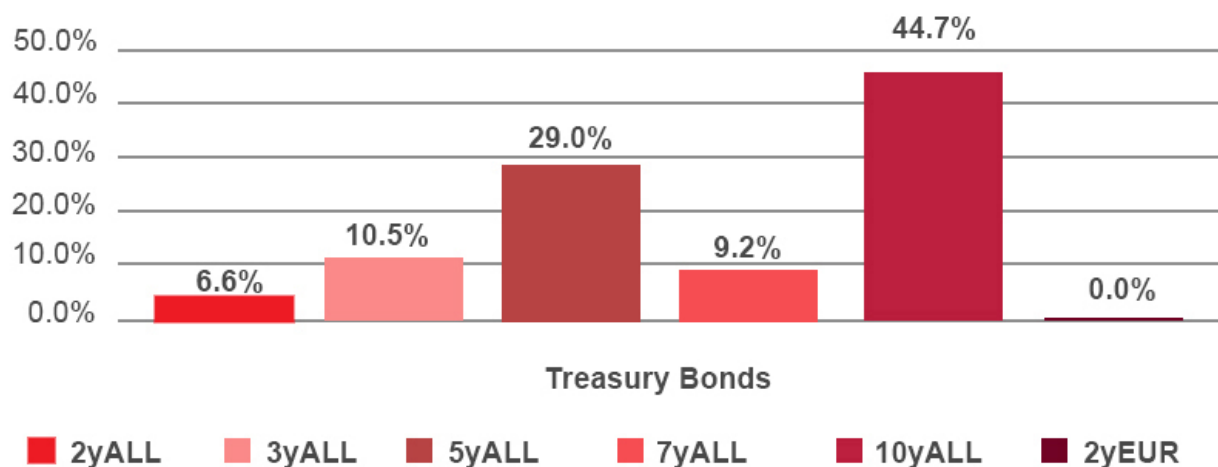


From the maturity point of view, the most active T-Bonds are those with a **10-year** maturity, accounting for 44.7% of transactions number, 52% of the volume and 54% of the traded value, respectively. These are followed by the **5-year** maturity T-Bonds and **3-year** maturity ones.

No. of Trades

January - December 2019

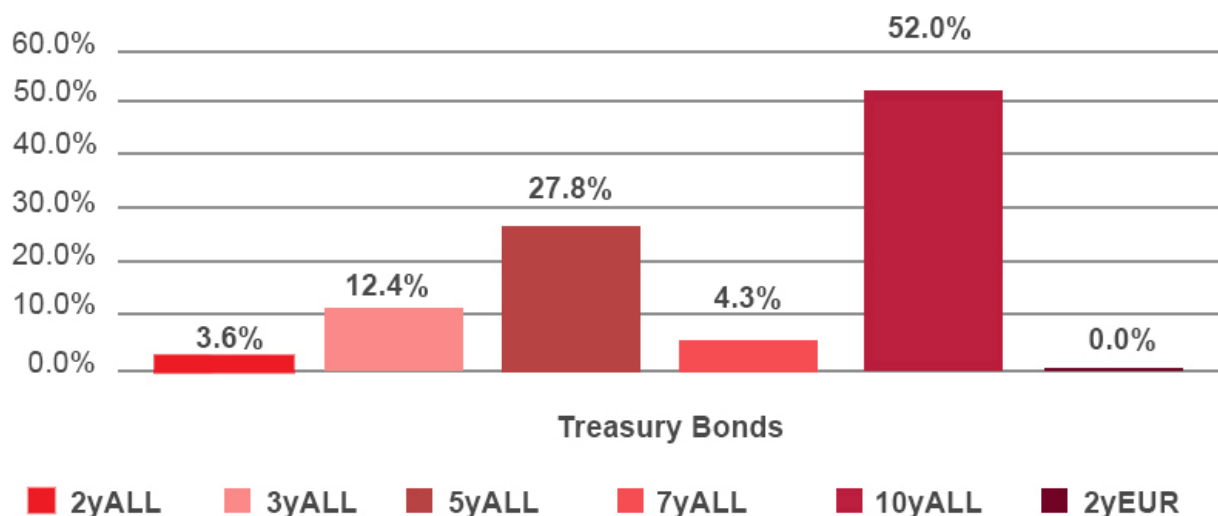
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Volume of Trades

January - December 2019

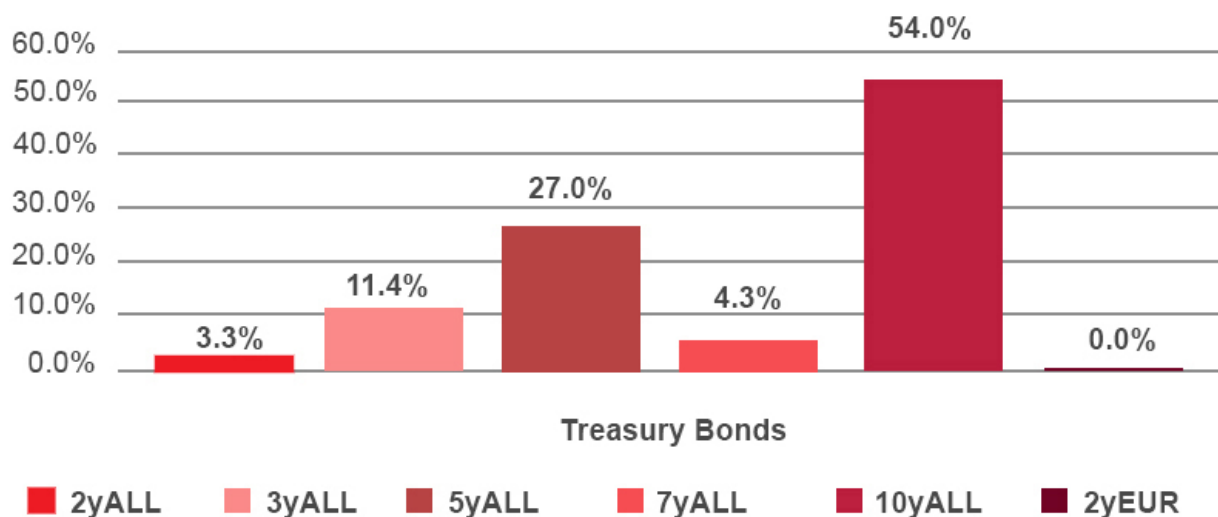
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Value of Trades January - December 2019

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During 2019, in the Albanian Securities Exchange, there is no transactions executed in euro-denominated securities.



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MONITORING AND SUPERVISION

ALSE has professionally and effectively performed monitoring and supervision of the market operators, in view of enhancing trade integrity and ALSE's credibility in front of its investors.

Given the fact stock exchanges are self-regulatory organisations (SROs) and in view of guaranteeing transparent, integrity and unbiased market, the legal and regulatory framework in force provides stock exchanges with the right to monitor and supervise the market and its actors operating in this regulated market. Consequently, ALSE's regulatory framework, in full compliance with the Law on Securities and in view of ensuring the proper functioning of the capital market, provides for periodic inspections' procedures for the Members.

In this framework, as part of the job description for the monitoring and surveillance of the market and its operators, ALSE initiated in 2019, the inspection procedures for two of its Members.

These inspections, carried out both at the Members' offices (on-site) and remotely (off-site), aimed at:

- controlling the written procedures on exchange trading,
- the procedures of keeping the order and the transactions books,
- clients data storage procedures, as well as
- the compliance of ALSE Members' activities with the legal and regulatory framework, as far as the transactions with securities in the secondary market of the stock exchange are concerned.

From the inspections made, it was not revealed any irregularity in the manners of storing documentations or in the legal and regulatory framework.

LEGAL AND REGULATORY FRAMEWORK

Albanian Securities Exchange has pursued its commitment to improve the legal framework and align to EU Directives. The new draft law "On Capital Market" has been this year's main subject. ALSE is intensively involved in the preparation of the second phase of technical and legal comments, following the review made in 2019 by the Financial Supervisory Authority and by the foreign experts of the World Bank in charge of preparing this draft law.

With regard to ALSE regulatory framework, a few amendments have been made during 2019 in view of improving the regulations and guidelines, employing best international practices as well as the experience of some of the best experts from the region's Exchanges.

In 2019, the Supervisory Board has adopted important decisions regarding the improvement of ALSE regulatory framework, such as:

Rules

- Approval of some amendments to the Albanian Securities Exchange Regulation (undergoing approval procedures by ASFA);
- Approval of the amendments to the ALSE Fees and Commissions, annexed to ALSE Regulation (undergoing adoption procedures by ASFA).;

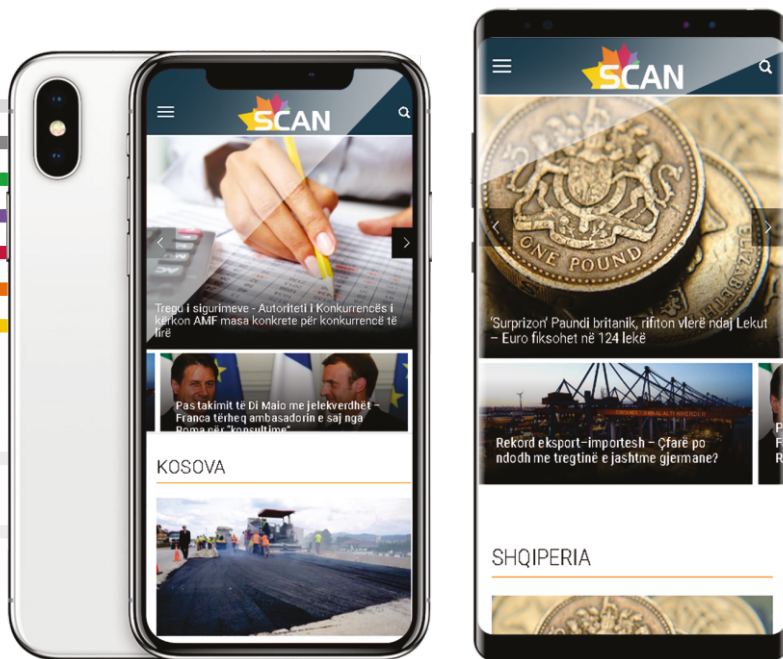
Guidelines

- Approval of the Guidelines on the Modalities of Determining Fees and Commissions for the Albanian Securities Exchange (undergoing adoption procedures by ASFA).





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COOPERATION WITH STAKEHOLDERS

INSTITUTIONAL RELATIONS

Signing of a cooperation agreement between Albanian Securities Exchange (ALSE) and Vienna Stock Exchange

In June 2019, ALSE entered into a cooperation agreement with Vienna Stock Exchange with the aim of disseminating securities trading data in Albania to the network of clients of the Vienna Stock Exchange. A similar agreement to this one has been previously entered into with almost all stock exchanges in the region, in an effort to attract the attention of foreign investors, so crucial to increase the liquidity in local securities markets.

By means of this agreement, financial market information providers, so-called data vendors, enable foreign investors' access into the Albanian securities market data, through the central data dissemination platform administered by Vienna Stock Exchange. Starting October 2019, where from this agreement is being implemented, the Albanian securities market data can be accessed in real time by more than 18,000 users from approximately 60 different countries. This central data dissemination platform, designed according to the principle of one-stop shop, reduces to the maximum the administrative, legal and information technology workload of the clients.

Cooperation with EBRD

Experts from the Local Currency and Capital Markets Development Department within the European Bank for Reconstruction and Development (EBRD) held a meeting with ALSE in July 2019. at the scope was to assess Albania's capital market, in order to start work on the drafting and implementation of the Albanian National Development Strategy, a document which defines the priorities, objectives and supporting programmes that EBRD intends to implement in the future in Albania. ALSE emphasised the importance the inclusion and support of the EBRD in the development of the capital market has for Albania, based on the best practices in the region. ALSE further proceeded by submitting to EBRD all the necessary proposals in writing, requesting its intervention in various sectors, with a special focus on the good governance of corporations, as well as the development of the capital market in our country.

Cooperation with the Ministry of Finance and Economy

ALSE has supported the Ministry of Finance and Economy (MFE) by preparing a series of proposals to improve Albania's ranking in the Doing Business index for the coming year. In this framework, a meeting was held with MFE. Pursuant to the policies and initiatives undertaken by the countries of the region and beyond, ALSE prepared a detailed project pipeline regarding the development of the capital market, as one of the issues on which our country has lost more credits in this analysis carried out by the World Bank. These proposals include legal and fiscal tools to promote the listing of local business entities in the stock exchange, as well as the privatization of the shares' packages of several large state-owned corporations, through their listing in ALSE.

Cooperation with the Regional Cooperation Council (RCC)

ALSE is part of the network of all the 6 Western Balkan Countries (WB6) established by the Regional Cooperation Council (RCC) and whose scope is to coordinate the development of the capital markets in these countries. RCC is the EU body in charge for the coordination of all donor funds for the development of economies within WB6. One of the RCC's priorities is the development of the capital market with the support of World Bank expertise.

At the meeting held in Vienna in June 2019, a summary paper on the key elements that the development of the capital market in a small economy should achieve was introduced, after its piloting in Serbia, in order to implement reforms in all the WB6 countries. RCC subsequently submitted this paper and the necessary issues for intervention in the development of the capital market, to the Prime Ministers of the 6 Western Balkan Countries in the summit held in Poznan, Poland. RCC is also working to secure the funds needed for the expansion of the capital market development project to other countries in the region.



Other Activities

- ALSE, in view of supporting financial education for 2019, has been very active through meetings and projects organized by members of the Albanian Financial Education Network (ANFE).
- Participation in the seminar held by the Albania Public Oversight Board which emphasised the importance and impact of the qualitative financial reporting on the economy. ALSE, through an extended presentation, addressed the topic of the importance of financial reporting for the companies listed in ALSE.
- Albanian Securities Exchange supported the Albanian Financial Supervisory Authority in training future brokers. It focused on the introduction of the securities exchange and its operation within the Albanian market.
- Participation in the activities organised by the Financial Supervisory Authority during World Investor Week, which aimed at the education of the younger generations about the new markets that are arising in our country, such as: capital market, voluntary pension market and investment funds. ALSE has also participated in various activities organised by the vocational high schools in the cities of Tirana and Berat, as well as by two faculties in Tirana and Durrës.
- Albanian Securities Exchange and Junior Achievement Albania, a non-profit organization supported by the Albanian-American Development Fund (AADF), have joined forces to raise public awareness on the financial services and the securities industry. During 2019, ALSE and JAA started the implementation of the first project, which focuses on the preparation of some educational cartoon videos. These videos aim at introducing the public to the functioning of the Securities Exchange, the financial instruments as well as to the capital markets in general. This project is expected to be finalized and educational materials to be accessed by the public in 2020





ALSE IN PUBLIC

Public Education

During 2019 ALSE paid great attention to the financial education of the public, with a focus on the securities and capital markets, through open lectures delivered to bachelor and master's programmes of economics faculties in several public and non-public higher education institutions, which it has entered into cooperation agreements with.

Being of the opinion that investing in secondary education institutions through financial education constitutes a very important milestone in the education of the younger generations, ALSE held several open lectures within their premises during 2019.

"Term of the day" Campaign

In 2019 ALSE launched the campaign "Term of the day". The focus of this literacy campaign is the education of the public and its familiarization with simplified terms concerning capital market, exchange and trading types, via animated illustrations in Albanian and English language. The content of these materials is based on best contemporary definitions and standards in the securities industry.

ALSE official website

On the occasion of the first anniversary of securities trading, ALSE has launched a trading database on its official website to help all investors, academics, researchers and the public having an interest in obtaining market information and conducting various studies on the securities market in our country.



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Financial Statements and Independent Auditor's Report

ALBANIAN SECURITIES EXCHANGE ALSE sh.a.

As at and for the year ended on 31 December 2019

This version of our report/the accompanying documents is a translation from the original, which was prepared in Albanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



EXTERNAL AUDIT



Grant Thornton

Independent Auditor's Report

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To the Shareholders of Albanian Securities Exchange ALSE sh.a.

Opinion

We have audited the financial statements of Albanian Securities Exchange ALSE sh.a (hereafter referred as the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Albania, 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.

Other matter

The Company's financial statements for the year ended 31 December 2018 were audited by another auditor who expressed an unqualified opinion on those financial statements as at 28 May 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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.



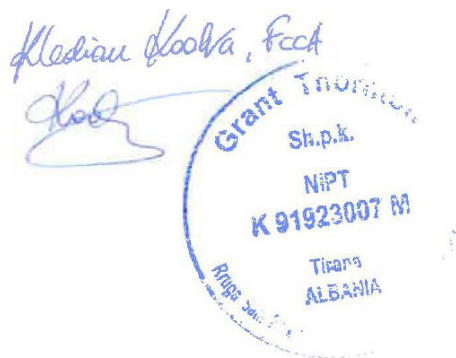
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ 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 management.
- ▶ Conclude on the appropriateness of management's 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 those charged with governance 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.

Grant Thornton sh.p.k.

10 April 2020
Tirana, Albania



FINANCIAL STATEMENTS

Statement of Financial Position

	Notes	31 December 2019	31 December 2018
ASSETS			
Current assets			
Cash and cash equivalents	6	31,865,940	11,428,589
Trade and other receivables	7	399,667	343,994
Prepayments and other receivables	8	130,173	103,310
Total current assets		32,395,780	11,875,893
Non-current assets			
Property, plant and equipment	9	15,034,002	4,819,860
Intangible assets	10	7,919,511	11,011,872
Total non-current assets		22,953,513	15,831,732
Total Assets		55,349,293	27,707,625
Liabilities and Equity			
Current liabilities			
Trade and other payables	11	2,219,662	2,044,475
Lease Liabilities	12	825,604	-
Total current liabilities		3,045,266	2,044,475
Non-current liabilities			
Other payables	11	-	2,664,800
Lease Liabilities	12	10,142,640	-
Total non-current liabilities		10,142,640	2,664,800
Total Liabilities		13,187,906	4,709,275
Equity			
Subscribed capital	13	85,000,000	50,000,000
Accumulated Losses		(27,001,649)	(12,471,233)
Loss for the year		(15,836,965)	(14,530,416)
Total Equity		42,161,386	22,998,351
Total Liabilities and Equity		55,349,292	27,707,626

Financial statements are approved by Albanian Securities Exchange ALSE sh.a. at 25 March 2020 and signed on their behalf:

Artan Gjergji
Administrator



Kazazi Consulting shpk



The statement of financial position should be read together with the explanatory notes on pages 5-33 which are an integral part to these financial statements.

ALBANIAN SECURITIES EXCHANGE ELSE SHA



Statement of Profit or Loss and Other Comprehensive Income

	Notes	31 December 2019	31 December 2018
Revenues			
Operating income, net	14	1,548,870	-
Other income	14	1,604,370	185,248
Total revenues		3,153,240	185,248
Expenses			
Personnel expenses	14	(7,005,118)	(6,347,378)
Administrative expenses	15	(5,343,834)	(6,008,181)
Amortization and depreciation	9, 10	(6,162,351)	(2,274,205)
Total expenses		(18,511,303)	(14,629,764)
Operating loss		(15,358,063)	(14,444,516)
Financial Expenses/(income), net	17	(1,179,810)	(74,355)
Profit/(loss) from exchange	18	700,908	(11,545)
Total financial expenses/(income)		(478,902)	(85,900)
Loss before tax		(15,836,965)	(14,530,416)
Income tax expense	19	-	-
Net loss for the year		(15,836,965)	(14,530,416)
Other comprehensive income		-	-
Total comprehensive income for the year		(15,836,965)	(14,530,416)

The Statement of Profit or Loss and Other Comprehensive Income should be read together with the explanatory notes on pages 32-57 which are an integral part to these financial statements.



Statement of changes in Equity

	Share capital	Accumulated losses	Loss for the year	Total
As at 1 January 2018	50,000,000	-	(12,471,233)	37,528,767
Transfer to accumulated losses	-	(12,471,233)	12,471,233	-
Loss for the year	-	-	(14,530,416)	(14,530,416)
As at 31 December 2018	50,000,000	(12,471,233)	(14,530,416)	22,998,351
Increase in capital	35,000,000	-	-	35,000,000
Transfer to accumulated losses	-	(14,530,416)	14,530,416	-
Loss for the year	-	-	(15,836,965)	(15,836,965)
As at 31 December 2019	85,000,000	(27,001,649)	(15,836,965)	42,161,386

The Statement of Changes in Equity should be read together with the explanatory notes on pages 32-57 which are an integral part to these financial statements.

ALBANIAN SECURITIES EXCHANGE ALSE SHA



Statement of cash flows

	Notes	31 December 2019	31 December 2018
Cash flows from operating activities			
Loss before tax		(15,836,965)	(14,530,416)
Adjustments for:			
Depreciation and amortization expense	9,10	(7,121,780)	2,274,205
Right of use assets	17	1,179,809	74,355
		(21,778,936)	(12,181,856)
Changes in working capital:			
Increase in prepayments	7	(26,863)	716,061
Increase in other assets	8	(55,673)	(200,660)
(Decrease)/ increase in Trade and other payables	11	8,478,632	(1,705,665)
		(13,382,840)	(13,372,120)
Receivable interest	17	(1,179,809)	(74,354)
Cash flows from operating activities		(14,562,649)	(13,446,474)
Cash flows from investing activities			
Acquisition of property plant and equipment	9	-	(274,615)
Acquisition of intangible assets	10	-	(4,109,695)
Cash flows from investing activities		(14,562,649)	(17,830,784)
Cash flows from financing activities			
Increase in capital	13	35,000,000	-
Cash flows from financing activities		35,000,000	-
Net Increase/(decrease) in cash and cash equivalents		20,437,351	(17,830,784)
Beginning balance of cash and cash equivalents		11,428,589	29,259,372
Closing balance of cash and cash equivalents		31,865,940	11,428,589

The Statement of Cash Flows should be read alongside the notes on pages 32 to 57, which are an integral part to these financial statements.



Notes to the financial statements

1. General information

The Company "Albanian Securities Exchange ALSE" sh.a. (hereinafter "Company") was registered with the National Registration Center on 28 July 2017 and at the Tirana Regional Tax Directorate with INUI L71928011S.

The activity of the Company is regulated in accordance with the relevant provisions of Law 9901, dated 14 April 2008, "On Traders and Companies", by the article of establishment and its statute as well as by the laws and regulations as follows:

- Law no. 9879, dated 21.02.2008 "On Securities"
- Law no. 10 158, dated 15.10.2009 "On corporate and local government bonds"
- AMF regulation no. 120, dated 02.10.2008 "On the licensing and supervision of the securities exchange".

The main scope of the Company's activities is "to carry out the activity of the securities exchange for all types of securities and other financial instruments, as provided for under "Law on Securities and pursuant to the license given by AFSA, with the exception of the derivative instruments provided by Chapter II of Law on Securities. "The Company Shareholders are Credins Bank, American Investment Bank and AK-Invest. As at 31 December 2019, they owned 45.59%, 45.59% and 8.82% of the share capital of the Company, respectively.

The administrator of the Company is Mr. Artan Gjergji. The members of the Supervisory Board of the Company on 31 December 2019 are::

1. Hysen Çela
2. Aida Naska
3. Ines Muçostepa
4. Brikena Hoxha
5. Elvin Meka

The head office of the Company is situated on "Nikolla Tupe" Street, No. 1, Floor 3, Ap.3, Tirana. The number of employees of the Company as at 31 December 2019 is 5 (2018: 5).

2. Basis of preparation

2.1 Statement of compliance

The financial statements (hereinafter referred to as "financial statements") are prepared in accordance with the requirements of financial reporting and legislation in Albania.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Company operates on a going concern basis. Below are the main accounting policies applied in the preparation of these financial statements.

Details of the Company's accounting policies are set out in Note 4.

2.2 Presentation and functional currency

These financial statements are presented in the Albanian currency "Lekë", which is the functional currency as a result of the economic environment where it operates, and all values are rounded in Lek, except where it is expressed differently.



2.3 Going Concern

The Company is still in the initial stages of business and since its inception has suffered financial losses. This was due to the full discounts given during 2018 and some discounts given in 2019 to its customers (bank members / or brokerage companies) with the aim of fostering trade in this new platform.

The Company continues to have a satisfactory liquidity position where short-term assets exceed short-term liabilities by about three times and are generally not financed by third party debt.

The Company has the continuous support from its shareholders, that have confirmed to financially support the Company, for a period of at least for the next 12 months. Furthermore, the General Assembly, by decision no. 21 as at 14 August 2019, decided to increase the share capital of the Company. The details on the increase of share capital are described in the explanatory note 13-Equity.

Based on the above, the Management of the Company has concluded that there is no significant uncertainty in the ability of the Company to continue the business for the foreseeable future, at least 12 months from the date of approval of these financial statements. As a result, the Management has determined that the going concern basis is appropriate in the preparation of these financial statements.

3. Changes in accounting policies

3.1 The new and revised standards, which are effective for annual periods beginning on or after 1 January 2019

IFRS 16 "Lease"

The Company has approved new accounting statements which have become effective this year, as follows: IFRS 16 'Lease' IFRS 16' Lease ' replaces IAS 17 ' Lease ' along with three interpretations (IFRIC 4' Determining whether an Agreement contains a Lease ', SIC 15' Operating Lease 'and SIC 27' Assessment of the essence of Transactions involving the Legal Form of Lease '). The adoption of this new Standard has led the Company to recognize an right to use assets and lease liability in respect of all previous leases, other than those identified as low value or having a longer lease term less than 12 months from the date of initial application. The new standard is applied using the modified retrospective approach. Under this approach, the Company has measured the lease liability at the current value of the remaining lease payments, deducting and using the rates in the lease sector for similar assets and the right to use the asset is recognized in an amount equal to the liability of the lease, regulated by the amount of each prepaid or calculated payment of the lease in respect of that rent recognized in the statement of financial position immediately prior to the date of initial application. Previous periods have not been re-introduced. For contracts set on the date of initial application, the Company has chosen to apply the definition of lease by IAS 17 and IFRIC 4 and has not applied IFRS 16 to applications that had not previously been identified as lease under IAS 17 and IFRIC 4.

There are exceptions to the recognition of short-term leases and the lease of low-value items.

The Company has chosen not to include the initial direct costs in the measurement of the right of use assets for operating leases existing on the date of the initial application of IFRS 16, which is 1 January 2019.

In transition, for leases previously recognised as operating lease with a lease term of less than 12 months, the Company has applied optional exemptions to not recognize the assets of the right of use, but to calculate the cost of lease on a direct basis over the remaining term to lease. For those leases previously classified as financial leases, the asset of the right of use and the lease obligation are measured on the date of initial application in the same amounts as in IAS 17 immediately before the date of initial application. In the transition to IFRS 16, the weighted average growth rate of borrowings applied to lease obligations recognized under IFRS 16 was 6% p.a.



Transition to the new standard

The Company initially implemented IFRS 16 on January 1, 2019, using a retrospective modified approach.

The Company implemented practical expedients to adopt the change for rent determination. Therefore, it will apply IFRS 16 for all contracts concluded before January 1, 2019 and identified as lease in accordance with IAS 17 and IFRIC 4.

Total leases commitments on 31 December 2018	25,177,680
Exceptions from recognition:	-
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	-
Payments of unrecognised lease	-
Other minor adjustments regarding commitments disclosures	-
Operating lease liabilities before discounting	25,177,680
Discounted using incremental borrowing rate	5,492,642
Total lease liabilities recognised under IFRS 16 at 1 January 2019	19,685,038

The right of use for lease assets were measured on a retrospective basis as if the new rules had always been applied. Other activities of the right of use were measured in the amount equal to the lease obligation, regulated by the amount of any prepaid payment or lease granted in relation to that leased recognized in the statement of financial position, as at 31 December 2018.

Recognised assets of the right of use relate to the following types of assets:

	1 January 2019	31 December 2019
Buildings	5,492,642	10,968,244
Total	19,685,038	10,968,244



ALBANIAN SECURITIES EXCHANGE ALSE SHA

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

There are a number of standards and interpretations that have been issued by the International Accounting Standards Board, which are effective in future accounting periods and the Company has decided not to apply earlier. The Company plans to apply these changes to the dates when these standards will be effective.

Standards that are not expected to have an impact

On the date of authorization of these consolidated financial statements, some new but still not effective Standards, Standards and Changes to Existing Standards, and Interpretations have been published by the IASB. Standards and changes that are not yet effective and not initially approved by the Company include:

- Amendments to IFRS 9 "Negative Compensation Fees" (in force on 1 January 2019).
- Amendments to IAS 28 "Long-Term Interests in Joint Stock Companies and Enterprises" (mandatory for periods beginning on or after 1 January 2019).
- IFRS 17 "Insurance Contracts" (binding on periods beginning on or after 1 January 2021).
- Definition of a business (Amendments to IFRS 3)
- Definition of material (Amendments to IAS 1 and IAS 8)
- Conceptual frame for financial reports

These changes are not expected to have a significant impact on financial statements in the initial application period and therefore explanatory notes have not been prepared.

None of these Standards or changes to existing Standards have been previously approved by the Company, stipulates that all relevant pronouncements will be approved for the first period starting on or after the effective date of publication. New standards, changes and interpretations that have not been adopted in the current year have not been presented as they are not expected to have a material impact on the Company's financial statements.



4. Summary of significant accounting policies

The main accounting policies used in the preparation of financial statements are presented below. These policies have been consistently applied by the Company throughout the period presented in these financial statements.

4.1 Basis of measurement

These financial statements are prepared based on historical cost.

4.2 Transaction in foreign currency

a) Presenting and functional currency

The functional currency is the currency of the main economic environment where the Company operates. The financial statements are presented in LEK, which is the functional currency and presentation of the Company.

b) Transactions and balance on foreign exchange

Transactions in foreign currency are converted into functional currency using the exchange rate on the date of the transaction. Exchanges from exchange are known as profit or loss in the comprehensive statement of income in the period in which they occur.

At the end of each reporting period, foreign currency coins are revalued at the reporting date. Non-monetary assets held at fair value are recorded in foreign currency and revalued at the exchange rate when the fair value is determined. Non-monetary instruments measured at historical cost in foreign currency are not revalued.

The exchange rates used to prepare financial statements for major currencies as at 31 December 2019 are as follows:

The official bank exchange rates applied according to the Bank of Albania (LEK against the foreign currency unit) for the main currencies on 31 December 2019 and 31 December 2018 were as follows:

	31 December 2019	31 December 2018
EUR	121.77	123.42
USD	108.64	107.82

4.3 Recognition of revenue

Revenues are measured by the fair value of money received or receivable from the Company for the goods given, excluding sales taxes, rabats, and trade discounts. The Company applies the revenue recognition criteria set out below to each particular component of the sales transaction in order to reflect the essence of the transaction.

- 1- Recognition of the contract with customers
- 2- Identification of the contract performance obligations
- 3- Determining the transaction price
- 4- Distribution of transaction price according to performance obligations
- 5- Recognition of income in case the performance obligations of the contract are fulfilled.

Revenues from these transactions are allocated to specific identified components taking into account the fair value of each component. Income is recognized either at a time or during a time when (or how) the Company fulfills performance obligations by transferring the promised goods or services to its customers.

The Company recognizes contractual obligations for the amounts collected in connection with unfulfilled performance obligations and reports amounts such as other obligations in the statement of financial position. Similarly, if the Company fulfills a performance obligation before collecting, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the time of the previous transfer is required.



4.4 Intangible assets

The intangible assets purchased by the Company are measured at cost value by deducting accumulated amortization and accumulated impairment losses. Subsequent costs of intangible assets are capitalized only when they increase future economic benefits from the specific assets with which they are associated. All other expenses are incurred at the time they occur.

Depreciation is recognized in the statement of comprehensive income, based on the methods and rates presented below:

	Method	2019	2018
Computer programs	Residual value	25%	25%
Other intangible assets	Straight-line	25%	25%

4.5 Property, plant and equipment

i) Recognition and measurement

The items of property, plant and equipment assets are presented at a cost minus the accumulated depreciation and losses accumulated from the decrease in value. Costs include expenses that are directly related to the purchase of the asset. The cost of the assets built by the Company itself includes the cost of materials and labor, as well as any other costs directly related to the placement of the asset in the country and the necessary conditions for it to be usable in the intended way by management. The purchase of software, which is essential to the operation of the respective equipment, is capitalized as part of the equipment. Various items of property, plant and equipment, which have different terms of use, are accounted for as separate items of assets, plant and equipment.

Subsequent costs

The cost of replacing a part of an item of property plant and equipment is recognized at the carrying amount of the element if it is possible that future economic benefits attributed to that element will flow to the Company and its cost can be measured reliably. The daily service costs of property plant and equipment are recognized in the comprehensive statement of income at the time they occur.

ii) Amortization/depreciation

Depreciation is recognized in the comprehensive statement of income with the residual value method. Leased assets depreciate for the smallest between the lease period and the useful life.

The annual depreciation rate is as follows:

	2019	2018
Reconstruction and building	5%	5%
Furniture and office equipment	20%	20%
IT equipment	20%	20%

Land and construction in the process are not depreciated. Depreciation methods, useful life and residual value are reviewed on each reporting date and adjusted if appropriate. The accounting value of an asset is spent immediately up to the recoverable amount, if the carrying amount of the asset is greater than the estimated recoverable amount.

Profits and losses arising from the impairment of property plant and equipment are defined as the difference between the income from the sale and the carrying amount of the asset and are recognized in the profit or loss of the financial period.

4.6 Right of use assets

The Company, as the lessee for any new contracts entered into after or after 01 January 2019, considers whether it is a contract, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for payment". To implement this definition, the Company assesses whether the contract meets the three main criteria, which are:



- the contract contains an identified asset, which is either clearly defined in the contract or clearly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to fully secure all economic benefits from the use of the asset identified throughout the period of use, taking into account its rights to the specific purpose of the contract.
- the Company has the right to determine the use of the identified asset throughout the period of use. The Company assesses whether it has the right to determine 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

On the date of commencement of the lease, the Company recognizes an asset of the right of use and a lease liability in the financial statements. Assets of the right of use are measured at cost, which consists of the initial measurement of the lease obligation, any direct initial costs incurred by the Company, an estimate of each cost of dismantling and removing the asset at the end of the lease, and any payment of lease made before the start date of the lease (net of each incentive received).

The Company impairs the assets of the right of use on a direct basis from the date of commencement of the lease until the end of the useful life of the active right of use or expiration of the lease term. The Company also assesses the right to use for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the current value of unpaid lease payments on that date, deducting and using the interest rate implied in the lease if this rate is readily available or the Company's increasing borrowing rate.

Lease payments included in the measurement of lease liability consist of fixed payments (including fixed substance), variable payments based on an index or rate, amounts expected to be paid under a guarantee of residual value, and payments arising from options reasonably determined to exercise.

After the initial measurement, the liability will decrease for payments made and will increase for interest. It is reassessed to reflect any reassessment or modification, or if there are changes in fixed payments on the substance.

When the lease obligation has been revalued, the relevant regulation is reflected in the asset right of use or the gain and loss if the asset right asset has already been reduced to zero.

The Company has chosen to account for short-term leases using practical expeditions. Instead of recognizing an active right to use and lease liability, payments related to these are recognized as expenses in profit or loss on a direct basis during the lease term.

In the statements of the Financial Position, the rights to use assets are included in the Property Plant and Equipment, while the liabilities from the lease contracts are included in trade and other payables.

The Company as a lessee

Financial leases that accidentally transfer risk and benefits to the Company are capitalized as leases with the fair value of the leased property, or if it is less than the actual value of the minimum lease payments. Lease payments are splitted between financial payments and reduction of lease liability, to reach a constant level of interest in the remaining surplus liability. Financial payments are recognized as financial costs in the statement of income and expenses. A leased asset is depreciated over its useful life. However, since the Company does not have a security that will own the property at the end of the lease term, the asset will be depreciated for a period shorter than its useful life. Operating lease payments are known as operating expenses in the linear income statement over the duration of the lease.



Leasee deposit

Liabilities for the deposit of tenants are initially recognized at fair value and then at amortized cost when there is material value. Any difference between the fair initial value and the nominal value is included as a component of the lease income and is recognized linearly throughout the terms of the lease.

4.7 Financial Instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial asset

Except for those trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised Cost,
- Fair value through other comprehensive income (FVOCI) and,
- Fair value through profit or loss (FVTPL)

The Company actually has only financial assets classified at amortised cost.

The classification of financial assets in the initial recognition depends on:

- characteristics of the contractual cash flows of the financial asset and
- from the business model of the Company for their management.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets with amortized cost

The Company measures the financial assets at amortized cost if both of the following conditions are met:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, they are measured at amortized cost using the effective interest method and are subject to depreciation. Profits and losses are recognized in profit or loss when the asset is derecognised, modified or depreciated. The financial assets of the Company measured at amortized cost consist mainly of receivables, financial assets, interest-bearing and lending loans, and cash and cash equivalents.



Impairment of financial assets

The requirements of IFRS 9 have changed the method of assessing the Company's credit loss by replacing the method of losses incurred under IAS 39 with that of the expected credit loss.

The Company recognizes an impairment for expected credit losses (ECL) for all debt instruments that are not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows to be paid in accordance with the contract and all the cash flows that the Company expects to receive, deducting an approximation of the initial effective interest rate.

ECLs arise in two stages. For credit exposures for which there is no significant increase in credit risk since initial recognition, ECL is calculated for credit losses resulting from non-payment events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there is a significant increase in credit risk since initial recognition, a loss for ECL is calculated throughout the remaining exposure life, regardless of the time of non-payment event (ECL for all lifetime).

For trade and other receivables and contract assets, the Company applies a simplified approach to ECL calculation. Therefore, the Company does not follow changes in credit risk, but instead recognizes a depreciation based on ECL for the entire life of the receivable on each reporting date. The Company has created a depreciation matrix based on its historical credit loss experience.

The Company considers a financial asset late when the contractual payments are 90 days past. However, in certain cases, the Company may also consider a financial asset as being in arrears when internal or external information indicates that the Company is unlikely to receive unpaid contractual amounts in full. A financial asset is deleted when there are no reasonable expectations for the recovery of contractual cash flows.

Classification and measurement of financial liabilities

Financial liabilities are classified, in the initial recognition, as financial liabilities of fair value through profit or loss, loans and borrowings or payable.

All financial liabilities are initially recognized at fair value and, in the case of loans and payables, net of the costs of the direct transaction attributed to it.

The Company's financial liabilities include trade liabilities, other payables and other financial liabilities, which are all classified as, held at amortized cost.



4.8 Income Tax

Income tax expenses include current income tax and deferred tax expense. Income tax expenses are recognized in profit or loss in addition to the part relating to recognized items directly in capital or other comprehensive income.

The current income tax is the tax payable on taxable income using tax rates on the reporting date and any adjustment of the tax payable related to the previous year. Applicable profit tax is 15% of taxable profit.

Deferred tax

Deferred profit tax is recognized in relation to the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the values used for tax purposes. Deferred tax is measured by tax rates that are expected to apply to temporary differences when they change, based on laws that have been or are in force on the reporting date.

A deferred tax asset is recognized to the extent that it is possible that future taxable profits will be available to cover temporary differences. Deferred tax assets are reviewed on any reporting date and reduced if tax benefits are no longer likely to be realized.

Income tax and deferred tax of the year are recognized in the statement of profit or loss and other comprehensive income, except when related to items recognized in other comprehensive or direct capital income, in which case the income tax and deferred tax are also recognized in other comprehensive income or directly in the capital statement respectively.

4.9 Cash and cash equivalents

Cash and cash equivalents include cash and current deposits in banks or other short-term liquid investments with a maturity of 3 or less months, for which the risk of a change in fair value is inconceivable, investments which the Company uses for managing its short-term commitments. Cash and cash equivalents are presented in the statement of financial position at their amortized cost.

4.10 Equity and dividends

Equity

Share capital consists of cash contributed by the founders of the Company. The share capital was presented with the value in LEK converted with the exchange rate of the transaction date. The share capital of the Company is recognized at face value. The share capital which is signed for issuance but which is not yet registered is presented separately in the statement of capital movement. An unpaid capital contribution, which is payable in the future in a predetermined amount, is classified as unregistered and unpaid capital, unless the contribution has been reasonably assessed.

Dividends

The distribution of dividends to the Company's shareholder is recognized in the Company's financial statements as a liability in the period in which they have been approved by the Company's shareholder.



4.11 Employee benefits

Social and health insurance

According to the Albanian legislation in force, the Company is obliged to pay fixed contributions on behalf of employees in a fund administered by the government. All these payments / liabilities are recognized as an expense in the period to which they belong.

Benefits at termination of employment

The benefits at the end of the employment relationship are recognized as an expense when the Company is visibly engaged, with no real possibility of withdrawal and when the Company recognizes restructuring costs. If the benefits are not expected to be fully resolved within 12 months of the reporting date, then they are discounted.

Defined Contribution Plan

Under the defined contribution plan, the amount of future benefits is determined by the contributions paid and the funded profits. Liabilities are recognized in profit or loss in the appropriate period and increased interest on the pension fund from investment income is presented.

4.12 Provisions

A provision is recognized if, as a result of a past event, the Company has a current legal or constructive obligation, which can be reliably assessed and it is possible that outflows of economic benefits will be used to repay the obligation.

The amount recognized as a provision is the best estimate of the amount required to repay the current liability at the end of the reporting period, taking into account the risks and uncertainties about the liability.

When a provision is measured using cash flows estimated to repay the current liability, its carrying amount is the present value of those flows (when the effect of the time value of money is material). Restructuring provisions are known only if there is a detailed formal plan for restructuring and direction or has communicated the main features of the plan to those affected or has begun implementation. Reserves are not known for future operational losses.

When some or all of the economic benefits required to repay a provision are expected to be covered by a third party, a collection is recognized as an asset if it is practically certain that the refund will be received and the amount receivable can be measured reliably.

4.13 Commitments and contingent liabilities

Contingent liabilities are not recognized in the financial statements. They are reflected in the explanatory notes if the possibility of outsourcing resources that include economic benefits is low. Contingent assets are not recognized in the financial statements but are presented in the explanatory notes when the possibility of economic income is possible. The amount of a conditional loss is recognized as a provision if it is possible that future events will confirm the provision, an obligation is recognized on the date of the Statement of the financial position when an acceptable assessment of the loss can be made reliably.

4.14 Trade receivables

Trade receivables are non-derivative financial assets with fixed payments that are not quoted in an active securities market, other than those that the Company seeks to sell in the short term or are determined at fair value through profit or loss. The trade Receivables are first recognized at fair value and then measured at amortized cost using the effective cost of interest, deducting the impairment provision. A provision for depreciation for accounts receivable is created when there is objective evidence that the Company will not be able to collect all amounts in accordance with their terms at the outset.



4.15 Decline in value of non-financial assets

The accounting value of the Company's non-financial assets, in addition to deferred tax assets, is reviewed at each reporting date to determine whether there is evidence of impairment. If there is such evidence then the recoverable value of the asset is assessed. The loss from a fall in value is recognized if the carrying amount of an asset or the currency generating unit exceeds the recoverable value of the asset. The monetary generating unit is the smallest identifiable group of assets that generates cash flows that are independent of assets and other groups. Losses from declining value are recognized in the comprehensive income statement. The recoverable value of an asset, or monetary unit, is the largest between the fair value minus the selling costs and its value in use. In assessing the value in use, the estimated future flows of cash are discounted at their current value using a pre-tax rate that reflects the current market valuation of the time value of money and the specific risks to the asset. Previous losses are reviewed on each reporting date to assess whether there is evidence that the decline in value has softened, or no longer exists. A loss is canceled if there is evidence that there is no depreciation and there has been a change in the estimates used to determine the recoverable value. The loss from the fall in value is canceled to the extent that the carrying amount of the asset does not exceed the carrying amount that would be determined by deducting depreciation or amortization and if no loss of value had previously been recognized.

4.16 Operating expenses

Operating expenses are recognized in profit or loss during the use of the service or on the date on which they occurred. The costs for the guarantees are recognized and charged against the respective provision at the time the income related to them is recognized.

4.17 Financial income and expenses

Financial income includes income from interest on funds invested in bank deposits and profits from exchange rates.

Financial expenses include borrowing interest expenses and exchange rate losses. Gains and losses from exchange rates are reported gross. Interest income is recognized on the basis of the rights ascertained, using the effective interest method.

4.18 Subsequent events

Events after the reporting date that provide additional information about the Company's position on the date of the Statement of Financial Position (regulatory actions) are reflected in the financial statements. Events after the balance sheet date that are not events for regulatory actions are reflected in the explanatory notes when they are material.

4.19 Significant accounting judgments, assumptions and estimates

The preparation of the financial statements requires from the management to exercise their own significant judgement in the process of implementation of the accounting policies of the Company and reported amounts of assets, liabilities, income and expenses. Current outcome may vary depending on these estimates.

Judgements and judgments are constantly reviewed and based on previous experience and other factors, including expectations for future events, which are believed to be appropriate and relevant to the current circumstances. Current results may differ from these estimates. Reviews of accounting estimates are recognized in the period during which the review is reviewed if the review affects only that accounting period or in the period during which the review has been reviewed and future periods if the review affects both the current and future periods.

The information on important elements in the assessment of uncertainties and judgments on the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements are presented below:



Revenues from contracts with customers

The Company will apply the following judgments, which significantly affect the determination of the amount and time of recognition of revenue from contracts with customers:

Identification of performance obligations

The Company has entered into several entrepreneurial contracts, mainly with some second-tier banks, in which it promises to register memberships and trade securities on the Stock Exchange. Entrepreneurship contracts are a promise to sell services that determine its value for each member. Their denomination can be identified individually at an individual price. The selling price for each membership can be easily identified in the enterprise contracts. Consequently, the Company has allocated the transaction price for each product on an individual basis.

Determining the method for calculating variable consideration

Given that some of the contracts may contain discounts, the Company must measure this variable price by using either the most probable outcome method or by the expected value method based on the method that best predicts the amount of the consideration for which he will be entitled.

Fair value determination

The Company does not have important accounting policies and the provision of explanatory information approved by the Company itself, which requires the determination of fair value, both for financial and non-financial assets and liabilities. The fair values are set for measurement and presentation purposes. Where applicable, further information regarding the assumptions made in determining fair values is disclosed in specific records of that asset or liability.

The management of the Company considers that the fair value of money, accounts receivable, accounts payable, other short-term assets and other short-term liabilities and profit tax liability, is approximated to the carrying amount mainly due to these maturity instruments.

Going concern

The Company is still in the early stages of business and since its inception has suffered financial losses and has not generated revenue. This is due to the full discounts given during 2018 and 2019 to its customers (members who are banks and / or brokerage firms) with the aim of fostering trade in this new platform.

During the beginning of 2020, the pandemic of COVID-19 spread globally. In Albania, it had a massive impact since March 2020, when the government took drastic measures by suspending all activities that were not vital. The Company is in the process of evaluating and taking measures to prevent negative impacts on its activities.

Also, the inability to generate sufficient income to support the Company's activity is an indication of uncertainty about the continuity of the business.

The Company continues to have a satisfactory liquidity position whereas short-term assets exceed short-term liabilities by about 3 times and mainly, are not financed by third party debts.

The Company, in order to eliminate the above uncertainties, relies mainly on the support of its shareholders, who intend to financially support the Company, for a period of time at least for the next 12 months. Also, the General Assembly, with decision no. 21 as at 14 August 2019, decided to increase the share capital of the Company.



Income tax

The Company is subject to income tax in Albania. It is necessary to judge the determination of the amount of current and deferred profit tax. There are transactions and calculations for which the final tax determination is uncertain. The Company recognizes the obligation in case of expected tax audit based on estimates that additional taxes may arise as an obligation. If the final tax assessment is different from the amounts originally recorded, the differences will affect the current value of deferred tax assets and liabilities in the period in which such determination has been made.

Impairment of financial assets

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. 12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company has not identified and recognized impairment for financial assets as at 31 December 2019.



5. Financial risk Management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks that include credit risk and the risk associated with the effects of the change in the exchange rate of foreign currencies and interest rates. Company risk management focuses on market unpredictability and aims to minimize potential adverse effects on the Company's business performance.

5.2 Credit risk

Credit risk is the risk of financial loss to the Company if the client or other parties do not fulfill the contractual obligations and arises mainly from the accounts receivable of the Company. The Company's exposure to credit risk is largely influenced by the individual characteristics of each client. The Company creates a provisional depreciation fund, which represents the Company's estimates for losses incurred in relation to accounts receivable based entirely on specific losses associated with individually significant exposures.

The Company does not have significant exposure to credit risk that could affect financial performance for the year ended 31 December 2019.

The maximum exposure of the Company to credit risk is represented by the residual value of each of the assets in the statement of financial position as presented below:

	31 December 2019	31 December 2018
Not past due and not impairment		
Cash and cash equivalents	31,865,940	11,428,589
Trade and other payables	399,667	343,994
Total Assets	32,265,607	11,772,583

5.3 Market risk

Market risk is the risk of loss as a result of changes in market prices, exchange rates and interest rate. The level of market risk to which the Company is exposed at a given moment depends on the market conditions, future pricing expectations or movements in market interest rates, the composition of the Company's material assets and contracts in which the Company is involved.

a) Exchange rate risk

The Company operates and is exposed to the exchange rate with foreign currencies, especially the Euro. The exchange rate risk comes when there is recognition of trade transactions as assets or liabilities in a currency, which is different from the Company's functional currency. The Company does not diversify its exposure to this type of risk because it does not expect significant losses as a result of foreign exchange rate fluctuations compared to the exchange rate at the reporting date.

ALBANIAN SECURITIES EXCHANGE ELSE SHA

The Company's exposure to the exchange rate on 31 December 2019 was as follows:

	Net Book Value	EURO	USD	LEK
Assets				
Cash and cash equivalents	31,865,940	301,539	-	31,564,401
Trade and other receivables	399,667	-	-	399,667
Total Assets	32,265,607	301,539	-	31,964,068
Liabilities				
Trade and other payables	2,219,663	1,758,341	-	461,322
Other payables	-	-	-	-
Total Liabilities	2,219,663	1,758,341	-	461,322
Liquidity Gap	30,045,944	(1,456,802)	0	31,502,746

Financial assets and liabilities in foreign currency on 31 December 2018 consist of the following.

	Net Book value	EURO	USD	LEK
Assets				
Cash and cash equivalents	11,428,589	2,004,110	-	9,424,479
Trade and other receivables	343,994	-	-	343,994
Total Assets	11,772,583	2,004,110	-	9,768,473
Liabilities				
Trade and other payables	2,044,448	246,840	-	1,797,608
Other Payables	2,664,800	2,664,800	-	-
Total Liabilities	4,709,248	2,911,640	-	1,797,608
Liquidity Gap	7,063,335	(907,530)	-	7,970,865

Sensitivity analysis for foreign currencies

Sensitivity analysis below is determined on the basis of exposure to foreign currency on the reporting date and determined change taking place at the beginning of the financial year and kept constant during the reporting period.

The following are the effects of changes in the exchange rate on the net loss, considering that all other variables are kept constant:

	Net value	10%	2019 (10%)
EUR	(1,456,802)	(145,680)	145,680
	Net value	10%	2019 (10%)
EUR	(907,530)	(90,753)	90,753

Sensitivity analysis includes only monetary items denominated in foreign currency at the end of the year, and a correlation of their values for a 10% change in exchange rates. The percentage is determined based on market volatility in the exchange rate in the previous 12 months. Positive / negative values indicate an increase / decrease in profit or capital, which occurs when the Lek strengthens / weakens against a foreign currency by +/- 10%.



b) Price risk

The Company is not exposed to the risk of capital price because it does not have active financial assets in the composition of capital instruments on the reporting date. It is not the Company's policy to buy these types of instruments and to be exposed to the price risk associated with the movements of capital market indices.

c) Interest rate risk

All assets of the Company that are interest bearing are linked to bank accounts. Company revenues and cash flows from operating activity are not significantly exposed to changes in market interest rates.

5.4 Liquidity risk

Liquidity risk is the risk that the Company will face difficulties in meeting the obligations of its financial liabilities. The Company is exposed to the daily needs for monetary resources, mainly to settle the obligations created during the exercise of its normal activity. Leadership monitors daily, weekly and monthly liquidity by making forecasts for cash flows.

The tables below analyze the financial liabilities by maturity based on the remaining period from the reporting date to the maturity date, as in contract. The amounts shown in the table below are undiscounted cash flows as in contract. Balances of up to 12 months are reconciled with their carrying amount because the difference with the discounted value is not significant.

The exposure to liquidity risk on 31 December 2019 is presented as follows:

	Net Book value	6 months or less	6-12 months	1-5 years
Assets				
Cash and cash equivalents	31,865,940	31,865,940	-	-
Trade and other receivables	399,667	399,667	-	-
Total Assets	32,265,607	32,265,607	-	-
Liabilities				
Trade and other payables	2,219,663	1,001,963	1,217,700	-
Other payables	-	-	-	-
Total liabilities	2,219,663	1,001,963	1,217,700	-
Liquidity gap	30,045,944	31,263,644	(1,217,700)	-

The exposure to liquidity risk on 31 December 2018 is presented as follows:

	Net Book value	6 months or less	6-12 months	1-5 years
Assets				
Cash and cash equivalents	11,428,589	11,428,589	-	-
Trade and other receivables	343,994	343,994	-	-
Total Assets	11,772,583	11,772,583	-	-
Liabilities				
Trade and other payables	2,044,448	2,044,448	-	-
Other payables	2,664,800	-	-	2,664,800
Total liabilities	4,709,248	2,044,448	-	2,664,800
Liquidity gap	7,063,335	9,728,135	-	(2,664,800)



6. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2019 and 31 December 2018 are as below:

	31 December 2019	31 December 2018
Cash on hand		
ALL	163,021	6,100
EUR	8,741	797
	6,897	6,897
Cash on banks		
Bank ALL	31,401,380	9,418,379
Bank EUR	292,798	2,003,313
	31,694,178	11,421,692
Total	31,865,940	11,428,589

7. Trade and other receivables

Trade and other receivables for year ended on 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Trade receivables	130,350	-
VAT	190,672	343,994
Other receivables	78,645	-
Total	399,667	343,994
Impairment of receivables	-	-
Total	399,667	343,994

8. Prepayments and deferred expenses

Prepayments and deferred expenses as of 31 December 2019 and 2018 consist of the following:

	31 December 2019	31 December 2018
Deferred expenses	130,173	103,310
Total	130,173	103,310



9. Property, plant and equipment

Property plant and equipment as at 31 December 2019 and 2018 detailed as below:

	Building reconstruction	Furniture and office supplies	Computers and IT equipment	Total
Cost				
As at 1 January 2018	2,042,841	1,647,144	2,098,603	5,788,588
Additions	-	167,383	-	381,846
Disposal	-	(107,231)	-	(107,231)
As at 31 December 2018	2,042,841	1,707,296	2,313,066	6,063,203
Additions	19,685,038	-	-	19,685,038
Disposal	(6,400,907)	-	-	(6,400,907)
As at 31 December 2019	15,326,972	1,707,296	2,313,066	19,347,334
Depreciation				
As at 1 January 2018	34,047	109,088	174,884	318,019
Amortization of the year	100,440	321,613	503,271	925,324
As at 31 December 2018	134,487	430,701	678,155	1,243,343
Amortization of the year	2,411,305	276,765	381,920	3,069,990
As at 31 December 2019	2,545,792	707,466	1,060,074	4,313,332
Net carrying amount				
As at 1 January 2018	2,008,794	1,538,056	1,923,719	5,470,569
As at 31 December 2018	1,908,354	1,276,595	1,634,911	4,819,860
As at 31 December 2019	12,781,180	999,830	1,252,991	15,034,002



10. Intangible assets

Intangible assets as at 31 December 2019 and 2018 detailed as below:

	License	Assets in process	Total
Cost			
As at 1 January 2018	231,750	8,028,000	8,259,750
Additions	12,137,695	4,109,695	16,247,390
Transfers	-	(12,137,695)	(12,137,695)
As at 31 December 2018	12,369,445	-	12,369,445
Additions	-	-	-
As at 31 December 2019	12,369,445	-	12,369,445
Amortization			
As at 1 January 2018	8,691	-	8,691
Additions	1,348,882	-	1,348,882
As at 31 December 2018	1,357,573	-	1,357,573
Additions	3,092,361	-	3,092,361
As at 31 December 2019	4,449,934	-	4,449,934
Net carrying amount			
As at 31 December 2018	11,011,872	-	11,011,872
As at 31 December 2019	7,919,511	-	7,919,511

The intangible assets consist of the "Quick Trade" Program License, which has started to be used for the trading of securities from March 2018 onwards. The costs of developing the program until the start of use are treated as assets in process.

11. Trade and other payables

Trade and other payables as at 31 December 2019 and 2018 are as below:

	31 December 2018	31 December 2017
Payables to suppliers	53,799	6,000
Contractual liabilities for "Quick Trade"-short term	1,217,700	1,234,200
Social and health insurance	249,142	349,690
Withholding tax	151,056	207,744
Accrued expenses	547,965	246,841
Total current liabilities	2,219,662	2,044,475
Contractual obligations for "Quick Trade"- non-current liabilities	-	2,664,800
Non-current liabilities	-	2,664,800
Total	2,219,662	4,709,275



Contractual obligations for the development of the license of the Quick Trade program are recognized based on the agreement dated 13.12.2016 between the Company and Novita d.o.o., according to which the annual billing of 10,000 Euros is performed until the payment of the full value of Licenses.

12. Lease liabilities

Lease contract obligations

The obligations from the lease contracts according to maturity are presented as follows:

	31 December 2019	31 December 2018
Current liabilities	825,604	-
Non-current liabilities	10,968,244	-
Total	10,968,244	-

Obligation from lease contracts are related to lease contracts classified as financial lease recognized in accounting under IFRS 16. The Company has leased premises where it conducts the main activity for a period of 10 years. Apart from this contract, it has no other short-term or low-value contracts, classified as operational lease.

Minimum lease payments in the future as at 31 December 31 2019 are presented as follows:

	Minimum lease payment						
December 31, 2019	Within a year	1-2 years	2-3 years	3-4 years	4 - 5 years	After 5 years	Total
Lease instalments	1,461,240	1,461,240	1,461,240	1,461,240	1,461,240	7,306,200	14,612,400
Financial expenses	(635,636)	(584,714)	(530,652)	(473,256)	(412,319)	(1,007,578)	(3,644,156)
Total	825,604	876,526	930,588	987,984	1,048,921	6,298,622	10,968,244

Right of use asset

The data regarding the nature of the assets of the right of use by type are presented as follows:

Right of use asset	Number of right of use assets	Contract maturity	Leases with maturity extension option	Leases with buying option	Variable payment lease
Building	1	10	-	-	-

13. Equity

As at 31 December 2019, the registered share capital is 85,000,000 Lek, and consists of 850,000 shares with a nominal value of 100 Lek. The General Assembly, by decision no. 21 of 14 August 2019, decided to increase the subscribed capital of the Company.

The share structure based on fully paid and registered capital on 31 December 2019 and 2018 is as follows:



	31 December 2019			31 December 2018		
	In %	Number of shares	In Lek	In %	Number of shares	In Lek
Credins Bank	45.59%	387,500	38,750,000	42.50%	212,500	21,250,000
American investment bank	45.59%	387,500	38,750,000	42.50%	212,500	21,250,000
AK-Invest	8.82%	75,000	7,500,000	15.00%	75,000	7,500,000
	100%	850,000	85,000,000	100%	500,000	50,000,000

14. Operating income

Operating income consists of income from the service of registration of memberships and trading of securities on the Stock Exchange. Based on the decision of the Board, for all members registered before the date 31.12.2018, a discount of almost 100% for both the membership fee and the transaction commissions performed on the Stock Exchange until 31.12.2019 was applied. Based on Board Decisions, 100% income deduction is applied. Operating income as at 31 December 2019 and 2018 is detailed as below:

	31 December 2019	December 2018
Operating income – gross	1,933,416	4,605,095
Less: client deductions	(384,546)	(4,605,095)
Operating income – net	1,548,870	-
Other income	1,604,370	185,248
Total	3,153,240	185,248

Other income includes income from the sublease to Alreg sh.a. In 2018, such revenue is offset by lease expenditures. Upon application of IFRS 16, the income from the sub-lease was presented separately in 2019.

Based on the following requirements of IFRS 15, are presenting the revenue for 2019 and 2018 by nature:

	31 December 2019	31 December 2018
Income from fees and commissions	1,023,416	3,312,791
Less: discount to Income from fees and commissions	(46,430)	(3,312,791)
Income from fees and commissions, net	976,986	-
Income from membership	910,000	1,292,304
Less: membership income discounts	(338,116)	(1,292,304)
Income from membership, net	571,884	-
Other operating income	1,478,560	-
Income from mutual expenses distribution	125,809	185,248
Other income	1,604,369	185,248
Total	3,153,240	185,248



15. Personnel expenses

Personnel expenses for the year ended as at 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	31 December 2018
Salaries	5,720,372	5,202,601
Bonus for personnel	405,000	390,000
Social and health insurance expenses	715,941	623,377
Contributions to voluntary pension plan contracts	60,500	46,500
Expenses for life and health insurance	103,305	84,900
Total	7,005,118	6,347,378

16. Administrative expenses

The administrative expenses for the year ended on 31 December 2019 and 31 December 2018 are detailed as follows:

	31 December 2019	31 December 2018
Programme hosting expenses	2,750,365	1,327,128
Lease expenses	50,246	970,350
Expenses for participation in Steering Councils	732,540	731,496
Consultancy expenses related accounting and tax services	583,222	893,220
Local tax expenses	310,000	340,375
Utility expenses	232,181	213,702
Representation expenses	140,134	465,954
Non-deductible expenses/Withholding tax	85,750	186,487
Translation expense	70,945	188,548
Business trip expenses, per diems	67,063	197,971
Marketing and sponsor expenses	75,300	128,950
Phone and internet expenses	89,055	87,229
Registration, licensing expenses and other fees	30,701	99,967
Other expenses	126,332	176,804
Total	5,343,834	6,008,181

17. Financial expenses, net

Revenues and financial expenses for the year ended as at 31 December 2019 and 2018 consist of the following:

	31 December 2019	31 December 2018
Interest expenses/Income from interest, net	1,128,831	(17,812)
Bank commissions	50,979	92,167
Financial expenses, net	1,179,810	74,355



18. Gain from exchange rate, net

The profit from the exchange rate for the year ended as at December 31, 2019 and 2018 consists of the following:

	31 December 2019	31 December 2018
Unrealized gain from the exchange rate	729,000	85,212
Unrealized loss from the exchange rate	(28,092)	(96,757)
Gain from the exchange rate, net	700,908	(11,545)

19. Income tax expenses

In accordance with Albanian tax laws, the rate applicable to profit tax for 2019 is 15% (2018; 15%). Tax returns are submitted annually but the income and expenses declared for tax purposes are considered self-declarations until the moment when the tax authorities review the taxpayer's declarations and records and issue the final assessment.

Albanian tax laws and regulations are subject to interpretation by the tax authorities. Non-deductible expenses for tax purposes represent unsupported expenses with the relevant documentation or expenses considered non-deductible for tax purposes. The Company for 2019 and 2018 does not recognize tax assets deferred until 31 December 2019 in terms of tax losses, because the management deems that the expected tax profits of the Company are not certain to compensate for tax losses carried forward.

Reconciliation of the effective tax rate / accounting result with the fiscal result:

	31 December 2019	31 December 2018
Loss before tax	(15,836,965)	(14,530,416)
<i>Non-deductible expenses</i>		
Withholding tax related to non-deductible expenses	85,750	186,487
Representation cost	56,534	459,824
Utility expenses	44,987	87,216
Other expenses	39,313	129,146
	226,584	862,673
Tax result for the period	(15,610,381)	(13,667,743)
Tax calculated for the tax result of the period (15%)	(2,341,557)	(2,050,161)
Total	-	-

According to the profit tax law, the Company can bear tax losses in the next three tax periods, according to the principle of "first loss before the last one". If during a tax period the direct and / or indirect ownership of a person's basic capital or voting rights changes by more than 50 percent, in value or number, the above paragraph does not apply to losses incurred by that legal person in that tax period and in the previous tax periods". Changes in capital during 2019 have not changed the share structure by more than 50 percent, as a result losses can be borne.



The tax loss accumulated on 31 December 2019 is detailed as follows:

Fiscal period until:	Period loss:	Accumulated loss:	Until:
31 December 2017	12,051,186	12,051,186	December 31, 2020
31 December 2018	13,667,743	25,718,929	December 31, 2021
31 December 2019	15,610,381	41,329,310	December 31, 2022

20. Related parties

The parties are considered related if one party has the opportunity to control the other party or exercise significant influence over the other party in making financial decisions or other decisions. Related parties include shareholders, directors and entities affiliated with the Company.

The volume of these transactions and the balances at the end of the respective periods are as follows:

	31 December 2019	31 December 2018
<i>Assets</i>		
Current account (Credins bank)	31,694,179	11,421,692
Receivables from Credins Bank	40,716	-
Receivables from ABI Bank	79,289	-
Receivables from ALREG	10,041	-
Total assets	31,694,179	11,421,692
<i>Liabilities</i>		
Payables to ALREG	-	-
Total Liabilities	-	-
<i>Income</i>		
Commissions and membership fees	1,211,182	3,845,526
Allocated discounts	(20,768)	(3,845,526)
Income from ALREG	1,604,370	2,489,419
Total Income	2,794,784	2,489,419
<i>Expenses</i>		
Personel expenses	3,250,000	3,250,000
Expenses for participation in Steering Councils	732,540	731,496
Other expenses	-	10,818
Total Expenses	3,982,540	3,992,314

21. Contingent liabilities and commitments

Lease commitments

As at 31 December 2019 the Company performs its activity in leased premises. The Company has leased the premises where it conducts the main activity and has entered into a lease contract with a maximum term of 10 years. The Company may cancel this lease after six months of notice.

Therefore, on 31 December 2019, the maximum non-refundable liability payable no later than one year is 825,604 ALL.



Legal issues

During the performance of its activities, the Company may be involved in claim and legal issues. The management is confident that the Company will not have significant events to affect its financial position or to change the net value of assets, except those for which a provision is recognized in the financial statements.

Contingent commitments Contingent commitments

The Company does not have important Contingent obligations contracted until the date of the statement of financial position, which are not recognized in the financial statements.

22. Subsequent events Subsequent events

During the beginning of 2020, the pandemic of COVID-19 spread globally. In Albania, it had a massive impact since March 2020, when the government took drastic measures by suspending all activities that were not vital. The Company is in the process of evaluating and taking measures to prevent negative impacts on its activities. However, it is not yet able to assess the financial impact of on its activities.

There have been no other events since the reporting date, which requires any submission or adjustment to the financial statements. There are no events after the balance sheet date that may require correction or additional notes in the Company's financial statements.



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