ANNUAL REPORT 2018

STABILITA
doplnková dôchodková spoločnosť

The pillar of your pension

ANNUAL REPORT 2018

STABILITA
doplnková dôchodková spoločnosť

Contents

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STABILITA, d.d.s., a.s.

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT within the meaning of § 27 (6) of Act No. 423/2015 Coll.

To shareholders, the Supervisory Board and the Board of Directors of the company STABILITA, d.d.s., a.s., and to the Audit Committee:

I. We have audited the financial statements of the company STABILITA, d.d.s., a.s. (hereinafter referred to as the company) as of December 31, 2018 presented in the appendix of the accompanying annual report to which we issued an independent auditor's report on the financial statements audit on March 5, 2019 in the following wording:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Position

We executed an audit of the financial statements of STABILITA d.d.s., a.s. (hereinafter referred to as the company) which includes statement of financial position as of 31/ 12/ 2018, Statement of comprehensive gains and losses, statement of changes within equity, statement of cash flows for the year ended on that date, and annotations including the review of significant accounting principles and accounting methods.

In our opinion, the accompanying financial statements provide a true and fair view of the company's financial position as of December 31, 2018 and the results of its operations and its cash flows for the year that ended on that date, in accordance with International Financial Reporting Standards as adopted by the European Union.

The basis for our position

We executed the audit in accordance with International Auditor Standards. Our responsibility resulting from these standards is detailed in the paragraph The auditor's responsibility for the audit of the financial statements. We are independent from the company according to the provisions of Act no. 423/2015 Coll. on Statutory Audit and on Amendments to the Act no. 431/2002 Coll. on Accounting as amended (hereinafter Act on statutory Audit) related to the ethics, including Code of Ethics of the Auditor, which are relevant to our audit of the financial statements. And we have met the other requirements of these ethical provisions. We are convinced that the audit evidence obtained provides a sufficient and appropriate basis for our position.

Key audit issues

Key audit issues are issues which, according to our expert judgment, are the most important in our audit of financial statements for the current period. We have dealt with these issues in relation to the audit of the financial statements as a whole and in formulating our opinion on it but we do not provide a separate opinion on these matters.

A description of the most serious assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud	A summary of our response to the risks
Loyalty program reserve for participants	
See point 11 of the financial statement The company creates a long-term reserve for the loyalty program for participants of the complementary pension saving in order to stabilize the participant's stock. The company attributes points to the participants of saving depending on the amount of participant contributions paid, and on the length of their participation in the system. The value of each point is expressed in euro. The participant's claim for payment of the monetary value corresponding to the balance of the point account arises on the date of payment of the first allowance.	We did the testing of draft and of operational effectiveness of key control procedures in connection with the process of entering participant contracts into the system as well as of attributing the contributions of each participant to the participant accounts. We did the testing of draft and operational effectiveness of information technologies used to enter and manage participants' contribution accounts in the area of access rights and change procedures.
The calculation of the reserve includes estimates of future draw downs and actual determination of the present value of future performance.	We have verified the accuracy and completeness of the calculated points for the year 2018 as well as their value expression on a selected sample of participant accounts by performing substantive procedures. We also verified the correctness and completeness of the dissolution or writing off of points for the year 2018 on a selected sample of participant accounts by performing substantive procedures We also assessed the value of individual assumptions used by the company to determine the calculation of the present value of future payments to the participants of complementary pension saving within the loyalty program.
Model of accrual intermediary remuneration	
see note 16 of the financial statements The Company has applied International Accounting Standards IFRS 15 since 1 January 2018. This accounting standard allowed the value of deferred acquisition costs (DAC) to be reassessed and subsequently adjusted so as to obtain contracts with complementary pension saving participants. Asset of the deferred acquisition costs represents that portion of the intermediary commissions paid to future periods for the duration of the participant contract. As a result of this, the Company posted a DAC value on January 1, 2018, with a corresponding entry to equity increase in the total amount of 2 319 thous, EUR. The company distinguishes these costs evenly over the residual life of contracts with individual savings participants. The non-accrued portion of acquisition cost expense for obtaining participant contracts will be reported by the Company under the cost of active contracts. Accrued expense will be recognized under the item "Expenses and commissions paid". Specifics of the accrual cost concept for obtaining participant contracts, the concept which requires from the management of the company applying significant judgment in determining the estimated amortization time while assessing the risk of impairment of the asset in question representing non-accrued mediation remuneration, these specifics led to the issue being identified as a key audit issue. For the year ending December 31, 2018, assets amounted to 2800 thousand euros and costs 83 thousand euros.	We have assessed the design and implementation of key control procedures introduced by the management of a complementary pension company in connection with the accrual of acquisition costs for participating contracts while focusing on control procedures related to: • establishing the principles for accruals costs of remuneration paid for acquisition • validity and accuracy of input data for the calculation of remuneration • the accuracy of calculation of accruals in the complementary pension company • supervision of the management of the complementary pension company over the accrual accounting of costs. We have also performed these procedures: 1) We have assessed the adequacy of the accrual method for acquiring participant contracts paid to intermediaries to determine whether the methodology used is consistent with the requirements of the applicable accounting standards. 2) We assessed the adequacy of the estimates and assumptions used by management in determining the amortization period. 3) We evaluated the correctness of the mathematical formula used for the calculation in the complementary pension company and we have recalculated the impact of the accruing charges to the statement of aggregate profits and losses. 4) We have assessed the completeness and accuracy of the data used to calculate the accrual of acquisition costs for participating contracts as on 1 January 2018 and also on 31 December 2018.

The responsibility of the statutory body and the persons entrusted with management of the financial statements

The statutory body is responsible for preparation and fair presentation of the financial statement in accordance with the International Standards for Financial Reporting as approved by the European Union and for internal audits which the statutory body considers relevant to preparation of financial statements so it does not include any substantial discrepancies either due to fraud or error.

When preparing the financial statements, the statutory body is responsible for assessing the company's ability to continuously carry on its activities, for describing the facts relating to the continuous business continuity, if it is necessary, and for the use of the presumption of continuous business continuity in accounting, unless it intends to liquidate the company or to end its business or does not have any real possibility as to do so.

The persons entrusted with management are responsible for oversight of the company's financial reporting process.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance whether the financial statements as a whole does not include any substantial discrepancies either due to fraud or error, and to issue an auditor's report that contains the auditor's position. A reasonable assurance is a high level of assurance, but not a guarantee that the audit performed according to the International Auditor Standards will always reveal any significant misstatement. Misstatements may arise as a result of fraud or error and are considered to be significant if it is reasonable to expect that they individually or in aggregate affect economic decisions of users that were adopted on the basis of these financial statements.

We apply expert judgment in the audit in accordance with the International Auditor Standards and maintain professional scepticism throughout the audit. Besides that:

- We identify and assess risks of material misstatement of the financial statements either due to fraud or error, we design and perform audit procedures that respond to these risks, and we obtain audit evidence that is sufficient and appropriate to provide the basis for the auditor's opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk due to an error since a fraud can include a secret agreement, falsification, deliberate omission, false declaration, or obsolescence of internal control.
- We are getting familiar with internal controls relevant to the audit, to be able to design audit procedures that are appropriate in the given circumstances but not to express an opinion on the effectiveness of internal company controls.
- We evaluate the appropriateness of the accounting policies and methods used and the accounting methods used as well as the reasonableness of the accounting estimates and related information published by the statutory body.
- We conclude on whether the statutory body appropriately uses the accounting principle of continuous business continuity and on the basis of the audit evidence we have obtained, we conclude if there is a significant uncertainty about events or circumstances that could significantly undermine the company's ability to continue to operate continuously. If we come to the conclusion that there is significant uncertainty, we are required to report in our auditor's report the related information in the financial statements or, if such information is insufficient, to modify our opinion. However, our findings are based on audit evidence obtained by the date of issue of our Auditor's Report. Future events or circumstances may cause the company to cease continuing its activity.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements faithfully reflect the transactions and events that have taken place.

With the persons entrusted with management, we communicate, among other things, about the planned scope and timing of the audit, and the significant audit findings, including any significant internal control deficiencies that we may find during our audit.

We also provide a statement to the persons entrusted with management that we have complied with the relevant ethical requirements regarding independence and we communicate with them about all relationships and other facts that can reasonably be considered to have an impact on our independence, as well as about any related protective measures.

From the facts communicated to the persons entrusted with the administration we will identify those that have the greatest importance in the audit of the financial statements of the current period and are therefore the key issues of the audit. These matters are stated in our auditor's report unless the law or other legal regulations exclude their disclosure, or if, in extremely rare circumstances, we do not decide that a matter should not be reported, because it can reasonably be expected that the adverse consequences of its disclosure would outweigh the public benefit of its introduction.

II. Report to other requirements of laws and other legal regulations

Report on the information presented in the annual report
- Appendix to the Independent Auditor's Report

The Statutory body is responsible for information presented in the annual report compiled according to the requirements of the Accounting Act No.431/2002 Coll. as amended (further Accounting Act). Our above statement on the financial statements does not apply to other information in the annual report.

In regard of audit of the financial statements we are responsible for getting acquainted with the information contained in the Annual Report and for evaluating whether this information is not inconsistent with the financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly incorrect.

We assessed whether the company's annual report contains information required by the Accounting Act.

In our opinion, based on the work performed during the audit of the financial statements:

- the information provided in the annual report compiled for the year 2018 is consistent with the financial statements for that year,
- the annual report contains information as under the Act on Accounting.

Besides that, based on our knowledge of the company and its situation we have gained during the audit of the financial statements, we are required to state whether we have identified material misstatements in the annual report we received after the date of issue of this auditor's report. In this respect, there are no findings to be made.

Bratislava, April 8, 2019

Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKau no.865

On behalf of
Deloitte Audit, s.r.o.
Licence SKau no. 014

General information on company

Company name

Complementary Pension Company STABILITA, d.d.s., a.s.

Company seat

Bačíkova 5, 040 01 Košice

Phone: +421 55 / 800 11 76,

Fax: +421 55 / 622 58 48

E-mail: marketing@stabilita.sk

Company registered

April 1, 2007

Identification number

36 718 556

Registered in

Business Register of District Court Košice I, Section Sa, Insert no. 1407/V

Depositary

Slovenská sporiteľňa, a.s.

Board of Directors

Ing. Michal Krajčovič, CSc., Chairman of the Board of Directors

JUDr. Marián Melichárek, Vice-Chairman of the Board of Directors

Ing. Boris Gubriansky, Member of the Board

Supervisory Board

Ing. Ján Žačko

Ing. Rudolf Pecar (end on May 16, 2018)

JUDr. Magdaléna Martincová

Ing. Ľubor Podracký

Ing. Ľudovít Ihring

Ing. Róbert Rigo

Ing. Stanislava Fejfarová, CSc.

Ing. Peter Benedikt

Ing. Ján Peržeľ

JUDr. Nataša Kučerová

Ing. Pavol Bulla

Ing. Juraj Tkáč (start on May 16, 2018)

Basic capital

1.660.000 Euros as of December 31, 2018

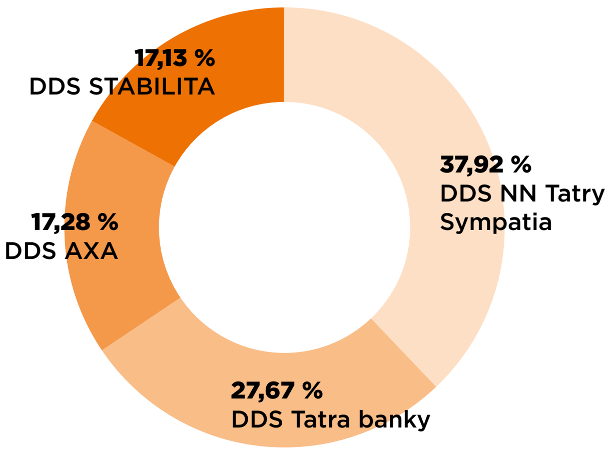
Net assets

8.623.909 Euros as of December 31, 2018

a) Information on company´s development and on current state of affairs

The year 2018 concluded the second decade of complementary pension companies operating on the Slovak financial market. In the four companies currently offering complementary pension savings, a total of 822, 376 savers save on the future complementary pension. Compared to 2017, their total number increased by 41,016. This figure represents a net increase in contracts, as data reported by ADDS are based on birth registration records, taking into account not only the new increment during the past year, but also the number of contracts that were terminated during this period.

Market share of individual complementary pension companies



As part of its business activities, the company focused on contracting new employer subjects and creating a potential platform for the subsequent conclusion of new participant contracts. Almost 300 new companies were added to the employer contract portfolio, bringing their total to 6,175.

In 2018, the company concluded 8 430 participant contracts. Of these, 7,121 were new participant contracts, the rest were recurring participant contracts with clients who had already terminated their original contracts. Or concurrently with the receipt of the benefits from these contracts, they have concluded new participant contracts.

Branches' share of the annual plan (only new participants)

Bratislava	Banská Bystrica	Košice
2 327	2 988	1 806

In connection with the planned gradual increase in the retirement age for society, the long-term priority is to maintain or gradually reduce the average age of the participant strain, which it is directly related to prolonging the participation of clients in the system. In this respect, it is therefore of the utmost importance to involve an increasing number of participants from the younger age group in the supplementary pension saving system.

This trend is also confirmed by the fact that almost 41% of new participant contracts in 2018 were participants under 35 years of age. Thus, the company has been able to maintain the average age of participant strain at 46 years.

The total assets under management of complementary pension companies totalled EUR 2,009,083,534 as of December 31, 2018. Of this volume, STABILITA, d.d.s., a.s., managed EUR 320, 300, 867 within its three funds, which is almost 16%.

The year 2018 was very turbulent in terms of price movements in financial markets. While the US stock markets still recorded a new all-time high in September, at the end of the year, markets were dominated by fear of lower US corporate earnings than expected by investors, fear of price increase of money by the US central bank and the ongoing trade war mainly between the US and China not only weakening the growth of both economies but also global growth. In particular, due to the aforementioned factors, all managed funds reported as to December 31, 2018 negative yield.

Performance Overview of Individual Funds as of December 31, 2018

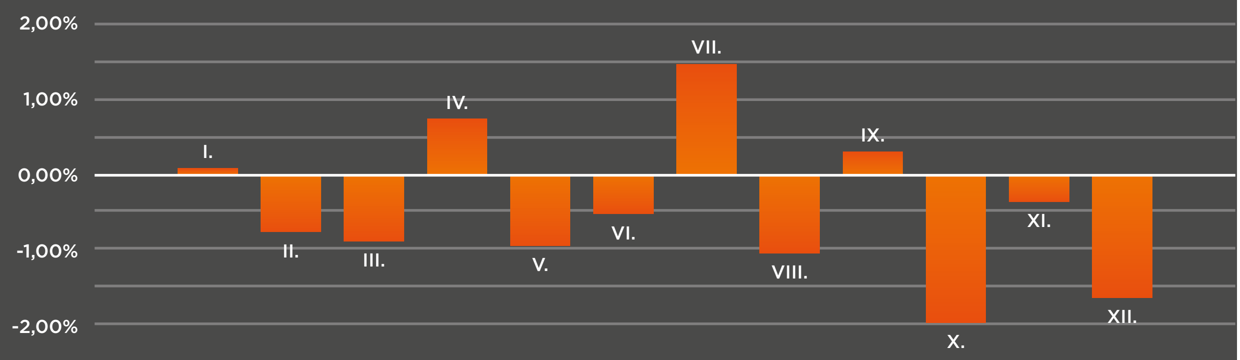
Fund evaluation (non-annualized) year 2018	Annualized performance since fund creation until December 31, 2018
STABILITA **Contributory** d.d.f.	
-5,30%	1,35%
STABILITA **Equity Contributory** d.d.f.	
-6,56%	1,25%
STABILITA **Payout** d.d.f.	
-2,90%	1,47%

The total assets under management of the complementary pension company increased year-on-year by 1.16% and amounted to EUR 320.3 million. The largest volume of assets was in the Stabilita Contributory d.d.f., STABILITA, d.d.s., a.s. (hereafter „Contributory d.d.f.), 86.8% of total assets, in Stabilita Equity Contributory d.d.f., STABILITA, d.d.s., a.s. (hereafter „Equity d.d.f.) there waso 6.1% out of total assets and property. There was 7.1% in Stabilita Payout d.d.f., STABILITA, d.d.s., a.s. (hereafter Payout d.d.f.) bolo 7,1 out of total assets.

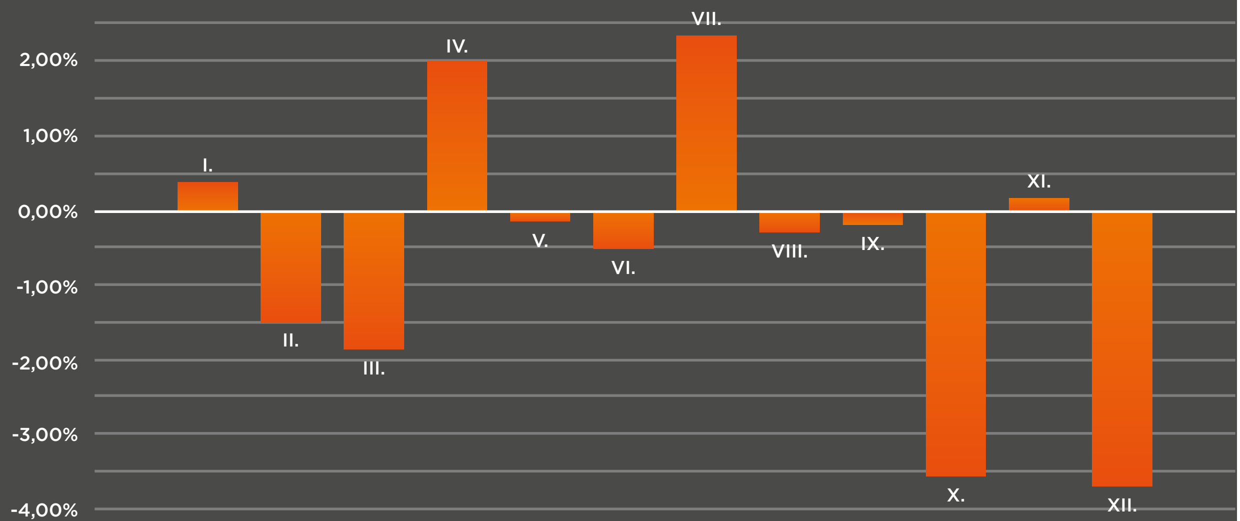
Net asset value in the funds as of December 31, 2018:

Contributory d.d.f.	277 999 417
Equity Contributory d.d.f.	19 448 196
Payout d.d.f.	22 853 255
SUM	**320 300 867**

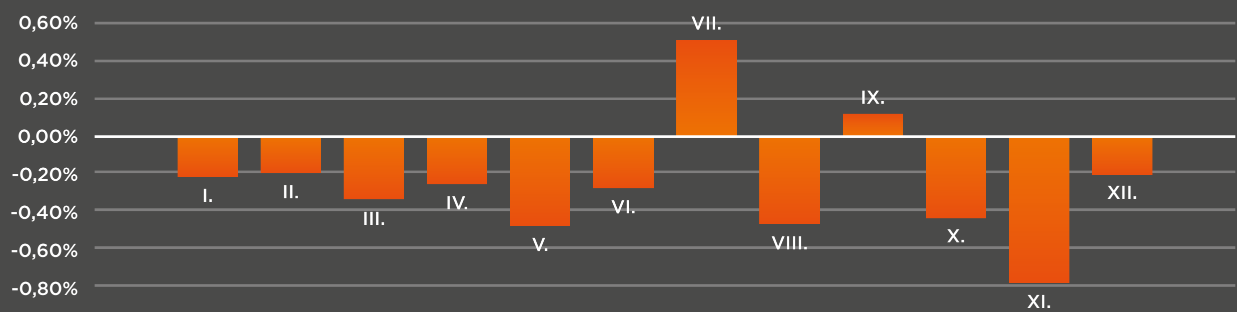
Revenue development in Contributory Fund by months



Revenue development in Equity Contributory Fund by months



Revenue development in Payout Fund by months



Comparison of performance of the complementary pension funds

Balanced contributory d.d.f.

Creation date of the fund	Performance for a given period					Annualised performance	
	2014	2015	2016	2017	2018	Since the fund creation to 31/12/2018	2010-2018
Balanced contributory d.d.f. NN Tatry - Sympatia, d.d.s., a.s.							
01.02.2006	3,19%	0,36%	2,90%	3,33%	-3,14%	0,76%	1,05%
Contributory complementary pension fund AXA d.d.s., a.s. contributory d.d.f.							
27.01.2006	4,75%	-0,25%	3,16%	1,56%	-2,56%	1,56%	1,93%
Complementary pension company of Tatra banky, a.s., Comfort life 2030 Contributory d.d.f.							
10.04.2006	3,49%	-3,62%	2,00%	5,52%	-6,75%	0,91%	0,99%
STABILITA Contributory d.d.f., STABILITA, d.d.s., a.s.							
02.04.2007	4,27%	-4,45%	2,80%	2,27%	-5,30%	1,35%	1,10%

Key indicators of the company according to International Accounting Standards

Year 2018	Year 2017	Year 2016
Total revenues achieved		
4 443 611	4 502 938	4 366 739
Profit after income tax application		
490 607	212 426	59 909
Own capital profitability		
5,69%	3,65%	1,06%
Profitability of assets		
4,90%	2,92%	0,86%

b) Information on events of special significance that occurred after the end of the accounting period

During the period since the closure of financial statements as to December 3,1 2018 to the compilation of this annual report there were no events of special significance.

c) Information on expected future development of the company activity

The amendment to Act no. 650/2004 Coll., which entered into force on 1 January 2014, the company, sees a continued downward trend in remuneration for managing the fund, which has an impact on the estimated amount of revenue for 2019 in the amount of 4.24 mil. Euros

Also, in 2019 we will continue to strengthen the perception of the company as a prosperous and successful company in the long term, which operates in the complementary pension saving market. We will continue to increase the value of the assets of participants and beneficiaries with a prudent approach to managing of complementary pension funds.

d) Information on operating costs in the area of research and development

The complementary pension company did not incur any costs for research and development in the year 2018.

e) Information on company´s acquisition of its own shares, and business shares

Complementary Pension Company in the year 2018 did not acquire any own shares or shares in other companies and thus did not meet §20 paragraph. 1) Point. e) of the Act 431/2002 Coll. on Accounting.

f) Proposal for 2018 profit distribution of the company STABILITA d.d.s., a.s

Economic outturn for the year 2018	490 607,24
Allocation to the social fund	20 607,24
Retained earnings of past years	470 000,00

g) Data on organisation unit registered abroad

The company has no unit of account registered abroad.

Separate Financial Statements

for the Accounting Period from
January 1, 2018 to December 31, 2018

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

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Obsah

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STABILITA, d.d.s., a.s.
Independent Auditor's Report

To shareholders, the Supervisory Board and the Board of Directors of the company STABILITA, d.d.s., a.s., and to the Audit Committee:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Position

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- We conclude on whether the statutory body appropriately uses the accounting principle of continuous business continuity and on the basis of the audit evidence we have obtained, we conclude if there is a significant uncertainty about events or circumstances that could significantly undermine the company's ability to continue to operate continuously. If we come to the conclusion that there is significant uncertainty, we are required to report in our auditor's report the related information in the financial statements or, if such information is insufficient, to modify our opinion. However, our findings are based on audit evidence obtained by the date of issue of our Auditor's Report. Future events or circumstances may cause the company to cease continuing its activity.
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Report on other requirements of laws and other legal regulations

Report on the information presented in the annual report

Statutory body is responsible for information presented in the annual report compiled according to the requirements of the Accounting Act no.431/2002 Coll. as amended (hereinafter "Act on Accounting"). Our above statement on the financial statements does not apply to other information in the annual report.

In regard of audit of the financial statements we are responsible for understanding the information contained in the Annual Report and for evaluating whether this information is not inconsistent with the financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly incorrect.

We did not have the annual report available at the date of issue of the auditor's report on the audit of the financial statements.

When we receive an annual report, we evaluate whether the annual report of the company contains information required by the Accounting Act to be disclosed, and on the basis of the work performed during the audit of the financial statements, we express the view whether:

- the information provided in the annual report compiled for the year 2018 is consistent with the financial statements for that year,
- the annual report contains information under the Act on Accounting.

In addition, we report whether we have identified material misstatements in the Annual Report on the basis of our knowledge of the Company and its situation that we have acquired during our audit of the financial statements.

Other reporting obligations according to the Regulation of the European Parliament and Council (EU) No. 537/2014 of 16 April 2014 on specific requirements for the statutory audit of public interest entities

Appointment of the auditor

We were appointed as Statutory Auditor on approval by the General Meeting of the Company on May 2, 2018. The total uninterrupted period of our contract, including previous renewals of the order (extending the period for which we were originally appointed) and our re-appointment as statutory auditors, represents 3 years.

Consistency with the additional report for the Audit Committee

Our opinion expressed in this report is consistent with the additional report prepared for the Company Audit Committee that we issued on February 20, 2019.

Non-audit services

We did not provide the prohibited non-audit services listed in Article 5 (1) of the Regulation of European Parliament and EU Council No 537/2014 of 16 April 2014 on Specific requirements regarding statutory audits of public interest entities and we have remained independent of the company in the audit.

Bratislava, March 5, 2019

Ing. Zuzana Letková, FCCA
Responsible Auditor
Licence SKau no.865

On behalf of
Deloitte Audit, s.r.o.
Licence SKau no. 014

Statement of financial position as of 31/12/2018 (data in charts are in EUR)

Item	Note n.	31.12.2018	01.01.2018	31.12.2017
ASSETS	x		x	x
Non-current assets	x	**3 499 974**	**3 052 390**	**733 113**
Acquisition of intangible fixed assets	a)	0	11 000	11 000
Intangible fixed assets	(1)	152 299	146 984	146 984
Tangible fixed assets	(2)	103 309	154 880	154 880
Acquisition costs for active contracts	(3)	2 799 899	2 319 277	-
Investment in the subsidiary	4a)	203 323	203 323	203 323
Receivable in the subsidiary	4b)	56 250	75 000	75 000
Deferred income tax related receivables	(5)	184 894	141 926	141 926
Current assets	x	**6 520 382**	**6 545 605**	**6 545 605**
Money and cash equivalents	(6)	2 604 199	2 577 057	2 577 057
Bank receivables	(7)	3 508 852	3 500 000	3 500 000
Other debtors´receivables	(8)	360 699	391 177	391 177
Tax receivables		-	-	-
Other current assets	(9)	46 632	77 371	77 371
Total assets	x	**10 020 356**	**9 597 995**	**7 278 718**
LIABILITIES AND EQUITY	x	x	x	x
Current liabilities	x	**1 288 498**	**1 451 130**	**1 451 130**
Trade liabilities	(10)	90 203	154 044	154 044
Provisions and other liabilities	(11)	1 198 295	1 297 086	1 297 086
Income tax related liabilities	x	**107 949**	**1 137**	**1 137**
Income tax due	(12)	107 949	1 137	1 137
Income tax deferred			-	-
Total equity:	x	**8 623 909**	**8 145 728**	**5 826 451**
Share capital subscribed	(13)	1 660 000	1 660 000	1 660 000
Profit based funds	(14)	832 000	832 000	832 000
Other capital funds		36 513	36 513	36 513
Valuation differences from equity contributions to the subsidiary capital		4 148	4 148	4 148
Retained earnings	(15)	5 600 641	5 400 641	3 081 364
Of which postponed acquisition costs for active contracts	(16)	2 319 277	2 319 277	-
Profit in approval proceedings		-	-	-
Profit/ loss for the accounting period after taxation	(17)	490 607	212 426	212 426
Liabilities and equity total	x	**10 020 356**	**9 597 995**	**7 278 718**

Statement of comprehensive income and losses for the year ended 31/12/2018 (data in charts are in EUR)

Item	Note	Year ending 31/12/2018	Year ending 31/12/2017
Interest income and similar income	x	5 050	4 027
Interest and similar costs	x	-	(31)
Net interest income	**(1)**	**5 050**	**3 996**
Revenues from retaliation and commissions	x	4 415 643	4 487 101
Retaliation and commissions costs	x	(83 934)	(565 559)
Net profit (loss) from retaliation and commissions	**(2)**	**4 331 709**	**3 921 542**
Other revenues	(3)	22 918	11 810
General administration costs	**(4)**	**(3 735 796)**	**(3 656 169)**
Personnel costs	(5)	(2 050 148)	(2 016 723)
Depreciation of tangible and non-tangible assets	(6)	(88 608)	(87 483)
Other costs	(7)	(1 597 040)	(1 551 963)
Comprehensive profit (loss) prior taxation	x	**623 881**	**281 179**
Income tax	(8)	(133 274)	(68 753)
Comprehensive profit after taxation	x	**490 607**	**212 426**
Basic profit per share	**(9)**	**9,81**	**4,25**

Profit and loss statement of the company is the same as the statement of comprehensive income and losses; the company has no components of the other parts of comprehensive income

Notes presented on pages 17-33 are an integral part of these financial statements.

Statement of Changes in Equity in the 12 months of the year ending 31/12/2018 (data in charts are in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from the past years	Profit for the current account. period	Capital total
Balance as of 31/ 12/ 2017	1 660 000	832 000	40 661	3 081 364	212 426	5 826 451
Change in first application of IFRS 15				2 319 277		
Balance as of 1/1/2018	1 660 000	832 000	40 661	5 400 641	212 426	5 826 451
Allocation of profit for 2017:						**0**
Other movements					(12 426)	12 426
Payment of dividends to shareholders						0
Contribution to the Development Fund from profit						0
Retained earnings				200 000	(200 000)	400 000
Profit as of 31 December 2018					**490 607**	**490 607**

Statement of Changes in Equity in the 12 months of the year ending 31/12/2017 (data in charts are in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from the past years	Profit for the current account. period	Capital total
Balance as of 31/12/2016	1 660 000	832 000	40 661	3 041 364	59 909	5 633 934
Allocation of profit for 2016:						
Other movements					(19 909)	
Payment of dividends to shareholders						
Contribution to the Development Fund from profit						
Retained earnings				40 000	(40 000)	
Profit as of 31/12/2017					212 426	
Balance as of 31/12/2017	**1 660 000**	**832 000**	**40 661**	**3 081 364**	**212 426**	**5 826 451**

Statement of Cash Flows for the 12 Months of the Year Ending 31/12/2018 (data in charts are in EUR)

Item name	31.12.2018	31.12.2017
Cash flows from operating activities:	x	x
Economic results of current activity prior to income taxation (+/-)	623 880	281 179
Non-monetary operations affecting the profit or loss from ordinary activities	**(456 554)**	**83 456**
Depreciation of intangible fixed assets and tangible fixed assets	88 608	87 483
Changes in accruals of costs and revenues (+/-)	(541 612)	
Interest charged to revenues (-)	(5 050)	(4 027)
Interest charged to costs (+)		
Profit from sale of non - current assets	1 500	
Change in liabilities from investing activities		
Other items of non-monetary character		
Impact of changes in working capital on the profit or loss from ordinary activities	**(133 142)**	**(88 865)**
Change in receivables from operating activities (- / +)	30 478	(19 327)
Change in liabilities from operating activities (- / +)	(162 755)	(108 264)
Change in inventory (+/-)	(865)	(72)
Cash flows from operating activities other than income and expense which are separately listed in other parts of the cash flow statement (+/-)	**34 184**	**(155 489)**
Interest received (+)	5 050	4 027
Interest paid (-)	-	-
Income tax expense (+/-)	(69 399)	151 462
Net cash flows from operating activities	**(30 164)**	
Cash flows from inevestment activity		**(30 204)**
Expenditure on acquisition of tangible and intangible fixed assets (-)	34 204	(30 204)
Revenues from sales of tangible fixed assets	4 352	-
Net cash flows from investment activities	**38 556**	
Cash flows from financial activities	**18 750**	**(75 000)**
Credit related revenues and expenses	18 750	(75 000)
Nrt cash flows total:	**27 142**	**503 785**
Net increase or net decrease in cash and monetary equivalents (+/-)	27 142	(503 785)
State of cash and monetary equivalents at the beginning of the accounting period (Note n.5)	**2 577 057**	**2 073 272**
Balance of cash and monetary equivalents at the end of the accounting period (Note n.5)	**2 604 199**	**2 577 057**

Statement of monetary cash flow is processed by indirect flow.

Notes presented on pages 17-33 are an integral part of these financial statements.

Comments to the financial statements for the period from 01/01/2018 to 12/31/2018

A) General information on company

Business activities

Complementary pension company STABILITA, d.d.s., a.s., (hereinafter „company“), with seat at Bačíkova 5, 040 01 Košice, Identification No. 36 718 556, is entered in Company Register of District Court Košice I, Section Sa, Insert No. 1407/V. The company is the legal successor of the Complementary Pension Insurance Company Stabilita.

The company´s core subject of activities is creation and management of complementary pension funds for the purpose of execution of complementary pension saving based on the authorization granted by the National Bank of Slovakia on 29 November 2006 under No. UDK-004/2006/PDDS which came to force on 6 December 2006. The company was created by transformation of the Complementary Pension Insurance Company STABILITA in compliance with the thirteenth part of the Act N. 650/2004 Coll. on Complementary Pension Saving and amending and supplementing certain acts, as amended (further the “Act on CPC“), and according to the transformation project approved by the Assembly of founders of Complementary Pension Insurance Company Stabilita on October 27, 2005.

The company was established for an indefinite period, and it conducts its business in the territory of the Slovak Republic. The National Bank of Slovakia shall exercise supervision over the activities of the company.

The company has a 100% stake in the subsidiary STABILITA Servis, s.r.o., which provides for the parent company for technical and service activities, and provides for economic property management.

Depositary of the complementary pension funds is Slovenská sporiteľňa, a.s. with registered seat at Tomášikova 48, 832 37 Bratislava, identification number 00 151 653, entered in Company Register administered by the District Court Bratislava I., section Sa, Insert No.601//B (hereinafter Depositary).

Statutory, supervisory, and managing bodies as of 31/12/2018

Board members	Position	Appointed	End
Ing. Peter Gregor	predseda	07.10.2014	30.06.2018
Ing. Michal Krajčovič, CSc.	predseda	01.07.2018	
JUDr. Marián Melichárek	podpredseda	01.04.2007	
Ing. Boris Gubriansky	člen	07.10.2014	
Members of the supervisory board	**Position**	**Appointed**	**End**
Ing. Ján Žačko	predseda	01.04.2007	
Ing. Rudolf Pecar	podpredseda	01.04.2007	16.05.2018
JUDr. Magdaléna Martincová	člen	01.04.2007	
Ing. Ľubor Podracký	člen	26.09.2007	
Ing. Róbert Rigo	člen	25.07.2012	
Ing. Ľudovít Ihring	člen	26.09.2007	
Ing. Stanislava Fejfarová,CSc.	člen	24.06.2008	
Ing. Peter Benedikt	člen	26.05.2011	
Ing. Ján Perželʼ	člen	26.05.2011	
JUDr. Nataša Kučerová	člen	26.05.2011	
Ing. Pavol Bulla	člen	16.05.2017	
Ing. Juraj Tkáč	člen	16.05.2018	

Structure of shareholders and their share in the company capital

Shareholders	Shareholder ID	Country reg. of shareholder	% in the share capital
Lorea Investment Limited	7001665	Cyperská republika	30,22
Železnice SR	31364501	Slovenská republika	55,26
Železiarne Podbrezová a.s.	31562141	Slovenská republika	5,17
U. S. Steel Košice, s.r.o.	36199222	USA	9,30
Marek Szabo	7303076407	Slovenská republika	0,05

Data on the number of employees

Employees´ structure	31.12.2018	31.12.2017
General Director, Executive Director, Investment Director	3	3
Middle management staff	15	15
Other employees	30	29
Average number of employees	48	47

Approval of financial statements for the previous accounting period

General Assembly at its meeting on May 16,.2018 approved the financial statement of the company for the year ending 31/ 12/ 2017 according to provision No. X paragraph 1) Company Statutes for the complementary pension funds and for the company.

Release of the financial statement for previous accounting period

Separate financial statement of the company as of 31/ 12/ 2017 was deposited in the Financial Statements Register on 14 March 2018. The Annual Report was deposited in the Financial Statements Register on 17 May 2018.

Information on complementary pension funds

As of December 31, 2018, the company administers 3 complementary pension funds, a contributory complementary pension fund, an equity contributory complementary pension fund, and a payout complementary pension fund. The net value of assets under management as of the balance sheet date is listed in the chart; data are rounded to the nearest Euro.

Item	Net value of assets as of 31/12/2018	Net value of assets as of 31/12/2017	Auditor
Stabilita contributory d.d.f.	277 999 417	275 607 413	Deloitte Audit s.r.o.
Stabilita payout d.d.f.	22 853 255	25 480 324	Deloitte Audit s.r.o.
Stabilita equity contributory d.d.f.	19 448 196	15 546 207	Deloitte Audit s.r.o.
Assets in funds total:	**320 300 868**	**316 633 944**	

The company provides accounting and reporting of complementary pension funds separately from its own accounting and reporting. Complementary pension funds created and managed by the company are not separate legal entities, but each of the complementary pension funds prepares separate financial statements according to § 30 of the Act on Complementary Pension Companies. Assets managed in the complementary pension funds are not the property of the company. Separate financial statements of the complementary pension funds are not consolidated in the financial statements of the company

The Company does not form a consolidated financial statement because it does not meet the conditions for consolidation under Section 22 of Act No. 431/2002 Coll. on Accounting as amended (hereinafter the "Accounting Act").

Stabilita Contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter„Contributory d.d.f.") was established under the Act on Complementary Pension Companies for the purpose of administering contributions of the complementary pension saving participants and their employers, according to the fund's investment strategy. Establishment and management of Contributory d.d.f. were authorized by Decision no. UDK-004/2006 / PDDS of November 29, 2006, issued by the National Bank of Slovakia in force of December 6, 2006. The current status of the Contributory d.d.f. was approved by the Extraordinary General Assembly on May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

The company began to build Contributory d.d.f. as at the date of its establishment on the basis of transfer of the property concerned, as corresponding to the value of liabilities of the Complementary Pension Insurance Company to policyholders of complementary pension insurance, in accordance with the procedure laid down in thirteenth part of Act on the Complementary Pension Saving especially in § 83 par. 5 of the Act on Complementary Pension Companies, in accordance with the procedure of delimitation of assets and liabilities of Complementary Pension Insurance Company Stabilita laid down in the transformation project of Complementary Pension Insurance Company Stabilita. All details of the Contributory d.d.f. are listed in the fund statute.

Contributory d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Contributory d.d.f. aims to acceptable forms of assets defined by the Act on CPC and the Statute so as to achieve appreciation of fund assets. The investment policy of the Contributory d.d.f. is balanced; it takes into account the purpose of its establishment, which aims to achieve long-term appreciation at medium risk level. The policy envisages allocation of invested assets among equity component, bond and cash components, with the possibility of eliminating credit and market risk. The bond component forms the bulk of the assets in the Contributory d.d.f.. When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. When investing in shares, equity ETFs, Commodity ETCs and PL investing mostly in shares, the company does not exclude any territory or sector in the world; it means that the assets in the Contributory c.p.f may be invested globally and in all sectors. Additional restrictions and details of the investment policy are based on the relevant legislation and the Statute.

In connection with the fact that the company, while managing assets, employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets in the Contributory c.p.f respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b and 53f of the Act on CPC, also some stricter rules set out in an internal directive. This Directive is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

Stabilita Equity Contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter "Equity d.d.f.") was established pursuant to the Act on CPC for the purpose of administering contributions of the complementary pension saving participants and their employers, according to the fund's investment strategy. Establishing and management of the Equity d.d.f. was authorized by Decision no. ODT-12019/2011 of December 6, 2011, issued by the National Bank of Slovakia.

The current Statute of the Equity d.d.f. was approved by the Extraordinary General Assembly May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

Equity d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Equity d.d.f. aims to acceptable forms of assets defined by law and the Statute so as to achieve appreciation of fund assets in the complementary pension fund.

Investment policy of the Equity d.d.f. is a growth policy in order to achieve growth in the value of assets in the long term at a higher level of risk. The policy envisages allocation of invested assets primarily in equity part, while investments in bond and money components are complementary, with the possibility of eliminating foreign exchange and market risk. An equity component can reach up to 100% of fund assets. When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. When investing in shares, equity ETFs, Commodity ETCs and PL investing mostly in shares, the company does not exclude any territory or sector in the world; it means that the assets in the Equity c.p.f may be invested globally and in all sectors.

When investing in derivatives these are mainly options, forwards, IRS, CCIRS, swaptions, futures, with the fact that these derivatives may be concluded on a regulated market and beyond, they can be used to hedge against risk and to achieve returns and all of them will be used without leverage.

The risk profile of the Equity d.d.f. arises from the given investment policy in accordance with Art. IV of the Statute and it presents a higher level of risk that is associated with investing in equity part of property, the bond component of property, to the monetary component of the property and to derivatives. Details of the investment policy result from the relevant legislation and the Statute.

In connection with the fact that the company, while managing assets of the Equity d.d.f., employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b and 53f of the Act on CPC, also some stricter rules set out in an internal directive which is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

Stabilita Payout d.d.f., STABILITA, d.d.s., a.s. (hereinafter „Payout d.d.f.“) was established by a decision no. UDK-004/2006/PDDS of November 29, 2006, issued by the National Bank of Slovakia and in force of December 6, 2006. The current status of the Payout d.d.f. was approved by the Extraordinary General Assembly on May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

The Payout d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Payout d.d.f. aims to acceptable forms of assets defined by law and the Statute so as to achieve appreciation of fund assets in the complementary pension fund. Assets in a Payout d.d.f. can only be used to ensure proper and safe investment of the fund assets and the protection of beneficiaries of complementary pension savings.

Investment strategy of the Payout fund is of a conservative type, it takes into account the purpose of establishment of the fund which is to secure resources for settlement of benefits of complementary pension saving for the beneficiaries that requires investment into assets providing for not only valorisation of assets but also liquidity taking into account the continuous payment of benefits in accordance with valid benefit schemes according to participant contracts and benefit plans. The objective of the investment policy is to achieve long-term capital growth at low risk provided that the policy is based on allocation of invested assets in bond and cash components, with the possibility of eliminating foreign exchange and interest rate risk. The share of the bond component can be as high as 90% of the assets of the complementary pension fund.

When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF.

In connection with the fact that the company, while managing assets of the Payout d.d.f., employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b to 53f of the Act on CPC, also some stricter rules set out in an internal directive which is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

B) Accounting principles and methods applied

B1) Basis of presentation and the assumption of further continuous operation of the company

Declaration of compliance

Separate financial statement for the year 2018 was compiled in compliance with International Financial Reporting Standards (hereinafter IFRS), in the wording adopted by bodies of the European Union (EU), Commission Regulation no. 1725/2003, and current interpretations of the International Financial Reporting Interpretations Committee Standards (IFRIC). These financial statements have been prepared assuming that the Company will continue as a going concern (i.e. going concern).

These financial statements are the only regular financial statements compiled by the company.

Background and objective of the preparation of financial statements

Separate financial statements of the Company for the period of 2018 with a comparable period of 2017, is compiled in accordance with the Act on Accounting within the meaning of § 17a). According to this act the company prepares the financial statements and annual report under special regulations - Regulation of the European Parliament and of the Council EC 1606/2002 on the application of International Accounting Standards (IFRS).

The financial statements are intended for general use, the information contained therein shall not be used for any specific assessment of the individual transactions. These financial statements cannot be the sole source of information when deciding and judging.

Consolidated entity information

The Company, pursuant to § 22 par. 12 of the Act of the National Council of the Slovak Republic no. 431/2002 Coll. is not subject to the obligation to draw up a consolidated financial statement and a consolidated annual report.

Assets managed by complementary pension funds are not the property of the company. Separate financial statements of complementary pension funds are not consolidated in the Company's financial statements.

The main parent company is the Railways of the Slovak Republic, which applies the exemption from the preparation of the consolidated financial statements pursuant to § 22 par. 12 of the Act of the National Council of the Slovak Republic no. 431/2002 Coll.

Company presentation

The company prepared annual financial statement for 12 months of the year 2018 taking into consideration comparable data of the year 2017. In the course of the year 2018 the company adopted all new and revised standards issued by the Board for International Accounting Standards with effect from 1 January 2018 to 31 December 2018. All figures in the tables are stated in whole Euros, negative values in parentheses.

Significant accounting estimates

The preparation of financial statements in accordance with IFRS requires the management to prepare estimates and assumptions that affect the reported amounts of assets and liabilities, and estimated asset and liability items at the balance sheet date as well as on the reported amounts of income and expense over the reporting period. Actual results may differ from these estimates and future changes in economic conditions, business strategies, regulatory measures, accounting policies, or other factors may cause a change in estimates, which may subsequently have a significant effect on the reported financial position and results.

The effect of a change in accounting estimates is prospectively included in the economic outturn of the period in which the change occurs, provided that the changes affect only the period or the economic outturn and the subsequent periods, if the change also affects subsequent periods.

In 2018, the Company changed its accounting policy in relation to contract acquisition costs while deferring acquisition costs (deferred acquisition costs – DAC). In previous years, these costs were charged on a one-off basis to the periods in which they were incurred. As at 1 January 2018, the Company began to apply IFRS 15 and within it the DAC method. The company has developed a DAC application model, the parameters of which have been estimated based on the development of the average participant contract. Significant parameters of the model are: average contract life (dissolution time of acquisition costs)14 years, which consists of the average duration of participation in contributory funds for 13 years, of which the average contribution period is 11 years, and an average pay-out period in the pay-out fund of 1 year. The model also takes into account the likelihood of death, the contractual age of the entitlement to the supplementary retirement pension and the fact that the participant may but does not have to draw the given allowance after the conditions for payment of the benefit have been met. The model parameter is also the amount of remuneration for fund management in accordance with Act 650/2004 Coll. on Complementary Pension Savings and on Amendments and Supplements to Certain Acts Section 35a. and the expected evolution of fund appreciation. The application model works with an average contract, which means that it treats participant contracts as a whole. Therefore, cancelled contracts in a given period are already incorporated in the estimated parameters of the model as a whole. The company tests the model parameters at the end of the reporting period and suggests modifying the model in the event of a significant change. As of 31/12/2018, the company carried out a test of the correctness of setting the parameters of the DAC model, stating that none of the parameters recorded a significant change. The DAC method, which also concerned contracts concluded between 1 January 2014 and 31 December 2017, calculated the cumulative deferred acquisition costs as of 31 December 2017. The year 2014 was selected as the start of the application of the accrual of acquisition costs due to the fact that a significant legislative amendment to Act 650/2004 Coll. on Supplementary Pension Savings and on Amendments and Supplements to Certain Acts has come into force.

First-time adoption of new amendments to existing standards applicable to the current period

The following amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and approved by the EU are valid for the current accounting period:

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

During 2018, the Company analysed the impact of IFRS 9 "Financial Instruments" on the Company's financial statements.

Due to the Company's business model as a complementary pension management company and the nature of individual items of financial assets and liabilities, there has been no significant change in the manner of classification and measurement of the Company's financial instruments compared to the previous year. The Company measures financial assets at amortized cost to collect contractual cash flows. The introduction of IFRS9 also has an insignificant impact in terms of model change in determining the impairment of financial assets based on expected loss. The Company has assessed the impact of the change in the hedge accounting model as insignificant or none, as the Company does not use hedging instruments.

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

As of 1 January 2018, the Company has applied International Accounting Standards IFRS 15, this accounting standard has enabled the deferred acquisition costs (DACs) to be reviewed and subsequently adjusted to obtain contracts with complementary pension savings participants. The deferred acquisition asset represents that portion of the paid intermediation commission that is due to future periods for the duration of the participating contract. The company has developed an internal model for deferring the cost of acquiring participant contracts. On 1 January 2018, the Company adjusted retained earnings for previous periods using the simplified approach in the Standard as a simplified retrospective adjustment. As a result, on 1 January 2018, the Company recognized a DAC with a corresponding write-up of an increase in equity of EUR 2,319 thousand compared to an acquisition cost of active contracts.

- **Amendments to IFRS 2 "Share-based payment"** - Classification and measurement of share-based payment transactions = adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018);
- **Amendments to IFRS 4 "Insurance contracts"** - Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts" - Adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018; or when IFRS 9 "Financial Instruments" applies for the first time),
- **Amendments to IFRS 15 "Revenue from contracts with customers"** - Explanation on IFRS 15 "Revenue from contracts with customers" - adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IAS 40 "Investments in Real Estate"** - Transfers of Real Estate Investment = adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018);
- **Amendments to IFRS 1 and IAS 28 due to the "Quality Improvement Project IFRS (cycle 2014 – 2016)"** resulting from the annual IFRS Quality Assurance Project (IFRS 1, IFRS 12 and IAS 28), primarily aimed at eliminating irregularities and clarifying the wording adopted by the EU on 7. February 2018 (Amendments to IFRS 1 and IAS 28 will apply for accounting periods beginning on or after January 1, 2018)
- **IFRIC 22 "Foreign Currency Transactions and Prepaid Consideration"** adopted by the EU on March, 28 2018 (effective for annual periods beginning on or after 1 January 2018);

The adoption of these new standards, additions to existing standards and new interpretations has not had a material impact on the company's financial statements except for the changes described above.

Standards and additions to existing standards issued by the IASB and adopted by the EU but not yet in force

At the date of approval of these financial statements, the International Accounting Standards Board (IASB) has issued and the following new standard has been adopted by the EU, amendments to the existing standard and interpretation that have not yet entered into force:

- **IFRS 16 "Leases"** - adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 9 "Financial Instruments"** - Early repayment with negative compensation, adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty in the assessment of income tax"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company has decided not to apply this new Standard, amendments to the existing Standard and Interpretation before the effective date. The Company expects that the adoption of these standards and amendments to existing standards will not have a material impact on the financial statements.

New standards and amendments to existing standards issued by the IASB, which the EU has not yet adopted

Currently, IFRSs, as adopted by the EU, do not differ significantly from those adopted by the International Accounting Standards Board (IASB), except for the following new standards and amendments to existing standards that have not been approved for use in the EU on 5 March 2019 (dates shown apply to IFRSs as issued by the IASB):

- **IFRS 14 "Accruals Accounts in Regulating"** (Effective for accounting periods beginning on or after 1 January 2016) - The European Commission has decided not to start the process of approving this preliminary Standard and wait for its final version,
- **IFRS 17 "Insurance contracts"** (effective for annual periods beginning on or after 1 January 2021);
- **Amendments to IFRS 3 "Business combinations"** - Business definition (applicable to business combinations whose acquisition date is the first or any subsequent day of the first financial year beginning on or after 1 January 2020 and the acquisition of assets that occurred on the start date of that period or later).
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or transfer of property between an investor and its affiliate or joint venture and other additions (the effective date has been postponed indefinitely until the equity method of equity research project has been completed),
- **Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' -** Definition of 'Significant' (effective for accounting periods beginning on or after 1 January 2020)
- **Amendments to IAS 19 "Employee Benefits"** - Modification, Reduction or Settlement of the Plan (effective for annual periods beginning on or after 1 January 2019)
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Participations in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019)
- **Amendments to various standards due to the "IFRS Quality Improvement Project (2015 - 2017 Cycle)"** resulting from the annual IFRS Quality Improvement Project (IFRS 3, IFRS 11, IAS 12 and IAS 23), which aim to eliminate discrepancies and explain the wording (effective for accounting periods beginning on or after 1 January 2019),
- **Amendments to the References to IFRS Conceptual Framework** (effective for annual periods beginning on or after 1 January 2020).

The Company expects that the adoption of these new standards, additions to existing standards and new interpretations will not have a material impact on the company's financial statements in the first application period.

B2) Information on the use of accounting principles and methods in relation to the prior period and their impact on the result of operations

Mentioned standards and interpretations and their incorporation in accounting practices did not affect the Company's accounting policy or, the reporting of economic outturn.

B3) Description of ways of valuing assets and liabilities, methods of determining the real values of assets

The financial statements are prepared on the accrual basis of costs and revenues; their impact is accounted for in the period to which these items relate. Tangible and intangible fixed assets and inventories are valued at acquisition cost, which include costs related to its acquisition.

Asset type	Appreciation period	Depreciation rate	Depreciation method for accounting depreciation
TFA over 1 700 €	by type	by type	linear
TFA from 166 to 1 700 €	2 years		time
IFA from 332 to 2 400 €	2 years		time
IFA over 2 400 €	5 to 10 years	by type	linear

Nominal value is applied for evaluation of receivables, payables, cash and cash equivalents.

B4) Conversion of foreign currency to the euro

The company converts monetary assets and liabilities valued in foreign currency into euro by reference exchange rate determined and announced by the European Central Bank or National Bank of Slovakia on the date of the preparation of financial statements.

B5) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost, which is reduced by accumulated depreciation (amortization). Depreciation of assets is calculated using the straight-line method of depreciation according to period of use in accordance with Act 595/2003 Coll. on Income Tax as amended. Expenses related to renovation and modernizations of property are considered technical improvement and repairs and maintenance of this property are accounted directly to the expenses of the company.

B6) Cash and cash equivalents

Cash and cash equivalents consist of the cash in the cash desk in the currency of euro and in foreign currencies, and of the balances of current accounts, and of valuables.

Receivables from banks amounted to EUR 3,508,852 as of 31 December 2018.

B7) Provisioning reserves and impairment items

Reserve is defined in terms of IAS 37 as a liability of indefinite time period or amount and its use is bound only to expenditures which it was originally created for. A liability is a present obligation of unit arising from past events the settlement of which is expected to reduce the resources embodying economic benefits.

Reserves can be distinguished from other liabilities because there is uncertainty about the time period or amount of future expenditure required in settlement. Apart from short-term provisions, the company created also in 2018 the long-term reserves for loyalty programme so as to stabilize the participant stock of complementary pension saving. Rules of the loyalty programme and the resulting provisioning and use of the reserves have been incorporated into the in-company directive on the processing and bookkeeping of the company. The company reviewed the creation of the loyalty program reserve and, with effect from 1 January 2017, reduced the value of the loyalty program to half, 1 point is equal to 0.005 EUR.

After the accounting period, the Company evaluates the contributions of the participants and adds points in accordance with the rules of the loyalty program. At the same time, it evaluates the drawdown of points for a given accounting period. Subsequently, the Company estimates the present value of future drawing as the new provision value.

As of the balance sheet date the company assessed there is no need for any impairment items which would indicate an impairment of assets as there are no records of litigation or indirect liabilities arising from past events.

B8) Employees´ benefits

Employees´ benefits present all forms of compensations provided by the company in exchange for the services performed by its employees. Employees' benefits are reported within the item "Other Liabilities".

They are particularly continuous salaries and bonuses paid to employees, employer´s contributions to social and health insurance, and employer´s contribution to complementary pension saving as well as meal allowance. The company creates a social fund by means of mandatory allocation of costs in accordance with the requirements of Act 152/1994 Coll. on Social Fund as amended.

B9) Accounting for revenue and expenses

Time differentiation of accrued interest income and interest expense related to individual assets and liabilities items is recognized on relevant accounts of these items. Interest income and expenses are recognized in the period they relate to on accrual basis using the effective interest method.

Revenues from recompenses and commissions represent remuneration of the management company for the management and valorisation of assets in the funds. Costs of recompenses and commissions are the activities of financial agents who perform financial intermediation for the company in accordance with Act 186/2009 Coll. on financial intermediation and financial counselling and on amendments to certain laws and selected external collaborators. Parts of these costs are the costs of broker companies.

The Company charged these cost items at their inception until 31 December 2017. As of 1 January 2018, it has changed the accounting policy in relation to the cost of contracting and, in accordance with this new principle, accrues it. This method is based on a straight-line amortization of the cost of acquisition over the estimated useful life of contracts with individual savings participants.

The Company has developed an internal model to accrue the cost of acquiring participating contracts over time and adjusted retained earnings of prior periods according to the simplified approach in IFRS 15 as a simplified retrospective adjustment. Due to this fact, as at 1 January 2018, the Company recorded a DAC value of 2,319 thousand. euros.

Other administrative costs are broken down by types to personnel, depreciation of tangible and intangible assets, and other costs. Income tax is reported separately as it forms a part of the company´s costs.

B10) Financial assets

The Company´s financial assets are:

- cash
- the contractual right to receive cash or other assets, these are financial assets such as receivables and debt securities
- the contractual right to exchange financial assets or liabilities with other entity under potentially favourable conditions – derivates
- an equity instrument of other enterprise – it is a financial asset in the form of equity securities.

The Company records as a financial instrument the amounts of funds in the current account with the depositary; the financial instruments also include the balance of the unassigned payment account, which represents the received contributions from the savings participants on the date on which the financial statements are prepared. At the same time, it records in the balance sheet receivables from savings participants, which are the mirror account of the received contributions, recorded in the balance sheet on the liability side of the item “Other payables “.

The Company recognizes financial assets at amortized cost based on the assessment of individual items of financial assets under IFRS 9.

B11) Subsidiaries and other equity

Subsidiaries

Investments in subsidiaries include direct or indirect investments by companies in companies exceeding 50% of their capital or companies in which a company can exercise more than 50% of the voting rights or where a company may appoint or remove a majority of the members of the board of directors or the supervisory board, or where it has other means to manage the entity’s financial and operating policies so as to benefit from its activities.

Subsidiaries are valued at acquisition cost less impairment losses due to impairment.

B12) Taxation and deferred tax

Income tax calculation is exhaustively defined by Act 595/2003 Coll. on Income tax as amended based on economic outturn, which is recognized in the statement of comprehensive income and losses in accordance with international accounting standards. Income tax is a part of the cost items and when calculated it is subsequently adjusted by deductible and non-deductible items which incurred in the course of the accounting period. Liability, possibly receivable resulting from income tax is calculated upon mutual credit system of already paid tax advances in a given tax period.

Accounting for a deferred tax claim can be only made under the assumption that in the future the company will have such economic result that will enable compensation of this tax claim.

The company has been registered for VAT in a group under § 4a) Act 222/2004 Coll. on Value Added Tax since 1/ 1/ 2010 as it is financially, economically, and organisationally related to its subsidiary STABILITA Servis, s.r.o.

B13) Segment reporting

IFRS 8 Operating Segments requires disclosure of information on the operating segments of the company. As the company activities do not exhibit significantly different risks and profitability, and the regulatory environment, nature of services, business processes, geographical coverage, and types of clients who are provided products and services to, are homogeneous, the company operates as a single operating segment and therefore it does not apply IFRS 8.

C) Additional information

Information on the amount of recompenses to complementary pension company

The company is entitled under § 35 Act 650/2004 Coll. on CPCs to recompense for:

- the management of the funds
- the valorisation of assets in Equity d.d.f. and Contributory d.d.f.
- the transfer of a participant to other complementary pension company
- recompense for severance pay within the meaning of § 87n paragraph. 10 of the Act on CPC

Remuneration for managing the Equity d.d.f. and Contributory d.d.f. in the year 2018 accounted for 1.40 % of the average annual net value of fund assets. (for year 2017: 1.50%).

Remuneration for managing the Payout d.d.f. in the year 2018 accounted for 0.70 % of the average annual net asset value of the fund (for year 2017: 0,75%).

Remuneration for evaluation of assets in complementary pension funds is determined every working day in accordance with the calculation set forth under the Act on CPC.

Remuneration for transfer of a participant to another complementary pension fund within one year from the conclusion of the participant contract may not present more than 5% of the balance on the participant’s personal account on the day preceding the date of transfer.

Claims for the amount of remuneration in individual funds are described in the fund rules in section VI.

Information on social security

The company pays contributions to health insurance companies and to the Social Insurance Company in the amount of statutory rates applicable during the year and calculated on the basis of gross salary. The social security costs are recognized in the period in which the relevant wages are cleared. The company does not create any other insurance funds for its employees. The company participates in complementary pension scheme for employees. No unrecognized liabilities to employees result from this scheme.

Information on statutory requirements

In accordance with the provisions of the Act on CPC the company shall comply with the statutory maximum limits and restrictions on the investment of assets in complementary pension funds. The rules for limitation of risk and for risk diversification are stated in the fund statutes in section V and published on the company´s website.

As of 31 December 2018, the company was meeting all the above limits and restrictions in accordance with the Act on Complementary Pension saving.

D) Notes on items of individual Statements of the Company

1) Intangible fixed assets – summary of transactions as of 31/12/2018

Assets (gross)	line	31/12/2017	Increase	Decrease	Transfers	31/12/2018
B.I.Intangible fixed assets total	**1**	**459 456**	**32 840**	-	-	**492 296**
1. Software	2	415 818	32 840	-	-	448 658
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	39 712	-	-	-	39 712
B.II. Accumulated depreciations of IFA total	**5**	**(312 472)**	**(27 525)**		-	**(339 997)**
1. Accumulated depreciations of software	6	(281 585)	(23 688)		-	(305 273)
2.Accumulated depreciations of trademark	7	(1 344)	(396)	-	-	(1 740)
3. Accumulated depreciations of IFA (from 332 to 2400)	8	(29 543)	(3 441)		-	(32 984)
Residual price of IFA (L.1+L.5)	**9**	**146 984**	**5 315**	-	-	**152 299**

Intangible fixed assets – summary of transactions as of 31/12/2017

Assets (gross)	line	31/12/2016	Increase	Decrease	Transfers	31/12/2017
B.I.Intangible fixed assets total	**1**	**456 090**	**3 366**	-	-	**459 456**
1. Software	2	415 818	-	-	-	415 818
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	36 346	3 366	-	-	39 712
B.II. Accumulated depreciations of IFA (L.6 to 8)	**5**	**(287 513)**	**(24 959)**		-	**(312 472)**
1. Accumulated depreciations of software	6	(260 285)	(21 300)		-	(281 585)
2. Accumulated depreciations of trademark	7	(948)	(396)	-	-	(1 344)
3. Accumulated depreciations of IFA (from 332 to 2400)	8	(26 280)	(3 263)		-	(29 543)
Residual price of IFA (Lr.1+L.5)	**9**	**168 577**	**(21 593)**	-	-	**146 984**

2) Tangible fixed assets – summary of transactions as of 31/12/2018

Assets (grosss)	line	31/12/2017	Increase	Decrease	Transfers	31/12/2018
B.I.Tangible fixed assets total(L.02 to 09)	**1**	**737 663**	**12 365**	**(90 102)**	**-**	**659 926**
1.Ind. MA and coll. Of MA-machinery, devices	3	294 949	10 510	(67 809)	-	237 650
2. Ind. MA ndacoll. - vehicles	4	236 295	0	(17 134)	-	219 161
3.Ind.MA - inventory	5	65 071	1 855	-	-	66 926
4. Ind. MA(from 166 euro to 1 700 euro)	8	84 253	0	(4 665)	-	79 588
5. Other tangible fixed assets	9	57 095	0	(494)	-	56 601
B.II. Accumulated depreciations of TFA-total (L.11 to 16)	**10**	**(582 783)**	**(63 636)**	**(90 102)**	**-**	**(556 617)**
1. Accum.depr. of machinery, devices, and equipment	12	(234 738)	(27 585)	(67 809)	-	(194 514)
2. Accumulated depreciations of vehicles	13	(144 477)	(35 000)	(17 134)	-	(162 343)
3. Accumulated depreciations of inventory	14	(63 255)	(548)		-	(63 803)
4. Accum.depr of SMA (from 166-to 1700 euro)	15	(83 218)	(503)	(4 665)	-	(79 356)
5. Accumulated depreciations of other TFA	16	(57 095)		(494)	-	(56 601)
B.III.residual price of TFA		**154 880**	**(51 571)**	**-**	**-**	**103 309**

Tangible fixed assets – summary of transactions as of 31/12/2017

Assets (grosss)	line	31/12/2016	Increase	Decrease	Transfers	31/12/2017
B.I.Tangible fixed assets total(L.02 to 09)	**1**	**710 825**	**26 838**	**-**	**-**	**737 663**
1.Ind. MA and coll. Of MA-machinery, devices	3	269 355	25 594	-	-	294 949
2. Ind. MA ndacoll. - vehicles	4	236 295	0	-	-	236 295
3.Ind.MA - inventory	5	65 071	0	-	-	65 071
4. Ind. MA(from 166 euro to 1 700 euro)	8	83 009	1 244	-	-	84 253
5. Other tangible fixed assets	9	57 095	0	-	-	57 095
B.II. Accumulated depreciations of tangible fixed assets -total (L.11 to 16)	**10**	**(520 260)**	**(62 523)**	**-**	**-**	**(582 783)**
1. Accum.depr. of machinery, devices, and equipment	12	(206 892)	(27 846)	-	-	(234 738)
2. Accumulated depreciations of vehicles	13	(112 329)	(32 148)	-	-	(144 477)
3. Accumulated depreciations of inventory	14	(62 811)	(444)	-	-	(63 255)
4. Accum.depr of SMA (from 166-to 1700 euro)	15	(81 133)	(2 085)	-	-	(83 218)
5. Accumulated depreciations of other TFA	16	(57 095)	0	-	-	(57 095)
B.III.residual price of tangible fixed assets		**190 565**	**(35 685)**			**154 880**

Abbreviations: IFA – intangible fixed assets, TFA – tangible fixed assets, MA – movable assets

Method and amount of insurances of tangible fixed assets

Motor vehicles in company ownership on 31/ 12/ 2018 are insured in Slovenská poisťovňa Allianz by means of a fleet contract for mandatory insurance policy No. 8080074463. Vehicle damage or destruction of a vehicle and theft is covered by motor hull insurance policy with the company Colonnade Insurance S.A. By the insurance contract with this insurance company the company insured the tangible fixed assets against the element and the alienation, located in the individual branches and in the building on Bačíkova Street in Košice. There is no lien recorded on the property to which the Company has the right of management.

3) Acquisition costs for active contracts

Item	1/1/2018	31/12/2018
Acquisition costs for active contracts	2 319 277	
of which:	-	-
Deferred acquisition costs for the year 2018	564 556	
Dissolved acquisition costs during 2018		(83 934)
Balance as of 31/12/2018	**-**	**2 799 899**

4a) Investment in the subsidiary

Item	31/12/2018	31/12/2017
Investment in the subsidiary	203 323	203 323

STABILITA, d.d.s., a.s. company is the controlling entity in the STABILITA Servis, s. r. o. company whose main task is to provide attendant services for the mother company. The value of the subsidiary's equity in 2018 is € 242, 725. In 2017, the value of its equity amounted to EUR 238, 498.

Company, d.d.s, a.s. it is not obliged to prepare the consolidated financial statements as at 31 December 2018 because it does not meet the conditions for the preparation of the consolidated financial statements pursuant to § 20, 10 of Act no. 431/2002 Coll. on accounting.

4b) Receivable in subsidiary

Item	31/12/2018	31/12/2017
Receivable in subsidiary	56 250	75 000

STABILITA, d.d.s, a.s. provided a long-term financial assistance to the subsidiary STABILITA Servis, s.r.o., for a period of four years of EUR 100,000. The outstanding balance of the loan is EUR 56, 250 as of 31 December 2018, the long-term residual value of EUR 75,000 being EUR 31,250 and short-term EUR 25,000.

5) Receivables arising from deferred income tax

Item	31/12/2018	31/12/2017
Deferred tax - tax receivable	184 894	141 926
Total	184 894	141 926

A deferred tax asset arises on temporary differences between the tax value of assets and liabilities and their carrying amount for financial reporting purposes. The Company has a deferred tax asset, the amount of the deferred tax asset at 31 December 2018 is EUR 184, 894.

The calculation of deferred tax asset is given in the table below:

Item	31/12/2018	31/12/2017
Temporary differences between the carrying amount of assets and	(48 370)	(65 052)
tax base, of which:		
deductible		
taxable	(48 370)	(65 052)
Temporary differences between the carrying amount of liabilities and	928 817	740 891
tax base, of which:		
deductible	928 817	740 891
taxable		
Subtotal:	880 447	675 839
Income tax rate (in %)	21	21
Deferred tax asset	184 894	141 926
Applied tax assets	141 926	141 926
Accounted for as a reduction in costs	42 968	(426)
Deferred tax asset	**184 894**	**141 926**
Change of deferred tax asset	42 968	(462)

6) Cash and cash equivalents

Structure of items as of 31/12/2018 and as of 31/12/2017

Item	31/12/2018	31/12/2017
Cash desk domestic, foreign	4 762	2 412
Valuables	21 947	32 301
Operating account	2 040 593	2 197 752
Payroll account	382 203	194 741
Account of unassigned payments	154 694	149 851
Total:	**2 604 199**	**2 577 057**

The item "Money and cash equivalents" also includes an account of unassigned payments, to which the participants of saving transfer their contributions on a monthly basis. The account balance presents unsettled contribution orders to received payments as of December 31, 2018.

7) Receivables from banks

Item	31/12/2018	31/12/2017
Termdeposit in ČSOB	3 508 852	3 500 000
Total:	**3 508 852**	**3 500 000**

The maturity of the term deposit with a principal of 1, 001, 643 EUR is June 5, 2019 with an interest rate of 0.14% p. a. and maturity of the term deposit with a principal of 2, 507, 209 EUR is December 5, 2019 with an interest rate of 0.14% p. a.

8) Receivables from clients and other debtors

Item	31/12/2018	31/12/2017
Receivable for managing the Contributory Fund	324 672	343 682
Receivable for managing the Payout Fund	13 377	15 990
Receivable for managing the Equity Contributory Fund	22 650	19 179
Other receivables	(0)	12 326
Total:	**360 699**	**391 177**

Receivables relate to remuneration for the management of funds, other receivables are the amounts of payments received as of 31 December 2018.

9) Structure of other short-term assets

Item	31/12/2018	31/12/2017
Provided prepayments domestic	8 903	8 873
Expenses for future periods	34 635	61 820
Income from future periods	1 680	4 633
Material in stock	1 284	2 045
Other receivables	130	0
Total:	**46 632**	**77 371**

Prepayments provided are permanent advances for rent and energy at branches in Bratislava and Trenčín. Expenses for future periods are paid fees for parking cards, subscriptions to professional journals and newspapers, statutory and motor-hull insurance, relating to the following period. These costs include maintenance and up-grade of the server for the year 2019. Material in stock represents a balance of small stationery supplies and forms for the conclusion of complementary pension saving.

10) Trade liabilities

Item	31/12/2018	31/12/2017
Domestic suppliers	90 203	154 044
Total:	**90 203**	**154 044**

The item "domestic suppliers" includes short-term liabilities with a maturity of 14 days. The highest liability items are the cost of intermediation commissions of EUR 25, 529, the costs of the subsidiary for servicing activities in amount of EUR 24, 118, the rentals of individual branches.

11) Provisions and other liabilities

Item	31/12/2018	31/12/2017
Provisions	863 804	679 050
Other liabilities	154 693	182 185
Unbilled deliveries	9 700	16 500
Liabilities to employees	58 436	188 588
Settlement with organization of social, health insurance	61 209	129 914
Tax liabilities	15 746	58 199
Expenses for future periods	1 228	1 043
Mandate contracts	15 955	21 007
Social fund	17 524	20 600
Liabilities from the payment of dividends to shareholders	-	-
Total:	**1 198 295**	**1 297 086**

The item provisions in the amount of EUR 863, 804 includes a provision for loyalty program amounting to 624,000. Euros, and provisions for remuneration of 176 ths. EUR and provisions for undrawn holidays and premiums of 64 thousand. EUR. Other liabilities as of 31 December 2018 are detailed in the table.

Creation and drawing of the Social Fund as of 31/12/2018

Item	31.12.2017	movement	31.12.2018
Initial state as of 1/1/2018	**20 600**		
Creation of the social fund		21 692	
Use-meal vouchers		(18 247)	
Use-other		(6 521)	
Closing balance as of 31/12/ 2018		**(3 076)**	**17 524**

Part of the Social Fund is, according to the Social Fund Act, compulsory to bear the costs and a part may be generated from the profit. Social fund can under the Social Fund Act be used for health, social, recreational and other needs of employees.

12) Income tax payable

Income tax is calculated according to Act no. 595/2003 Coll. On Income Tax, as amended, on the basis of the results reported in the Profit and Loss Statement prepared under IFRS. Income tax is charged to company´s expenses at the moment of the tax liability and in the statement, it is calculated on the basis of the tax resulting from the pre-tax profit, which amounted to EUR 623, 881 in 12 months of 2018. By means of mutual accreditation of the prepayments paid and the tax liability, the company has a tax liability of EUR 107.949.

13) Share capital

The share capital of company as of 31/12/2018 consists of 50,000 pieces of shares at nominal value of 33.20 EUR per a share. Company shares represent shareholders' rights as partners to participate under the law and statutes of the company in its management, distribution of profit and liquidation balance upon dissolution of the company by liquidation.

Information on shareholders of the Complementary Pension Company

Shareholders	The value of the share in the capital	Share Value in Reserve Fund	Company Development Fund
Železnice SR	917 316	183 463	
Lorea Investment Limited	501 718	100 344	
U. S. Steel Košice, s.r.o.	154 314	30 863	
Železiarne Podbrezová a.s.	85 822	17 164	
Szabo Marek	830	166	
Total:	**1 660 000**	**332 000**	**500 000**

14) Funds created from profit

The total value of the reserve fund as of 31 December 2018 amounted to EUR 332,000, which fulfils the mandatory allocation up to 20% of the share capital in accordance with the Commercial Code 513/1991 Coll. § 217 par. 1. Reserve fund reserves are created from profit according to statutory requirements. The legal reserve fund is not available for distribution to shareholders.

Payment of dividends during the year 2018

The General Assembly approved the separate financial statements, annual report and profit distribution for the year 2017, on May 16, 2018.

Dividends to shareholders were not paid.

15) Retained earnings

The undistributed profits of the company form part of the retained earnings after taxation for the period of existence of the company amounting to EUR 3, 281, 364.

They also include deferred acquisition costs for active contracts of EUR 2,319,277.

16) Of which deferred acquisition costs for active contracts

Deferred acquisition costs for active contracts are commissions that, upon adoption of IFRS 15, were capitalized on 1 January 2018 for a total of EUR 2,319,277.

17) Profit / loss of current accounting period after taxation

The profit for the current accounting period is the economic result after deducting the income tax. As of December 31, 2018, the company earned a net profit after tax of EUR 490, 607, and the General Assembly decides on its allocation.

Description of Profit and Loss Statement items

1) Net interest revenues

Item	31.12.2018	31.12.2017
Interest revenues and similar ravenues	5 050	4 027
Interest costs and similar costs		(31)
Net interest revenues	**5 050**	**3 996**

The item net interest income represents interest income on bank accounts held with the depositary.

2) Net profit or loss from recompenses and commissions (R&C)

Item	31.12.2018	31.12.2017
Revenues from R&C	4 415 643	4 487 101
R&C costs	(83 934)	(565 559)
Net profit or loss from R&C	**4 331 709**	**3 921 542**

The item Revenues from recompenses and commissions represents the proceeds of fund management, remuneration for severance pay and reward for the transfer of saving participants to other complementary pension companies to which the management company has a claim under § 35 of the Act on CPC. The item “Recompenses and commissions costs” includes costs of mediation which the company accrues since 1 January 2018. Description in IFRS 15 Appendices “Significant Accounting Estimates”

3) Other revenues

Item	31.12.2018	31.12.2017
Other revenues	22 918	11 810

4) General administration costs

Item	31.12.2018	31.12.2017
General administration costs	(3 735 796)	(3 656 169)

General administration costs consist of personnel costs, depreciations of assets, and costs of the common operation of the company.

5) Personnel costs

The item Personnel costs in the amount of 2.050.148 EUR represents payroll costs and their breakdown can be seen in the in the chart below:

Item	31.12.2018	31.12.2017
Payroll costs and agreements	(1 183 495)	(1 127 708)
Remuneration of members of the Board of Directors	(156 294)	(185 107)
Remuneration of members of the Supervisory Board	(95 215)	(87 392)
Social security costs	(469 225)	(489 116)
Training of employees	(20 125)	(19 963)
Contribution for meal vouchers	(29 613)	(29 012)
Contribution for CPS	(61 636)	(64 403)
Sick day recompenses	(2 082)	(412)
Other social costs	(910)	(3 000)
Mandatory creation of the Social Fund	(9 266)	(10 610)
Severance	(22 287)	-
Total:	**(2 050 148)**	**(2 016 723)**

6) Depreciations of tangible and intangible assets

Item	31.12.2018	31.12.2017
Depreciations of tangible fixed assets	(61 083)	(62 524)
Depreciations of intangible fixed assets	(27 525)	(24 959)
Total:	(88 608)	(87 483)

7) Other costs

Item	31.12.2018	31.12.2017
Material consumption	(161 542)	(144 768)
Services (purchased performance) of which:	(1 329 819)	(1 312 063)
x costs of technical provisioning	(299 084)	(324 027)
x rent	(170 514)	(164 611)
x auditor services	(25 927)	(32 696)
x legal services and counseling	(18 328)	(9 713)
Other taxes and fees	(9 241)	(7 825)
Property insurance	(7 476)	(7 583)
Creating long-term provisions for loyalty program	(64 926)	(58 432)
Other operating costs	(24 036)	(21 292)
Total:	**(1 597 040)**	**(1 551 963)**

The costs of auditing services are the costs of verifying separate financial statements as of 31 December 2018 and do not include reassurance, related or other services (e.g. tax advice, etc.).

In addition to the statutory audit, the auditor provided the Company with the following services:

Training on the functions, activities and responsibilities of the Internal Audit Service, respectively, internal auditor in business companies based on an order from the company.

Opinion on the obligation to apply the new IFRS 15 (Revenue from Contracts with Customers) effective since 1 January 2018.

8) Income tax

The structure of the income tax payable and deferred to 31/12/2018:

Item	31.12.2018	31.12.2017
Income tax - tax payable	(176 242)	(68 292)
Income tax - deferred tax	42 968	(461)
Total:	**(133 274)**	**(68 753)**

Income tax payable is calculated based on the economic result recorded in the accounting, which is adjusted for permanent or temporary differences relating to tax unrecognized cost items of the company and income not included in the tax base in a given taxable period.

Výpočet odloženej daňovej pohľadávky je uvedený v nasledujúcom prehľade:

	2018		2017	
	Tax base EUR	Tax EUR	Tax base EUR	Tax EUR
Profit / loss before tax	623 881		281 045	59 020
of which the theoretical tax	21 %	131 015	21 %	
				13 934
Permanent differences increasing the tax base	42 414	8 907	66 351	-4 200
Permanent differences decreasing the tax base	-31 657	-6 648	-20 000	0
The impact of the change in the tax rate	0	0	0	0
Other	0	0	0	0
Redemption of losses	0	0	0	0
	634 638	**133 274**	**327 396**	**68 753**
Tax payable		176 242		68 292
Tax deferred		(42 968)		461
Total reported tax		**133 274**		**68 753**

The theoretical income tax is calculated without taking into account the impact of allowable and deductible items. The basis for the calculation is the accounting profit taxed at the rate in force in that year.

9) Earnings per share

Ukazovateľ poskytuje informáciu o relatívnej výkonnosti spoločnosti, dáva do pomeru údaje o výške výsledku hospodárenia po zdanení a počte akcií, na ktoré tento výsledok pripadá.

Item	31.12.2018	31.12.2017
Profit after tax	490 607	212 426
Number of shares	50 000	50 000
Basic earnings per share	**9,81**	**4,25**

E) Overview of contingent assets and liabilities

Receivables from future credits, loans, and guaranties

- as of 31/ 12/ 2018 the company did not provide any loan, guaranty and has no receivables from future loans.

Provision of security

- The company did not secure any real estate, securities or any other assets

Receivables from spot operations, fixed forward transactions and transactions with options

- as of 31/ 12/.2018 the company does not have any claims arising from derivative transactions

Receivables written off, values passed into custody, administration and deposit

- as of 31/ 12/ 2018 the company has neither such assets nor receivables written off

Liabilities from future credits, loans, and guaranties

- the company was not provided any loan, guarantee or credit

Liabilities from spot transactions, forward transactions and fixed operation with options

- as of 31/ 12/ 2018 the company has no liabilities arising from derivative transactions

F) Related party information

Related parties as defined in IAS 24 are particularly:

a) A person or close family member of that person is related to the management company if that person:
   - has control or joint control over management company,
   - has a significant impact on the management company or
   - is a member of the key management personnel of the management company or its parent company.

b) Accounting entity is related to a management company, if any of these conditions applies:
   - accounting entity and the management company are members of the same group (which means that each parent company, subsidiary and affiliated company is related to each other),
   - accounting entity is an associated company or joint venture of the management company (or associate or joint venture of a group member, which the management company is a member of),
   - accounting entity and the management company are joint ventures of the same third party,
   - accounting entity is a joint venture of the third-party and the management company is an associate of the same third party,
   - accounting entity is a program of post-employment benefits for employees of either the management company or an entity that is related to the management company,
   - accounting entity is controlled or joint-controlled by a person referred to in point. a) and
   - a person who controls or co-manages a management company has a material influence on the entity or is a member of the entity's key management personnel (or the parent of that entity).

When assessing relationships with each related person, emphasis is placed on the nature of the relationship, not just the legal form.

In the normal course of business, the management company enters into a number of transactions with related parties. Transactions were conducted under normal terms and conditions and at market prices. The company is the parent company of the subsidiary STABILITA Servis, s.r.o., and it controls the company in terms of IFRS directly and has its 100% shareholding.

Key management remuneration amount for the year 2018 is shown on page 28, table no. 1 (Staff costs).

As of 31 December 2018, the Company holds the share capital of STABILITA Servis, s.r.o., in the amount of EUR 203,323. The company STABILITA Servis, s.r.o., is its 100% owned subsidiary, which under the Framework Agreement on securing economic management and technical and service activities of January 1, 2012 provides for services related to ensuring the functioning of economic management, the performance of technical, and service activities, and rental of software.

The structure of assets in relation to related parties:

Item	31.12.2018	31.12.2017
Shares in the registered capital of the subsidiary (1)	203 323	203 323

The structure of equity in relation to related parties:

Item	31.12.2018	31.12.2017
Other capital funds	36 513	36 513

Summary of transactions of the complementary pension company to a related party as of 31/12/2018:

Item	31.12.2018	31.12.2017
Rental of software from a subsidiary STABILITA Servis	(299 084)	(324 027)
Total:	**(299 084)**	**(324 027)**

G) Capital adequacy

For purposes of capital management company defines regulatory capital. Regulatory capital is the capital that is set by capital adequacy rules. When quantifying regulatory capital, the company proceeds in accordance with the valid legislation, that sets its structure as well as its minimum amount. The company is obliged to comply with the requirements of the regulatory capital of the company resulting from the relevant provisions of the CPC Act and its implementing rules.

Regulatory capital, referred to as the company's own funding sources, consists of basic own resources and additional own resources, the sum of which is reduced by the value of the deductible items. Regulatory capital serves to cover risks arising from the company's activities. National Bank of Slovakia as the supervising authority requires the company to monitor and comply with requirements for minimum capital specified in the Act on CPC. The company adheres to the legal requirements of CPC referring to minimum capital.

The following table presents the composition of the regulatory capital and the indicators of capital adequacy under the Act on CPC and its implementing rules for the years ended on December 31:

Item	31.12.2018	31.12.2017
Own resources of the company	x	x
Basic own resources	8 623 909	5 826 451
Additional own resources	0	0
Deductible items	152 299	146 984
Own resources total:	**8 471 610**	**5 657 874**
Indicators of adequacy of own resources:		
Own resources limit § 33 Par. 3 lett. a) Act on CPC	1 728 098	1 726 726
Own resources limit § 33 Par. 3 lett. b) Act on CPC	1 055 432	924 934
Own resources are adequate	**áno**	**áno**

H) Risk management

As of 31 December 2018, the Company had all the funds deposited in the current account with the depositary. Purchase of securities and security instruments did not take place in the company. Given the above, the risks mentioned are of little relevance.

Transactions with financial instruments which the company enters during its existence may lead to one or more of the financial risks being transferred, with the following risks in particular:

Credit risk – is mainly the risk of loss arising from the fact that a debtor or another contracting party will fail to discharge obligations which arise from agreed terms and conditions. Within the risk management the company pursues the credibility of its depositary, SLSP, where all of its funds are deposited.

Currency risk - i.e. the risk of a change in the value of a financial instrument in relation to a change in foreign exchange rates. The company has placed its funds in the currency of the Euro on current accounts. Risk exposure and related possible losses has only minor importance to the company as it results from only small liabilities in the form of invoices from business relations.

Interest rate risk – i. e. the risk of a change in the financial instrument in response to changes in market interest rates. Changes in interest rates on current accounts did not affect the economic outturn as of 31 December 2018.

Liquidity risk is characterized by the possibility that the company will not have sufficient liquidity at the time it is to meet certain financial obligations. It is linked to the ability to repay and the monetization of assets and liabilities. It is in the interest of the company to maintain its ability to pay and to meet its obligations at the same time properly and in time and the resulting obligation to manage its assets in order to maintain its liquidity position.

In the next report we present a maturity analysis of the individual asset items in the balance sheet:

Company assets and their liquidity position as of 31 December 2018

Assets	0-1month	1-3 m.	3m-1year	1-5 years	over 5 years	Undefined	Total:
Intangible fixed assets	-	-	-	-	-	152 299	152 299
Tangible fixed assets	-	-	-	-	-	103 309	103 309
Acquisition costs for active contracts	9 821	19 642	88 389	824 298	1 857 749	-	2 799 899
Investments in affiliated companies	6 250	-	18 750	31 250	-	203 323	259 573
Deferred income tax	-	-	-	-	-	184 894	184 894
Tax receivables	-	-	-	-	-	-	-
Cash and monetary equivalents	2 604 199	-	-	-	-	-	2 604 199
Bank receivables	-	-	3 508 852	-	-	-	3 508 852
Receivables from clients	360 699	-	-	-	-	-	360 699
Other short-term assets	-	46 632	-	-	-	-	46 632
Total:	**2 980 969**	**66 274**	**3 615 991**	**855 548**	**1 857 749**	**643 825**	**10 020 356**

Company assets and their liquidity position as of 31 December 2017

Assets	0-1month	1-3 m.	3m-1year	1-5 years	over 5 years	Undefined	Total:
Intangible fixed assets	-	-	-	-	-	157 984	157 984
Tangible fixed assets	-	-	-	-	-	154 880	154 880
Investments in affiliated companies	-	-	-	75 000	-	203 323	278 323
Deferred income tax	-	-	-	-	-	141 926	141 926
Tax receivables	-	-	-	-	-	-	0
Cash and monetary equivalents	2 577 057	-	3 500 000	-	-	-	6 077 057
Bank receivables	-	-	-	-	-	-	0
Receivables from clients	391 177	-	-	-	-	-	391 177
Other short-term assets	-	77 371	-	-	-	-	77 371
Total:	**2 968 234**	**77 371**	**3 500 000**	**75 000**	**-**	**503 233**	**7 123 838**

Company liabilities and their liquidity position as of December 31, 2018

Liabilities	0-1 month	1-3 m.	m-1 year	1-5 years	over 5years	Undefined	Total:
Trade liabilities	90 203	-	-	-	-	-	90 203
Provisions and other liabilities	256 950	17 388	299 582	-	-	624 375	1 198 295
Income tax	-	107 949	-	-	-	-	107 949
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds	-	-	-	-	-	36 513	36 513
Valuation differences to subs.com.	-	-	-	-	-	4 148	4 148
Retained earnings	-	-	-	-	-	3 281 364	3 281 364
Deferr.acquis.costs for act. contracts	-	-	-	-	-	2 319 277	2 319 277
Profit from the current accou.period	-	-	-	-	-	490 607	490 607
Total:	**347 153**	**125 337**	**299 582**	**-**	**-**	**9 248 284**	**10 020 356**

Company liabilities and their liquidity position as of December 31, 2017

Liabilities	0-1 month	1-3 m.	m-1 year	1-5 years	over 5years	Undefined	Total:
Trade liabilities	154 044	-	-	-	-	-	154 044
Provisions and other liabilities	-	-	588 583	-	-	708 503	1 297 086
Income tax	-	1 137	-	-	-	-	1 137
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds	-	-	-	-	-	36 513	36 513
Valuation differences to subs.com.	-	-	-	-	-	4 148	4 148
Retained earnings	-	-	-	-	-	3 081 364	3 081 364
Profit from the current accou.period	-	-	-	-	-	212 426	212 426
Total:	**154 044**	**1 137**	**588 583**	**-**	**-**	**6 534 954**	**7 278 718**

I) Information related to subsequent events

After 31 December 2018 and until the date of the preparation of the separate financial statements there were no events that would materially affect the Company's assets and liabilities other than those listed above that are the result of routine business.

Košice, March 4, 2019

Ing. Michal Krajčovič, CSc.
Chairman of the Board of Directors

JUDr. Marián Melichárek
Vice-Chairman of the Board of Directors

Ing. Agáta Bachledová
Responsible for compiling of the company's financial statements

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