



BCS Holding International Limited

**Summary consolidated financial statements
derived from the audited consolidated financial statements
for the year ended 31 December 2011**



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Independent Auditors' Report

Board of Directors
BCS Holding International Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2011 and 1 January 2011, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011, and related notes, are derived from the audited consolidated financial statements of BCS Holding International Limited and its subsidiaries (the Group) as at and for the year ended 31 December 2011. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 21 June 2012.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in note 2.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group as at and for the year ended 31 December 2011 are consistent, in all material respects, with those consolidated financial statements on the basis described in note 2.

Emphasis of Matter

We draw attention to note 2, which explains that these summary financial statements are derived from the consolidated financial statements as at and for the year ended 31 December 2011 which have been prepared as part of the Group's adoption of International Financial Reporting Standards. The consolidated financial statements as at and for the year ended 31 December 2011, except for the statement of financial position as at 1 January 2011, do not themselves include corresponding figures for the prior year and may require adjustment before constituting the corresponding figures in the first complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as at and for the year ending 31 December 2012. These summary financial statements would be impacted accordingly. Our opinion is not qualified in respect of this matter.

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21 June 2012

BCS Holding International Limited
Summary Consolidated Statement of Financial Position

(In thousands of Russian Roubles)

31 December 2011 1 January 2011

ASSETS

Cash and cash equivalents	4 106 270	4 693 141
Mandatory cash balances with the CBR	95 895	44 060
Receivables from brokerage transactions	971 250	1 086 039
Receivables under resale agreements	16 440 144	12 008 465
Financial instruments at fair value through profit or loss	6 199 211	4 649 838
Financial instruments available-for-sale	790 142	-
Derivative assets	61 480	32 261
Loans to customers	3 575 192	4 084 703
Investment properties	1 500 478	2 140 650
Property, equipment and intangible assets	2 469 253	1 736 363
Prepayments and other assets	649 950	930 577
Deferred tax asset	118 530	129 941

TOTAL ASSETS	36 977 795	31 536 038
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LIABILITIES

Payables under repurchase agreements	9 596 044	5 892 558
Customer brokerage accounts	10 861 259	10 946 559
Financial instruments at fair value through profit or loss	2 500 216	2 657 063
Derivative liabilities	60 923	10 819
Current accounts and deposits	2 509 820	2 105 730
Payables and other liabilities	1 802 835	1 905 400
Deferred tax liability	602 138	592 691

TOTAL LIABILITIES	27 933 235	24 110 820
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EQUITY

Share capital	2 906	2 906
Revaluation surplus for land and buildings	621 297	516 035
Revaluation reserve for available-for-sale assets	(18 574)	-
Translation reserve	211 616	75 532
Retained earnings	8 279 803	6 861 968

Total equity attributable to sole participant	9 097 048	7 456 441
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Non-controlling interests	(52 488)	(31 223)
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TOTAL EQUITY	9 044 560	7 425 218
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TOTAL EQUITY AND LIABILITIES	36 977 795	31 536 038
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Approved for issue and signed on behalf of the Board of Directors on 21 June 2012.

Stepakina E.V.
Chief Accountant



Mikhasenko O.V.
President



BCS Holding International Limited
Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2011
Fee and commission income	2 146 309
Fee and commission expense	(372 343)
Net fee and commission income	1 773 966
Interest income	1 918 444
Interest expense	(415 211)
Net interest income	1 503 233
Net trading income	1 428 067
Losses net of gains from revaluation of investment properties	(363 953)
Net impairment of property and equipment	(45 086)
Provision for impairment of loans, prepayments and other assets	(93 731)
Rental income from investment properties	191 793
Net gain on disposal of subsidiaries	160 770
Other operating income	179 076
Administrative and other operating expenses	(3 034 307)
Profit before tax	1 699 828
Income tax expense	(342 255)
Profit for the year	1 357 573
Other comprehensive income	
Items that will not be reclassified to profit or loss:	
Revaluation of land and buildings	140 405
Income tax relating to items that will not be reclassified	(28 081)
	112 324
Items that may be reclassified subsequently to profit or loss:	
Foreign currency translation differences for foreign operations	136 084
Net change in fair value of financial instruments available-for-sale	(23 299)
Income tax relating to items that may be reclassified	4 660
	117 445
Other comprehensive income for the year, net of tax	229 769
Total comprehensive income for the year	1 587 342
Profit for the year attributable to:	1 357 573
- Sole participant of the Company	1 403 878
- Non-controlling interests	(46 305)
Total comprehensive income attributable to:	1 587 342
- Sole participant of the Company	1 640 607
- Non-controlling interests	(53 265)

For the year ended 31 December 2011 Attributable to sole participant of the Company								
<i>(In thousands of Russian Roubles)</i>	Share capital	Revaluation surplus for land and buildings	Revaluation reserve for available-for-sale assets	Cumulative translation reserve	Retained Earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	2 906	516 035	-	75 532	6 861 968	7 456 441	(31 223)	7 425 218
Total comprehensive income for the period								
Profit for the year	-	-	-	-	1 403 878	1 403 878	(46 305)	1 357 573
Other comprehensive income for the year								
Net change in fair value of assets available-for-sale, net of income tax	-	-	(18 574)	-	-	(18 574)	(65)	(18 639)
Revaluation of land and buildings, net of income tax	-	119 219	-	-	-	119 219	(6 895)	112 324
Transfer of revaluation surplus for land and buildings to retained earnings	-	(13 957)	-	-	13 957	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	136 084	-	136 084	-	136 084
Other comprehensive income for the year	-	105 262	(18 574)	136 084	13 957	236 729	(6 960)	229 769
Total comprehensive income for the year	-	105 262	(18 574)	136 084	1 417 835	1 640 607	(53 265)	1 587 342
Transactions with owners, recorded directly in equity								
Change in ownership interests in subsidiaries (note 28)	-	-	-	-	-	-	32 000	32 000
Total transactions with owners	-	-	-	-	-	-	32 000	32 000
Balance at 31 December 2011	2 906	621 297	(18 574)	211 616	8 279 803	9 097 048	(52 488)	9 044 560

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2011
Cash flows from operating activities	
Profit before tax	1 699 828
Adjustments for:	
Depreciation and amortisation	123 238
Provision for impairment on loans, prepayments and other assets	93 731
Fair value losses on investment properties	363 953
Net impairment of property and equipment	45 086
Unrealised gains on debt and equity instruments	(247 252)
Net gain on disposal of subsidiary	(160 770)
Unrealised gains less losses from foreign currency revaluation	77 887
Cash flows from operating activities before changes in working capital	1 995 701
(Increase) decrease in operating assets	
Mandatory cash balances with the CBR	(51 835)
Receivables from brokerage transactions	114 789
Receivables under resale agreements	(4 431 679)
Financial instruments at fair value through profit or loss	(1 214 802)
Financial instruments available-for-sale	(813 441)
Loans to customers	524 337
Prepayments and other assets	172 070
Increase (decrease) in operating liabilities	
Payables under repurchase agreements	3 703 486
Customer brokerage accounts	(85 300)
Financial instruments at fair value through profit or loss	(179 799)
Current accounts and deposits	404 090
Payables and other liabilities	(204 062)
Income taxes paid	(169 922)
Net cash used in operating activities	(236 367)
Cash flows from investing activities	
Acquisition of property and equipment	(688 735)
Acquisition of investment properties	(10 400)
Proceeds from sale of property and equipment	23 994
Proceeds from sale of investment properties	139 288
Proceeds from sale of subsidiaries	42 000
Net cash used in investing activities	(493 853)
Net decrease in cash and cash equivalents	(730 220)
Cash and cash equivalents at the beginning of the year	4 693 141
Effect of changes in exchange rates on cash and cash equivalents	143 349
Cash and cash equivalents at the end of the year	4 106 270
Supplemental information	
Interest received during the year	1 851 485
Interest paid during the year	410 306

1 Background

These summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2011 and 1 January 2011, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes are derived from the audited consolidated financial statements of BCS Holding International Limited (the Company), together with its consolidated subsidiaries (collectively, the Group) as at and for the year ended 31 December 2011.

Organisation and operations

The Group is a leading retail broker and asset management company. The Group, through its custody, clearing and depository platform, using both proprietary and third-party technology, provides an integrated platform of brokerage, retail and investment banking, depository and asset management services to individuals and corporate customers in the Russian Federation and abroad. The Group offers integrated web- and software-based trading platforms, which incorporate intelligent order routing technology, real-time market data, options trading, premium stock research, and multi-channel access, as well as sophisticated account and trade management features, risk management tools, decision support tools, and dedicated personal support. The Group serves its clients through a combination of its branch offices and web-based and telephonic services, and provides direct-market-access equity and derivatives brokerage services on MICEX-RTS Exchange (Russia) and LSE, the world major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA) and on the FOREX market. The Group also provides custodial, trading, technology, trust asset, and other support services to clients. As part of its diverse financial product offering, the Group offers research, analytic tools, performance reports, market analysis, and educational material to all clients.

BCS Holding International Limited was incorporated and domiciled in the British Virgin Island (BVI) as a holding company and was set up as a commercial company in accordance with the BVI regulations. As of 1 December 2011 the Company was renamed from Amazon United Limited to BCS Holding International Limited. At 31 December 2011 and 1 January 2011, the sole beneficiary and ultimate controlling party of the Group is Oleg Mikhasenko.

The Group conducts its business primarily through the following operating legal entities:

Subsidiary	Country of incorporation
Brokercreditservice Ltd	Russia
BrokerCreditService (Cyprus) Limited	Cyprus
Joint Stock Company “BCS – Investment Bank”	Russia
OOO Investment Management Company Brokercreditservice	Russia
OOO Investment Management Company Brokercreditservice – Real Estate Funds	Russia
OOO “Depository Institution MSD”	Russia

Brokercreditservice Ltd is a limited liability company that was incorporated in the Russian Federation in 1995. Brokercreditservice Ltd provides a range of brokerage and depositary services to retail and corporate clients. It holds licenses issued by the Federal Financial Markets Service (FFMS) for securities management, dealer and brokerage services, non-governmental pension funds and unit funds asset management. It also holds a license issued by the Commission for Commodity Exchanges under FFMS as an intermediary for dealing in futures and options at stock exchanges in the Russian Federation.

BrokerCreditService (Cyprus) Limited (BCS Cyprus) is a licensed investment company regulated by the Cyprus Securities and Exchange Commission. BCS Cyprus is licensed to provide Direct-Market-Access equity and derivatives, FOREX, currency and commodity instruments brokerage services.

Joint Stock Company “BCS – Investment Bank” (the Bank) is incorporated as an Open Joint Stock Company under the laws of the Russian Federation. The Bank’s principal business activity is commercial banking operations within the Russian Federation. The Bank operates under a banking license issued by the Central Bank of the Russian Federation (CBR). The Bank is a member of the state deposit insurance scheme in the Russian Federation. The activities of the Bank are regulated by the CBR.

The investment management business is run via OOO Investment Management Company Brokercreditservice and OOO Investment Management Company Brokercreditservice - Real Estate Funds.

OOO “Depositary Institution MSD” acts as a specialized depository of investment funds and provides depository, shareholder and custodial services to Group entities as well as external mutual funds, pension funds and other investment companies.

The Group has other subsidiaries which are consolidated based on trust agreements held with the direct ownership holders. The Group exercises full control over the financial, strategic and operational activities of these subsidiaries for the benefit of the Group.

Russian business environment

A significant part of the Group’s operations are conducted in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, currency, tax and regulatory frameworks continue development and are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. Furthermore, the need for further developments in the bankruptcy laws, the absence of formalised procedures for the registration and enforcement of collateral, and other legal and fiscal impediments further contribute to the challenges faced by financial institutions currently operating in the Russian Federation.

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments. Management is unable to predict all developments which could have an impact on the financial sector and wider economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group’s business. The consolidated financial statements reflect management’s estimates of the potential effect of the current operating and business environment on the results and financial position. The future business environment may differ from management’s estimates.

2 Basis of preparation

These summary consolidated financial statements are derived from the consolidated financial statements, except that substantially all note disclosures are omitted.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These are the Group's first consolidated financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* is applied. As a result, the consolidated financial statements, except for the statement of financial position as at 1 January 2011, do not themselves include corresponding figures for the prior year.

The Group expects to prepare its first complete set of consolidated financial statements under IFRS as at and for the year ending 31 December 2012. The consolidated financial statements may require adjustment before constituting the corresponding figures in the first complete set of consolidated financial statements prepared in accordance with IFRS as at and for the year ending 31 December 2012.