



**BCS Holding International Limited**

**Summary consolidated Financial Statements  
derived from the audited consolidated financial statements  
for the year ended 31 December 2015**



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## **Report of the Independent Auditors on the Summary Consolidated Financial Statements**

To the 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 2015, 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 and its subsidiaries (the Group) as at and for the year ended 31 December 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 14 June 2015.

The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

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 2015 are consistent, in all material respects, with those consolidated financial statements on the basis described in Note 2.

JSC KPMG

JSC "KPMG"  
20 June 2016

*(In thousands of Russian Roubles)*

**31 December 2015**   **31 December 2014**

<b>ASSETS</b>		
Cash and cash equivalents	10 720 179	22 613 986
Mandatory cash balances with the CBR	306 106	667 719
Receivables from brokerage transactions	2 825 536	3 161 860
Receivables under resale agreements	55 796 645	33 977 950
Financial instruments at fair value through profit or loss	25 854 940	12 772 209
Financial instruments available-for-sale	8 873 411	16 148 702
Goodwill	62 053	-
Derivative assets	3 280 590	4 019 502
Loans to customers	13 472 508	4 755 515
Investment properties	1 503 439	1 742 282
Property, equipment and intangible assets	2 691 387	2 542 273
Prepayments and other assets	3 102 891	10 250 771
Deferred tax assets	998 965	970 298
<b>TOTAL ASSETS</b>	<b>129 488 650</b>	<b>113 623 067</b>
<b>LIABILITIES</b>		
Payables under repurchase agreements	38 262 078	51 628 430
Customer brokerage accounts	42 640 961	26 045 976
Financial instruments at fair value through profit or loss	2 981 193	3 493 604
Derivative liabilities	754 094	9 449 276
Current accounts, deposits and borrowings	20 883 561	6 458 400
Payables and other liabilities	1 792 871	2 808 077
Deferred tax liabilities	577 587	519 828
<b>TOTAL LIABILITIES</b>	<b>107 892 345</b>	<b>100 403 591</b>
<b>EQUITY</b>		
Share capital	2 906	2 906
Revaluation surplus for land and buildings	640 107	549 684
Revaluation reserve for available-for-sale assets	116 617	(922 546)
Translation reserve	5 911 390	3 346 795
Retained earnings	14 901 940	10 210 665
<b>Total equity attributable to sole participant</b>	<b>21 572 960</b>	<b>13 187 504</b>
Non-controlling interests	23 345	31 972
<b>TOTAL EQUITY</b>	<b>21 596 305</b>	<b>13 219 476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>129 488 650</b>	<b>113 623 067</b>

Approved for issue and signed on behalf of the Board of Directors on 20 June 2016.

Stepakina E.V.  
Chief Accountant



Mikhasenko O.V.  
President



The summary consolidated financial statements on pages 3-10 should be read in conjunction with the consolidated financial statements from which they were derived.

*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 2015	For the year ended 31 December 2014
Fee and commission income	3 528 131	2 013 834
Fee and commission expense	(2 009 530)	(1 046 464)
<b>Net fee and commission income</b>	<b>1 518 601</b>	<b>967 370</b>
Interest income	11 083 226	5 275 103
Interest expense	(6 090 034)	(4 419 586)
<b>Net interest income</b>	<b>4 993 192</b>	<b>855 517</b>
Net trading income	5 926 057	3 322 801
Fair value gains on investment properties	17 102	61 721
Recovery of impairment of property and equipment	20 769	36 088
Impairment losses	(759 682)	(61 543)
Rental income from investment properties	213 576	189 584
Net loss on disposal of subsidiaries	(327)	(47 172)
Other operating income	51 201	156 129
Administrative and other operating expenses	(7 163 343)	(5 431 938)
<b>Profit before tax</b>	<b>4 817 146</b>	<b>48 557</b>
Income tax (expense) benefit	(140 609)	935 368
<b>Profit for the year</b>	<b>4 676 537</b>	<b>983 925</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation of land and buildings	110 783	126 566
Income tax relating to items that will not be reclassified to profit or loss	(14 249)	(21 461)
<b>Total items that will not be reclassified to profit or loss</b>	<b>96 534</b>	<b>105 105</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences for foreign operations	2 564 595	2 997 326
Net change in fair value of financial instruments available-for-sale	473 233	(955 052)
Net change in fair value of financial instruments available-for-sale transferred to profit or loss	603 155	-
Income tax relating to items that are or may be reclassified to profit or loss	(37 225)	32 506
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>3 603 758</b>	<b>2 074 780</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>3 700 292</b>	<b>2 179 885</b>
<b>Total comprehensive income for the year</b>	<b>8 376 829</b>	<b>3 163 810</b>
<b>Profit for the year attributable to:</b>	<b>4 676 537</b>	<b>983 925</b>
- Sole participant	4 685 164	984 800
- Non-controlling interests	(8 627)	(875)
<b>Total comprehensive income attributable to:</b>	<b>8 376 829</b>	<b>3 163 810</b>
- Sole participant	8 385 456	3 164 685
- Non-controlling interests	(8 627)	(875)

The summary consolidated financial statements on pages 3-10 should be read in conjunction with the consolidated financial statements from which they were derived.

**BCS Holding International Limited**  
**Summary Consolidated Statement of Changes in Equity**

For the year ended 31 December 2015  
Attributable to sole participant

	Share capital	Revaluation surplus for land and buildings	Revaluation reserve for available-for-sale assets	Translation reserve	Retained Earnings	Total	Non-controlling interests	Total equity
(In thousands of Russian Roubles)								
<b>Balance at 1 January 2015</b>	2 906	549 684	(922 546)	3 346 795	10 210 665	13 187 504	31 972	13 219 476
<b>Total comprehensive income for the year</b>	-	-	-	-	4 685 164	4 685 164	(8 627)	4 676 537
<b>Profit for the year</b>	-	-	-	-	-	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-	2 564 595	-	2 564 595	-	2 564 595
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation differences for foreign operations	-	-	1 039 163	-	-	1 039 163	-	1 039 163
Revaluation reserve for available-for-sale assets	-	-	1 039 163	2 564 595	-	3 603 758	-	3 603 758
<i>Total items that are or may be reclassified to profit or loss</i>	-	-	1 039 163	2 564 595	-	3 603 758	-	3 603 758
<i>Items that will not be reclassified to profit or loss:</i>								
Revaluation of land and buildings, net of income tax	-	96 534	-	-	-	96 534	-	96 534
Transfer of the revaluation reserve relating to the items of land and buildings reclassified to investment property	-	(6 111)	-	-	6 111	-	-	-
<i>Total items that will not be reclassified to profit or loss</i>	-	90 423	-	-	6 111	96 534	-	96 534
<b>Other comprehensive income for the year</b>	-	90 423	1 039 163	2 564 595	6 111	3 700 292	-	3 700 292
<b>Total comprehensive income for the year</b>	-	90 423	1 039 163	2 564 595	4 691 275	8 385 456	(8 627)	8 376 829
<b>Balance at 31 December 2015</b>	2 906	640 107	116 617	5 911 390	14 901 940	21 572 960	23 345	21 596 305

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**BCS Holding International Limited**  
**Summary Consolidated Statement of Changes in Equity**

	For the year ended 31 December 2014						
	Attributable to sole participant						
<i>(In thousands of Russian Roubles)</i>	Share capital	Revaluation surplus for land and buildings	Revaluation reserve for available-for-sale assets	Translation reserve	Retained Earnings	Non-controlling interests	Total equity
<b>Balance at 1 January 2014</b>	2 906	455 111	-	349 469	9 215 333	94 630	10 117 449
<b>Total comprehensive income for the year</b>							
<b>Profit for the year</b>	-	-	-	-	984 800	(875)	983 925
<b>Other comprehensive income for the year</b>							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation differences for foreign operations	-	-	-	2 997 326	-	-	2 997 326
Revaluation reserve for available-for-sale assets	-	-	(922 546)	-	-	-	(922 546)
<i>Total items that are or may be reclassified to profit or loss</i>	-	-	(922 546)	2 997 326	-	-	2 074 780
<i>Items that will not be reclassified to profit or loss:</i>							
Revaluation of land and buildings, net of income tax	-	105 105	-	-	-	-	105 105
Transfer of the revaluation reserve relating to the items of land and buildings reclassified to investment property	-	(10 532)	-	-	10 532	-	-
<i>Total items that will not be reclassified to profit or loss</i>	-	94 573	-	-	10 532	-	105 105
<b>Other comprehensive income for the year</b>	-	94 573	(922 546)	2 997 326	10 532	-	2 179 885
<b>Total comprehensive income for the year</b>	-	94 573	(922 546)	2 997 326	995 332	(875)	3 163 810
<b>Transactions with owners, recorded directly in equity</b>							
Change in non-controlling interests	-	-	-	-	-	(61 783)	(61 783)
<b>Total transactions with owners</b>	-	-	-	-	-	(61 783)	(61 783)
<b>Balance at 31 December 2014</b>	2 906	549 684	(922 546)	3 346 795	10 210 665	31 972	13 219 476

The summary consolidated financial statements on pages 3-10 should be read in conjunction with the consolidated financial statements from which they were derived.

*BCS Holding International Limited*  
*Summary Consolidated Statement of Cash Flows*

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2015	For the year ended 31 December 2014
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>4 817 146</b>	<b>48 557</b>
Adjustments for:		
Depreciation and amortisation	301 068	267 636
Impairment losses	759 682	61 543
Fair value (gains) on investment properties	(17 102)	(61 721)
Recovery of impairment of property and equipment	(20 769)	(36 088)
Unrealised (gains) losses on debt and equity instruments	665 792	(250 054)
Revaluation of derivatives	(5 524 031)	6 271 569
Net gain on disposal of subsidiaries	327	47 172
Unrealised losses from trading in foreign currencies	(5 567 339)	(6 107 429)
Loss (gain) on disposal of property and equipment	339 459	21 080
Net interest income	(4 993 192)	(855 517)
<b>Cash flows from operating activities before changes in working capital</b>	<b>(9 238 959)</b>	<b>(593 252)</b>
<b>(Increase) decrease in operating assets</b>		
Mandatory cash balances with the CBR	361 613	(541 567)
Receivables from brokerage transactions	2 313 305	(1 789 414)
Receivables under resale agreements	(6 131 286)	13 915 459
Financial instruments at fair value through profit or loss	(5 745 424)	4 992 113
Loans to customers	(6 296 287)	(2 326 411)
Prepayments and other assets	9 508 705	(7 011 292)
Interest received during the year	10 568 463	5 354 077
<b>Increase (decrease) in operating liabilities</b>		
Payables under repurchase agreements	(24 635 802)	428 039
Customer brokerage accounts	3 168 423	7 902 369
Financial instruments at fair value through profit or loss	(512 411)	3 064 248
Current accounts, deposits and borrowings	10 179 798	1 986 925
Payables and other liabilities	(1 789 611)	1 052 644
Interest paid during the year	(6 158 532)	(4 297 038)
Income taxes paid	(86 946)	(175 234)
<b>Net cash (used in) provided by operating activities</b>	<b>(24 494 951)</b>	<b>21 961 666</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment and intangible assets	(660 316)	(255 498)
Acquisition of investment properties	(2 316)	(372)
Acquisition of subsidiary	(188 484)	475
Proceeds from sale of property and equipment	21 627	37 191
Proceeds from sale of subsidiaries	(2 713)	(261)
Net sales (purchase) of financial instruments available-for-sale	7 915 222	(13 234 096)
<b>Net cash provided from (used in) investing activities</b>	<b>7 083 016</b>	<b>(13 452 561)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(17 411 936)</b>	<b>8 509 105</b>
Cash and cash equivalents at the beginning of the year	22 613 986	7 413 674
Effect of changes in exchange rates on cash and cash equivalents	5 518 128	6 691 207
<b>Cash and cash equivalents as at the end of the year</b>	<b>10 720 179</b>	<b>22 613 986</b>

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## 1 Background

These summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2015, 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 for 2015.

### *Organisation and operations*

BCS Holding International Limited (the Company), together with its consolidated subsidiaries (collectively, the Group), is a leading broker and asset management company with a focus on Russia. The Group, through its custody, clearing and depository platforms, 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 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 wide branch network and web-based and telephonic services, and provides direct-market-access equity and derivatives brokerage services on MOEX (Russia), LSE and other major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA) and on the FX market.

The Company 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. On 1 December 2011 the Company was renamed from Amazon United Limited to BCS Holding International Limited. The Company's registered address is British Virgin Island, Road Town, Tortola, P.O. 3321. The Group's headquarter offices are located at Ul. Sovetskaya 37, Novosibirsk, Russian Federation, and 69 Prospekt Mira, bldg. 1, Moscow, Russian Federation. 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:

<u>Subsidiary</u>	<u>Country of incorporation</u>
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
BCS Prime Brokerage Limited	UK
BCS Management Company	Cayman Islands
Brokercreditservice Structured Products PLC (former Gawling Limited)	Cyprus
Routa Luxury Services Ltd.	Cyprus
OOO "Azimut"	Russia
OOO "Finance Group"	Russia
OOO "Investment Management Company RUSSIAN STANDARD"	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 Federal Financial Markets Service (FFMS) for securities management, dealer and brokerage services, non-governmental pension funds and unit funds asset management. Offered brokerage services comprise an array of brokerage accounts including some with check-writing features, debit card, and billpay; individual retirement accounts; retirement plans for small to large businesses; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings, options, and futures; Brokercreditservice Ltd is a clearing broker-dealer and an investment adviser that principally transacts business as an agent in a broad array of financial products and services. 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 (CYSEC). BCS Cyprus is a London Stock Exchange member and is licensed to provide Direct-Market-Access equity and derivatives brokerage services on LSE and the world major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA). BCS Cyprus provides brokerage services on the FOREX market in relation to currency and commodity instruments.

BCS Prime Brokerage Limited (BCS UK) was granted UK regulatory authorisation by the Financial Conduct Authority (FCA) to deal and advise on investments and to hold client assets on 19 June 2013. Now BCS UK provides a wide range of brokerage and advising services, including access to Moscow Exchange, LSE, EBS, CHI-X/BATS, NYSE/NASDAQ/AMEX.

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 Russia (the 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”, BCS Management Company, OOO “Investment Management Company Brokercreditservice - Real Estate Funds” and OOO “Investment Management Company RUSSIAN STANDARD”.

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 owners. 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 operating in the Russian Federation.

The Group’s major sources of net revenues are fees and commission from brokerage business, asset management and administration fees, net interest income, and trading revenue. The Group’s business can be adversely affected by the general environment – economic, corporate, securities market, regulatory, and geopolitical developments all play a role in client asset valuations, trading activity,

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interest rates and overall investor engagement, and are outside of the Group's control. Deterioration in credit markets, reductions in short-term interest rates, and decreases in securities valuations negatively impact the fees and commission income, net interest income, asset management and administration fees, and capital resources.

Current economic and politic situation, including situation in Ukraine and introduction of sanctions against the Russian Federation by particular countries and introduction of responsive sanctions against particular countries by the Russian Federation creates risks for operations conducted by the Group. Management of the Group believes that it takes all the necessary efforts to support the economic stability of the Group in the current environment.

The accompanying 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.

#### ***Cyprus business environment***

Following three years of economic recession, the Cyprus economy recorded positive growth in the first half of 2015. As from April 2015, the restrictive measures and capital controls which were in place since March 2013 have been lifted. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, however the rating continues to be "non-investment grade". At the same time there are some major downside risks emanating from the high level of non-performing loans in the banking sector and the limited availability of credit.

Management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

## **2 Basis of preparation**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

These summary consolidated financial statements are derived from the consolidated financial statements, except that substantially all note disclosures are omitted. The complete set of consolidated financial statements can be obtained from BCS Holding International Limited at the Group's headquarter offices located at Ul. Sovetskaya 37, Novosibirsk, Russian Federation, and 69 Prospekt Mira, bldg. 1, Moscow, Russian Federation.