

**BROKERCREDITSERVICE STRUCTURED
PRODUCTS PLC**

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2015

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2015

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BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Dimitra Karkalli Lambros Soteriou (Appointed 28 April 2015)
Company Secretary:	M. Kyprianou Fiduciaries Ltd
Registered office:	116 Gladstonos street M. Kyprianou Tower, 3rd and 4th floors 3032 Limassol Cyprus
Bankers:	Hellenic Bank Public Company Ltd BCS Bank JSC
Registration number:	HE158664

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2015.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as a holding, investment and financing company.

Change of Company name

Gawling Company Limited announced that it has changed its name to BrokerCreditService Structured Products PLC on May 14, 2015. The company has also converted from a private company into a public company.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the year are set out on page 7.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

Authorised capital

On 28 April 2015 the authorised share capital of the Company was increased from €1,710 divided into 1,000 ordinary shares of €1.71 each, to €25,650 divided into 15,000 shares having a nominal value of €1.71 each, by the creation of 14,000 additional ordinary shares of €1.71 each.

Issued capital

On 28 April 2015, the Company issued 14,000 additional ordinary shares with a nominal value of €1.71 each as fully paid up. The Company's issued share capital is now increased from €1,710 divided into 1,000 ordinary shares of €1.71 each, to €25,650 divided into 15,000 of €1.71 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 1. Mr. Lambros Soteriou was appointed director on 28 April 2015.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company

(a) Operating environment of the Republic of Cyprus

During the last years, the Cyprus economy has been adversely affected by the crisis in the Cyprus banking system and the inability of the Republic of Cyprus to secure financing from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support of € 10 billion, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in", safeguarding deposits below €100.000.

Since March 2013, Troika performed several reviews of the Cyprus' economic program with very positive outcomes which resulted in the disbursement of all scheduled tranches of financial assistance to Cyprus.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT OF THE BOARD OF DIRECTORS

Following three years of economic recession and despite the adverse external economic environment in several European and international economies, the Cyprus economy shows signs of stabilization recording positive growth in the first half of 2015. 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, all major international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, assisting largely the efforts of the Republic of Cyprus to raise significant capital from international financial markets in the past few months. In addition, the Cypriot banks have been recapitalized and have reorganized their operations, leading to the full abolishment of all capital controls and restrictive measures on deposits and transactions imposed during 2013.

However, the uncertain economic conditions in Cyprus, the unavailability of financing and the high percentage of non performing bank loans in combination with the high unemployment rates, have affected:

- The ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

(a) Operating environment of the Russian Federation

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations.

During 2015, the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has an impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Russian tax legislation

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 17 to the financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors

The Independent Auditors, Yiallourides & Partners Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Dimitra Karkalli
Director

Limassol, 27 April 2016



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CHARTERED ACCOUNTANTS

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Independent auditor's report

To the Members of BrokerCreditService Structured Products Plc

Report on the financial statements

We have audited the financial statements of BrokerCreditService Structured Products Plc (the "Company") on pages 7 to 26 which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BrokerCreditService Structured Products Plc as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent auditor's report (continued)

To the Members of BrokerCreditService Structured Products Plc

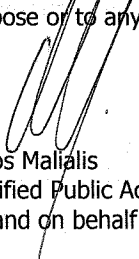
Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Athos Malialis
Certified Public Accountant and Registered Auditor
for and on behalf of

Yiallourides & Partners Ltd
Chartered Accountants

Limassol, 27 April 2016

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2015

	Note	2015 €	2014 €
Dividend income		1,218,328	2,729,153
Loan interest income		2,778,426	3,476,033
Net gain on trading in financial instruments		7,020,462	33,364,710
Net loss realised on trading in foreign currencies		(25,512,687)	(69,515,966)
Interest income from bonds		19,132,552	25,763,726
Interest income from repo loans		6,447,328	6,619,802
Interest expense from bonds		(14,056,547)	(23,457,001)
Loan interest expense		(6,022,974)	(7,637,756)
Interest expense from repo loans		(5,882,721)	-
Total revenue/(loss)		(14,877,833)	(28,657,299)
Other operating income		78,654	37,330
Loss from investing activities		(19,380,222)	-
Change in fair value of derivative financial instruments		58,557,483	-
Administration expenses		(1,769,808)	(1,257,719)
Other operating expenses		(713,943)	-
Operating profit/(loss)		21,894,331	(29,877,688)
Net finance income	6	19,312,342	29,914,679
Profit before tax		41,206,673	36,991
Tax	7	-	-
Net profit for the year		41,206,673	36,991
Other comprehensive income		-	-
Total comprehensive income for the year		41,206,673	36,991

The notes on pages 11 to 26 form an integral part of these financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 €	2014 €
ASSETS			
Non-current loans receivable	8	<u>24,646,744</u>	-
		<u>24,646,744</u>	-
Current assets			
Trade and other receivables	9	191,425,028	217,288,449
Repo loans to related companies	14	301,243,031	236,283,114
Loans receivable	8	11,325,031	17,424,288
Financial assets at fair value through profit or loss	10	262,454,258	126,012,248
Cash and cash equivalents	11	<u>116,730</u>	<u>56,117</u>
		<u>766,564,078</u>	<u>597,064,216</u>
Total assets		<u>791,210,822</u>	<u>597,064,216</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	25,650	1,710
Other reserves		(41,146,179)	(33,030,302)
Retained earnings		<u>109,066,904</u>	<u>67,860,231</u>
Total equity		<u>67,946,375</u>	<u>34,831,639</u>
Non-current liabilities			
Loans from related companies	14	<u>31,505,179</u>	<u>42,236,338</u>
		<u>31,505,179</u>	<u>42,236,338</u>
Current liabilities			
Trade and other payables	13	413,494,448	290,684,687
Repo loans from related companies	14	278,264,820	229,307,362
Shareholders' current accounts - credit balances	14	-	4,190
		<u>691,759,268</u>	<u>519,996,239</u>
Total liabilities		<u>723,264,447</u>	<u>562,232,577</u>
Total equity and liabilities		<u>791,210,822</u>	<u>597,064,216</u>

On 27 April 2016 the Board of Directors of BrokerCreditService Structured Products Plc authorised these financial statements for issue.



 Dimitra Karkalli
 Director



 Lambros Soteriou
 Director

The notes on pages 11 to 26 form an integral part of these financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

Note	Share capital €	Translation reserve €	Retained earnings €	Total €
	1,710	(10,557,534)	67,823,240	57,267,416
	-	-	36,991	36,991
	-	(22,472,768)	-	(22,472,768)
	1,710	(33,030,302)	67,860,231	34,831,639
	-	-	41,206,673	41,206,673
12	23,940	-	-	23,940
	-	(8,115,877)	-	(8,115,877)
	25,650	(41,146,179)	109,066,904	67,946,375

The notes on pages 11 to 26 form an integral part of these financial statements.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 €	2014 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		41,206,673	36,991
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		(31,614,475)	-
Unrealised exchange profit		(19,301,307)	(32,456,076)
Change in fair value of derivative financial instruments		(58,557,483)	-
Fair value losses/(gains) on financial assets at fair value through profit or loss		19,380,222	(4,892,640)
Dividend income		(1,218,328)	(2,729,153)
Interest income	6	(2,797,150)	(3,476,501)
Interest expense	6	6,022,974	-
Translation reserve for the year		(8,115,877)	(22,472,768)
		(54,994,751)	(65,990,147)
Changes in working capital:			
Decrease in trade and other receivables		25,863,421	26,194,647
(Increase)/decrease in receivables from related companies		(64,959,917)	92,533,451
Decrease in shareholders' current accounts		(4,190)	-
Increase in financial assets at fair value through profit or loss		(124,207,757)	(2,178,963)
Decrease in derivative financial instruments		58,557,483	-
Increase/(Decrease) in trade and other payables		122,809,761	(62,487,912)
Increase/(Decrease) in payables to related companies		48,957,458	(73,124,894)
Cash generated from/(used in) operations		12,021,508	(85,053,818)
Interest received		2,778,426	3,476,033
Dividends received		1,218,328	2,729,153
Tax paid		-	(78,627)
Net cash generated from/(used in) operating activities		16,018,262	(78,927,259)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(18,547,487)	(1,138,160)
Interest received		18,724	468
Net cash used in investing activities		(18,528,763)	(1,137,692)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		23,940	-
Repayments of borrowings		-	(319,077)
Repayment of loans from related companies		(10,731,159)	(25,218,753)
Unrealised exchange profit		19,301,307	32,456,076
Interest paid		(6,022,974)	-
Net cash generated from financing activities		2,571,114	6,918,246
Net increase/(decrease) in cash and cash equivalents		60,613	(73,146,705)
Cash and cash equivalents at beginning of the year		56,117	73,202,822
Cash and cash equivalents at end of the year	11	116,730	56,117

The notes on pages 11 to 26 form an integral part of these financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1. Incorporation and principal activities

Country of incorporation

The Company BrokerCreditService Structured Products Plc (the "Company") was incorporated in Cyprus on 18 March 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 116 Gladstonos street, M. Kyprianou Tower, 3rd and 4th floors, 3032 Limassol, Cyprus.

Change of Company name

Gawling Company Limited announced that it has changed its name to BrokerCreditService Structured Products PLC on May 14, 2015. The company has also converted from a private company into a public company.

Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as a holding, investment and financing company.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2015 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

Interest income on all interest bearing financial assets with the exception of financial assets at fair value through profit or loss and derivatives is recognised using the effective interest method. When a loan receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

The interest cost recognised in profit or loss is accrued on a time basis by reference to the principal amount charged at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the future expected cash flows to the carrying amount of the liability. Issue costs directly attributable to debt instruments are included in the determination of the effective interest rates.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Deferred income

Deferred income represents income receipts which relate to future periods.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Sale and repurchase agreements

Sale and repurchase agreements ("repo agreements"), which effectively provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The securities are not reclassified in the balance sheet unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase receivables. The corresponding liability is presented within borrowings.

Securities purchased under agreements to resell ("reverse repo agreements"), which effectively provide a lender's return to the Company, are recorded as loans receivable.

The difference between the sale and repurchase price is treated as interest income or interest expense and accrued over the life of reverse repo agreements and repo agreements respectively, using the effective interest method.

Securities lending

Securities lent to counterparties for a fixed fee are retained in the financial statements in their original category in the statement of financial position unless the counterparty has the right by contract or custom to sell or repledge the securities, in which case they are reclassified and presented separately.

Securities borrowed for a fixed fee are not recorded in the financial statements, unless these are sold to third parties in which case an obligation to return the securities is recorded at fair value and any fluctuations of the fair value are recorded in profit or loss for the year within gains less losses arising from trading securities.

The fixed fee is treated as interest income or interest expense and is accrued over the life of the securities lending agreement using the effective interest method.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

Derivative financial instruments which include Option Contracts, Forward Contracts, Credit Default Swaps and Contracts for Differences on metals, shares, commodities and foreign exchange forward contracts are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are determined by reference to third party market values. Derivative financial instruments are recognised in the balance sheet as assets when fair value is positive and as liabilities when fair value is negative. Derivative financial instruments form part of the Company's operating activities. Gains or losses arising from changes in the fair value of derivative financial instruments are presented in profit or loss in the period in which they arise.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (a) adverse changes in the payment status of borrowers in the portfolio;
 - (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists. For loans and receivables category the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The Company changed the presentation of its financial statements as the changed presentation provides information that is more appropriate and relevant to users of the financial statements. The revised structure is likely to continue, so that comparability is not impaired.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk

Market price risk is the possibility that the Company may suffer a loss resulting from the fluctuations in the values of, or income from equity securities classified at fair value through profit or loss and derivative financial instruments. The Company is exposed to market price risk because of investments held by the Company and classified as financial assets at fair value through profit or loss which are susceptible to market price risk arising from uncertainties about future prices of these investments.

Sensitivity analysis

The table below summarizes the impact on the Company's post-tax profit and on own portfolio market value assuming that the prices of securities held by the Company had increased/decreased by 10% (2013 :20%) with all other variables held constant:

	2015	2014
	€	€
Equity securities - Moscow exchange	6,252,037	8,798,678
Equity securities - New York Stock Exchange (NYSE)	106,745,382	34,514,989
Unlisted securities	57,967,089	56,124,898
Shares	6,156,467	6,535,343
	<u>177,120,975</u>	<u>105,973,908</u>

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company's Board of Directors.

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets held at the balance sheet date. Credit risk arises from cash and bank balances, trade receivables, loans receivable and derivative financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015	2014
	€	€
Loans receivable	35,971,775	17,424,288
Trade and other receivables	191,425,028	217,288,449
Cash at bank	116,730	56,117
Receivables from related companies	301,243,031	236,283,114
	<u>528,756,564</u>	<u>471,051,968</u>

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3. Financial risk management (continued)

3.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2015	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-5 years €	More than 5 years €
Trade and other payables	413,467,672	413,467,672	69,579,080	233,898,004	107,763,935	2,226,653
Payables to related parties	278,264,820	278,264,820	-	278,264,820	-	-
Loans from related companies	31,505,179	31,505,179	-	-	31,505,179	-
	723,237,671	723,237,671	69,579,080	512,162,824	139,269,114	2,226,653

31 December 2014	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-5 years €	More than 5 years €
Trade and other payables	519,965,272	495,479,574	329,340,928	106,895,798	57,797,338	1,445,510
Payables to related parties	4,190	-	-	-	-	-
Loans from related companies	42,236,338	42,236,338	763,786	-	41,472,552	-
	562,205,800	537,715,912	330,104,714	106,895,798	99,269,890	1,445,510

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Russian Rouble. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2015 €	2014 €	2015 €	2014 €
Euro	12,762,257	4,537,427	10,414,149	5,454,643
Russian Rubles	157,275,318	291,425,195	197,754,275	237,575,061
United States Dollars	563,221,194	240,325,676	584,529,921	232,627,304
British Pounds	1,411,588	2,124,345	2,628,239	4,730,901
Swiss francs	66,866	2,103,379	6,442,073	1,968,721
Japanese yen	-	-	33,278	30,181
Other Currencies	77	1,678	748,344	15,132
	734,737,300	540,517,700	802,550,279	482,401,943

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

3. Financial risk management (continued)

3.6 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets available for sale has been estimated based on the fair value of these individual assets.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

4. Critical accounting estimates and judgements (continued)

• Impairment of loans receivable

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Expenses by nature

	2015	2014
	€	€
Auditors' remuneration	27,852	26,775
Other expenses	8,488,995	8,966,809
Total expenses	8,516,847	8,993,584

6. Finance income/cost

	2015	2014
	€	€
Interest income	18,724	468
Exchange profit	19,301,307	32,456,076
Finance income	19,320,031	32,456,544
Net foreign exchange transaction losses	-	(2,531,160)
Interest expense	(296)	(6,328)
Sundry finance expenses	(7,393)	(4,377)
Finance costs	(7,689)	(2,541,865)
Net finance income	19,312,342	29,914,679

7. Tax

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2015	2014
	€	€
Profit before tax	41,206,673	36,991
Tax calculated at the applicable tax rates	5,150,834	4,624
Tax effect of expenses not deductible for tax purposes	4,553,114	1,428,401
Tax effect of allowances and income not subject to tax	(11,894,397)	(9,934,311)
Tax effect of tax loss for the year	2,190,449	8,501,286
Tax charge	-	-

The corporation tax rate is 12,5% (2014:12,5%).

Under certain conditions, interest income may be subject to defence contribution at the rate of 30%. In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

7. Tax (continued)

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2015, the balance of tax losses which is available for offset against future taxable profits amounts to €87,102,448 for which no deferred tax asset is recognised in the statement of financial position.

8. Non-current loans receivable

	2015	2014
	€	€
Loans receivable	35,971,775	17,424,288
	35,971,775	17,424,288
Less current portion	(11,325,031)	(17,424,288)
Non-current portion	24,646,744	-

The loans are repayable as follows:

	2015	2014
	€	€
Within one year	11,325,031	17,424,288
Between one and five years	24,646,744	-
	35,971,775	17,424,288

The exposure of the Company to credit risk is reported in note 3 of the financial statements.

The fair value of receivable loans approximates to their carrying amounts as presented above.

The effective interest rates on receivables (current and non-current) were as follows:

	2015	2014
Loans receivable	0.90-13%	6-12%
Loans to related companies	1-11.50%	

9. Trade and other receivables

	2015	2014
	€	€
Trade receivables	45,883,370	67,884,892
Repo loans receivable	145,344,210	148,792,528
Bills of exchange	-	611,029
Deferred expenses	197,448	-
	191,425,028	217,288,449

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

10. Financial assets at fair value through profit or loss

	2015	2014
	€	€
Balance at 1 January	126,012,248	118,940,645
Additions	1,913,828,327	2,178,963
Disposals	(1,789,620,570)	-
Change in fair value	(17,841,789)	4,892,640
Exchange differences	30,076,042	-
Balance at 31 December	262,454,258	126,012,248

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

11. Cash and cash equivalents

Cash balances are analysed as follows:

	2015	2014
	€	€
Cash at bank	116,730	56,117
	116,730	56,117

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

12. Share capital

	2015	2015	2014	2014
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1.71 each	15,000	25,650	1,000	1,710
Issued and fully paid				
Balance at 1 January	1,000	1,710	1,000	1,710
Issue of shares	14,000	23,940	-	-
Balance at 31 December	15,000	25,650	1,000	1,710

Authorised capital

On 28 April 2015 the authorised share capital of the Company was increased from €1,710 divided into 1,000 ordinary shares of €1.71 each, to €25,650 divided into 15,000 shares having a nominal value of €1.71 each, by the creation of 14,000 additional ordinary shares of €1.71 each.

Issued capital

On 28 April 2015, the Company issued 14,000 additional ordinary shares with a nominal value of €1.71 each as fully paid up. The Company's issued share capital is now increased from €1,710 divided into 1,000 ordinary shares of €1.71 each, to €25,650 divided into 15,000 of €1.71 each.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

13. Trade and other payables

	2015	2014
	€	€
Trade payables	147,811,652	102,610,598
Repo loans payable	257,647,306	185,885,050
Accruals	26,776	26,776
Deferred income	8,008,714	2,162,263
	<u>413,494,448</u>	<u>290,684,687</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

14. Related party transactions

The following transactions were carried out with related parties:

14.1 Repo loans to related parties

	2015	2014
Name	€	€
Related company	301,243,031	236,283,114
	<u>301,243,031</u>	<u>236,283,114</u>

Repo loans consist of Open Joint Stock Equity securities.

14.2 Repo loans from related parties

	2015	2014
Name	€	€
Related company	278,264,820	229,307,362
	<u>278,264,820</u>	<u>229,307,362</u>

14.3 Loans from related companies

	2015	2014
	€	€
Loans from related companies	31,505,179	42,236,338
	<u>31,505,179</u>	<u>42,236,338</u>

The loans from related companies carry interest between 4.75% and 25% per annum and are repayable not later than 12/07/2019.

14.4 Shareholders' current accounts - credit balances

	2015	2014
	€	€
Shareholders' current accounts	-	4,190
	<u>-</u>	<u>4,190</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

15. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2015.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

16. Commitments

The Company had no capital or other commitments as at 31 December 2015.

17. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 5 and 6

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Page	2015 €	2014 €
Dividend income		1,218,328	2,729,153
Loan interest income		2,778,426	3,476,033
Net gain on trading in financial instruments		7,020,462	33,364,710
Net loss realised on trading in foreign currencies		(25,512,687)	(69,515,966)
Interest income from bonds		19,132,552	25,763,726
Interest income from repo loans		6,447,328	6,619,802
Interest expense from bonds		(14,056,547)	(23,457,001)
Total revenue/(loss)		(2,972,138)	(21,019,543)
Loan interest expense		(6,022,974)	(7,637,756)
Interest expense from repo loans		(5,882,721)	-
Other operating income		78,654	37,330
Sundry operating income		58,557,483	-
Change in fair value of derivative financial instruments		43,758,304	(28,619,969)
Operating expenses			
Administration expenses	28	(1,769,808)	(1,257,719)
Other operating expenses		(63,847)	-
Loss on irrecoverable bills of exchange		(650,096)	-
Fair value losses on financial assets at fair value through profit or loss		(19,380,222)	-
Operating profit/(loss)		21,894,331	(29,877,688)
Finance income	29	19,320,031	32,456,544
Finance costs	29	(7,689)	(2,541,865)
Net profit for the year before tax		41,206,673	36,991

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

ADMINISTRATIVE EXPENSES

Year ended 31 December 2015

	2015	2014
	€	€
Administration expenses		
Computer software	84,006	31,973
Auditors' remuneration	27,852	26,775
Legal and other professional fees	441,468	1,082
Brokerage fees	1,121,663	1,020,182
Consulting fees	59,405	72,946
Portfolio management fees	35,414	104,762
	<u>1,769,808</u>	<u>1,257,720</u>

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

FINANCE INCOME/COST Year ended 31 December 2015

	2015 €	2014 €
Finance income		
Other interest income	18,724	468
Unrealised foreign exchange profit	<u>19,301,307</u>	<u>32,456,076</u>
	<u>19,320,031</u>	<u>32,456,544</u>
Finance costs		
Interest expense		
Interest on taxes	296	6,328
Sundry finance expenses		
Bank charges	7,393	4,377
Net foreign exchange transaction losses		
Realised foreign exchange loss	<u>-</u>	<u>2,531,160</u>
	<u>7,689</u>	<u>2,541,865</u>

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2015

	Page	€	€
Net profit per income statement	27 7		41,206,673
<u>Add:</u>			
Loss on irrecoverable bills of exchange		650,096	
Fair value losses on financial assets at fair value through profit or loss		19,380,222	
Interest on taxes		296	
Brokerage fees		1,121,663	
Apportionment of expenses		171,455	
Disallowed loan interest		6,022,974	
Portfolio management fees		35,414	
Other operating expenses		<u>63,847</u>	
			<u>27,445,967</u>
			68,652,640
<u>Less:</u>			
Profit from trading in financial instruments		7,020,462	
Dividends received		1,218,328	
Change in fair value of derivative financial instruments		58,557,483	
Unrealised foreign exchange profit		19,301,307	
Sundry operating income		<u>78,654</u>	
			<u>(86,176,234)</u>
Net loss for the year			<u>(17,523,594)</u>
Loss brought forward			<u>(69,578,854)</u>
Loss carried forward			<u>(87,102,448)</u>