

**BROKERCREDITSERVICE STRUCTURED
PRODUCTS PLC
REPORT AND INTERIM UNAUDITED
CONSOLIDATED FINANCIAL
STATEMENTS**

**For the period from 1 January 2018
to 30 June, 2018**

(Client's Copy)

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT AND INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

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BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Evgenios Bagiazidis - Appointed on 25 April 2018 Dimitra Karkalli Lambros Soterlou - Resigned on 25 April 2018
Company Secretary:	M. Kyprianou Fiduciaries Ltd
Independent Auditors:	Yiallourides & Partners Ltd Chartered Accountants
Registered office:	Agia Zoni 12 AGIA ZONI CENTER Flat/Office 103 3027 Limassol Cyprus
Bankers:	Hellenic Bank Public Company Ltd BCS Bank JSC
Registration number:	HE158664

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

MANAGEMENT REPORT

The Board of Directors presents its report and unaudited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the period from 1 January 2018 to 30 June 2018.

For avoidance of doubt and for transparency purposes, it is hereby disclosed that the Company and its subsidiaries constitute an integral part of a wider group of companies (that might be also referred to in public sources as BCS Group or BCS Financial Group or FG BCS), the top-level holding company of the mentioned above being FG BCS Limited (incorporated and domiciled in Cyprus). The above-mentioned FG BCS group has full ownership and exercises control over a number of legal entities including those duly licensed and authorised for financial market services and investment activities, the appropriate licences and authorisations duly issued by EU and third countries regulators and authorities.

For the purposes of the present report, the term "Group" refers to the Company and its subsidiaries; unless otherwise is obvious or suggested from the content as well as the description or activities – in the latter case the term "Group" should be understood as referring to the Group's affiliate holding the respective license or authorisation. It is hereby confirmed that the activities of the Group are (to the extent required by law and applicable regulations) exercised with the necessary involvement of its affiliates holding the appropriate license, authorisation or permission.

Incorporation

The Company BrokerCreditService Structured Products PLC was incorporated in Cyprus on 18 March 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Group

BrokerCreditService Structured Products Plc acts as an investment and financing company and conducts trading operations in the international securities markets (except for the investment activity that requires authorisation and/or license). This includes entering into transactions with market counterparties and related parties that are members of the Group. These transactions include, but are not limited to, repo transactions, loans and transactions in securities in the international capital markets including exchanges and Over-the-Counter ("OTC") markets. The Company also conducts investment activities in different types of bonds of both Russian and international issuers.

As of the date hereof, the Group conducts its business through the following operating legal entities. These are Routa Luxury Services Ltd and Botimelo Group Ltd both of them being wholly owned subsidiaries of Brokercreditservice Structured Products Plc. Each of the above mentioned wholly owned Subsidiaries is established to carry on any trade or activity whatsoever related to, connected with or involving shares, stock, debentures, debenture stock, bonds, notes, obligations, warrants, options, derivatives, commodities and any other instruments related to equity, debt or commodities of all kinds (except for the investment activity that requires authorisation and/or license).

The ultimate shareholder owning and controlling party is Mr. Oleg Mikhasenko, a Russian individual who is the sole ultimate beneficial owner of the Group.

Review of current position, future developments and performance of the Group's business

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

The Board of Directors does not expect major changes or developments in the principal activities, financial position and performance of the Company in the foreseeable future.

The most important developments of the Group during the period ended 30 June 2018 were:

- Leading positions in sales of structured products to retail customers.
- Increase in the number of listed structured notes on the Moscow Exchange.
- Ability for remote purchase of structured products.
- Increased range of structured products provided.
- Implementation of new types of products (i.e. participation with capital protection, ETN, auto callable products with partial protection)

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

MANAGEMENT REPORT

The Group's strategic goals and main developing points are:

- Increase of structured products' sales with low interest rates in USA and Europe and reduced rates in Russia
- Implementation of new types of products (i.e. the products with full capital protection, with new payout features).
- Sales diversification through partners and agents and development of remote and other distribution channels (i.e. promotion of online distribution of structured products through BCS channels, external partnership network extension, joint products with other entities under common control)
- Implementation and development of strategy product lines with volatility control
- Quasi-endowment assurance development – implementation of products with partial payment option
- Wider range of covered bonds and stock
- Enhancement of Euro Medium Term Note programmes
- Reporting quality improvement

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in note 4 of the consolidated financial statements.

Existence of branches

The Company and its subsidiaries do not maintain any branches.

Use of financial instruments by the Group

The Group's activities expose it to a variety of financial risks: market risk, credit risk, currency risk and liquidity risk arising from the financial instruments it holds. The Company and its consolidated subsidiaries, as part of their operations and normal activities use various financial instruments such as options, futures, forward contracts, direct and reverse repurchase agreements, credit linked notes and other instruments which expose the Group to the financial risks mentioned above.

The Group's risk management function is designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date administrative and information systems. The Group regularly reviews its risk management framework to reflect the changes in markets, products and effective best practice.

The current structure of the risk framework implemented by the Group aims to manage risks in order to minimise the exposure of itself and its stakeholders to any event, or set of occurrences able to cause adverse effects, while concurrently maximising the efficiency and effectiveness of the Group's operations in accordance with best practice. The purpose of managing risks is the prompt identification of any potential problems before they occur so that risk handling activities may be planned and invoked as needed to mitigate adverse impacts and allow the Group to achieve overall objectives.

The responsibility for the overall framework of risk governance and management lies with the Board of Directors. Management recognises that the risk is embedded in all of the Group's activities and for this reason it recognises the need for the continuous identification, assessment, examination, and control of each type of risk. The risk management policies employed by the Group to manage these risks are discussed below:

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

MANAGEMENT REPORT

Market price risk

Market price risk is the possibility that the Group 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 Group is exposed to market price risk because of investments held by the Group 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.

The Group maintains trading securities owned and securities sold but not yet purchased. These securities include debt securities issued by the Russian government, corporate debt securities and equity securities. Changes in the value of trading inventory may result from fluctuations in interest rates, credit ratings of the issuer, equity prices and the correlation among these factors. The Group manages its trading inventory by product type.

Price risk for equity securities is the risk of changes in value of a financial instrument as a result of changes in market prices regardless of whether they have been caused by factors specific for a particular instrument or factors influencing all instruments traded in the market. Price risk for equity securities exists when the Group has a long or short position in an equity financial instrument.

Interest rate risk

Interest rate risk is the risk that the Group's income or financial instrument portfolio may change due to interest rate fluctuations. The Group takes on exposure to the effects of fluctuations in prevailing market interest rates on its financial position and cash flows. BCS Group offers its clients overnight cash sweep programs that are interest rate sensitive. While clients earn interest for balances on deposit under the cash sweep programs, BCS Group earns a fee. These fees are based on prevailing interest rates in the current interest rate environment, but may be adjusted in an increasing or decreasing interest rate environment or for other reasons. Changes in interest rates and fees for the overnight cash sweep programs are monitored by Product and Marketing committee, which governs and approves any changes to fees. The committee balances financial risk of the cash sweep programs with products that offer competitive client yields.

Interest rate risk management through monitoring of the mismatch of the maturities of interest bearing assets and interest-bearing liabilities is supplemented by monitoring the sensitivity of financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100-basis point (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves.

Interest-earning assets are financed primarily by brokerage client cash balances and deposits from banking clients. Non-interest-bearing funding sources include non-interest-bearing brokerage client cash balances and proceeds from stock-lending activities, as well as equity. Net interest income is affected by changes in the volume and mix of these assets and liabilities, as well as by fluctuations in interest rates and portfolio management strategies. When interest rates fall, BCS Group may attempt to mitigate some of this negative impact by extending the maturities of assets in investment portfolios to lock in asset yields, and by lowering rates paid to clients on interest-bearing liabilities.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

MANAGEMENT REPORT

Credit risk

Credit risk is the risk of loss due to adverse changes in a borrower's, issuer's or counterparty's ability to meet its financial obligations under contractual or agreed upon terms. The Group bears credit risk on securities lending activities, its role as a counterparty in financial contracts and investing activities.

The Board of Directors has delegated responsibility for the oversight of credit risk to the Group's Risk Management Committee. The Risk Management Committee is responsible for management of credit risk, including formulating credit policies, covering collateral requirements, adjusting margin requirements for certain securities, credit assessment, reviewing and assessing credit risk, limiting concentrations of exposure to counterparties, and by issuer, credit rating bands, market liquidity and country (for trading assets), and reviewing compliance of business units with agreed exposure limits. Collateral arrangements relating to margin loans, securities lending agreements, and resale agreements include provisions that require additional collateral in the event that market fluctuations result in declines in the value of collateral received. Management regularly reviews asset quality including concentrations, delinquencies, non-accrual loans, charge-offs, and recoveries. All are factors in the determination of an appropriate allowance for loan losses, which is reviewed quarterly by senior management.

BCS Group has exposure to credit risk due to its obligation to settle transactions with clearing corporations, mutual funds, and other financial institutions even if its client or a counterparty fails to meet its obligations to the Group. BCS Group acts as the investment manager for a number of mutual and real estate funds. Although it has no obligation to do so, BCS Group may decide for competitive reasons to provide credit, liquidity or other support to managed funds in the event of significant declines in valuation of fund holdings or significant redemption activity that exceeds available liquidity. Such support could cause BCS Group to take significant charges and could reduce liquidity. If the Group chose not to provide credit, liquidity or other support in such a situation, the Group could suffer reputational damage and its business could be adversely affected.

The Group is subject to concentration risk if it extends large loans to or have large commitments with a single counterparty, borrower, or group of similar counterparties or borrowers (e.g. in the same industry). Management seeks to limit this risk through careful review of the underlying business and the use of limits established by senior management, taking into consideration factors including the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment and other positions or commitments outstanding.

The Group uses a wide range of techniques to reduce credit risk on its lending operations managing both individual transaction loss drivers, such as probability of default, loss given default and exposure at default, and systemic risk drivers on a portfolio basis. At the transaction level, an assessment of a borrower's ability to service the proposed level of debt is performed. Various forms of legal protection are used, such as netting agreements and covenants in commercial lending agreements, and credit enhancements techniques. At the portfolio level, diversification is managed to avoid excessive concentrations. Portfolio concentration limits include: (i) maximum exposure per borrower limit, (ii) industry concentration limit, (iii) loan maturity concentration limit, (iv) unsecured lending limit. Meanwhile, the Group should comply with statutory ratios on credit concentration risk.

The analysis by credit quality of financial assets is mainly based on Standard and Poor's rating and other ratings converted to the nearest equivalent to the Standard and Poor's rating scale. Pursuant to the policy on limits, the exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. The Company defines its risk appetite by approving a policy on limits, assigning authority to decide on risk taking issues to committees, and granting specific approval of large transactions.

Liquidity risk

The Group conducts substantially all of its business through the affiliated companies and wholly-owned subsidiaries of the holding company. The capital structure is designed to provide each subsidiary with capital and liquidity to meet its operational needs and regulatory requirements. Liquidity needs are generally met through cash generated by its subsidiaries, as well as cash provided by the shareholder, if required. BCS Group maintains excess liquidity in the form of overnight cash deposits and short-term investments to cover daily funding needs and to support growth in the business. Generally, the Group does not hold liquidity at its subsidiaries in excess of amounts deemed sufficient to support the subsidiaries' operations, including any regulatory capital requirements. Management of BCS Group believes that funds generated by the operations of subsidiaries will continue to be the primary funding source in meeting its liquidity needs, providing adequate liquidity to meet capital guidelines and net capital requirements of both its regulated and unregulated subsidiaries.

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The following factors which affect the cash position and cash flows include investment activity in securities, levels of capital expenditures, acquisition and divestiture activity, payments of dividends, and coupon payments. The combination of these factors can cause significant fluctuations in the cash position during specific time periods.

Liquidity risk is the risk that an entity will encounter difficulties with raising money in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits and current accounts. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department of BCS Group by means of monitoring daily liquidity positions.

The Treasury Department prepares the liquidity profile of the financial assets and liabilities. The Treasury Department then builds up an adequate portfolio of short-term liquid assets, largely made up of short-term liquid securities, inter-bank facilities and cash balances, to ensure that sufficient liquidity is maintained within BCS Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

Results and Dividends

The Group's results for the period are set out on page 10. The net profit for the period attributable to the shareholders of the Group amounted to RR7,631,495,457 (2017: RR5,012,923,726). On 30 June 2018 the total assets of the Group were RR292,978,589,693 (2017: RR298,125,658,202) and the net assets of the Group were RR18,336,605,205 (2017: RR10,690,358,346).

Dividends

On 16 March 2018 the Board of Directors approved the payment of an interim dividend out of 2017 profits of RR287,500,000 (2016: RRNIL).

Share capital

There were no changes in the share capital of the Company during the period under review.

Board of Directors

The members of the Company's Board of Directors as at 30 June 2018 and at the date of this report are presented on page 1. Mr. Lambros Soteriou resigned on 25 April 2018 and on the same date Mr. Evgenios Baglazidis was appointed in his place.

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 Group

The Cypriot economy has recorded positive growth in 2016 - 2018 after overcoming the economic recession of recent years. The overall economic outlook of the economy remains favorable, however there are still downside risks emanating from the still high levels of nonperforming loans, the public debt ratio, as well as possible deterioration of the external environment for Cyprus.

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.

(b) Operating environment in Russia

The Company through its operations has a significant exposure to the economy and the financial markets 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.

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The Russian economy was growing in 2017 - 2018 after overcoming the economic recession of 2015 and 2016. The economy is negatively impacted by low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile. This operating environment has a significant 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

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 26 to the consolidated financial statements.

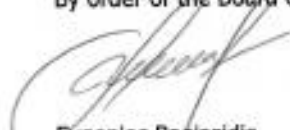
Related party transactions

Disclosed in note 22 of the consolidated financial statements.

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,



Evgenios Baglazidis
Director

Limassol, 28 August 2018

Independent Auditor's Report on review of interim unaudited financial statements

To the Members of BrokerCreditService Structured Products PLC

Introduction

We have reviewed the interim consolidated financial statements of BrokerCreditService Structured Products PLC (the "Company") and its subsidiaries (the "Group"), which are presented in pages 10 to 59 and comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period from 1 January 2018 to 30 June 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ('IAS34 Interim Financial Reporting'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the consolidated financial statements and our auditor's report thereon.

Independent Auditor's Report on review of interim unaudited financial statements (continued)

To the Members of BrokerCreditService Structured Products PLC

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 69 of the Auditors Law of 2017 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.

The engagement partner on the audit resulting in this independent auditor's report is Athos Malialis.



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

Yiallourides & Partners Ltd
Chartered Accountants

Limassol, 28 August 2018

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period from 1 January 2018 to 30 June 2018

	Note	2018 RR	2017 RR
Revenue	6	6,325,115	281,864,414
Dividend income		390,961,136	635,402,439
Interest income		16,079,302	45,854,104
Loan interest income		988,515,178	679,084,519
Net (loss)/gain on trading in financial instruments		(1,987,249,157)	1,114,031,597
Net gain realised on trading in foreign currencies		1,620,866,359	2,838,912,675
Net fair value gains on financial assets at fair value through profit or loss			
Interest income from bonds	17	8,870,413,054	4,971,057,195
Interest income on REPO loans		2,239,269,330	3,440,703,161
Interest expense on bonds		3,913,840,570	1,716,366,973
Interest expense on loans		(2,201,552,255)	(2,781,445,479)
Interest expense on REPO loans		-	(4,041,630)
Net FV loss on trading in foreign currencies		(4,346,787,463)	(3,766,563,982)
Financial results of SWAP operations (OTC)		(307,876,250)	(2,155,880,200)
Staff costs		(67,838,126)	(2,122,719,697)
Net impairment reversal/(losses) on financial assets	8	(4,549,299)	(7,689,294)
Change in fair value of derivative financial instruments		76,397,202	(223,362,362)
Administration and other expenses		3,021,732,409	970,922,336
		(2,390,899,812)	(1,162,380,475)
Operating profit	7	9,837,647,293	4,470,116,294
Net finance (costs)/income	9	(2,206,149,436)	542,807,432
Profit before tax		7,631,497,857	5,012,923,726
Tax	10	(2,400)	-
Net profit for the period/year		7,631,495,457	5,012,923,726
Other comprehensive income			
FVOCI financial assets - Fair value gains/(losses)		14,751,402	(193,667)
Other comprehensive income for the period/year		14,751,402	(193,667)
Total comprehensive income for the period/year		7,646,246,859	5,012,730,059

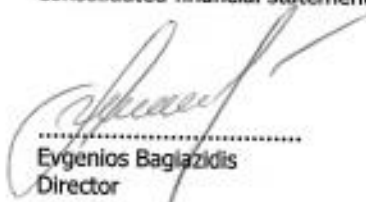
The notes on pages 14 to 59 form an integral part of these consolidated financial statements.


BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 June 2018

ASSETS	Note	2018 RR	2017 RR
Non-current assets			
Financial assets at fair value through other comprehensive income	14	527,435,876	512,684,474
Non-current loans receivable	15	855,277,503	329,758,110
Loans to associates	22	6,234,434,968	5,459,314,578
		<u>7,617,148,347</u>	<u>6,301,757,162</u>
Current assets			
Trade and other receivables	16	106,749,676,449	158,063,641,655
Receivables from associates	22	4,392,444,279	7,844,618,408
Loans receivable	15	362,233,666	6,801,815,585
Loans to associates	22	1,028,369,677	1,311,657,538
Loans to parent	22	3,470,337,664	628,579,133
Financial assets at fair value through profit or loss	17	169,179,921,790	117,011,808,921
Cash at bank and in hand	19	178,457,821	161,779,800
		<u>285,361,441,346</u>	<u>291,823,901,040</u>
Total assets		<u>292,978,589,693</u>	<u>298,125,658,202</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	20	1,886,692	1,886,692
Other reserves		73,683,458	58,932,056
Retained earnings		18,261,035,055	10,629,539,598
Total equity		<u>18,336,605,205</u>	<u>10,690,358,346</u>
Current liabilities			
Trade and other payables	21	156,526,314,417	215,006,734,301
Payables to associates	22	25,119,988,918	14,915,527,284
Payables to parent	22	-	287,500,000
Bank overdrafts	19	80,291	-
Financial liabilities at fair value through profit or loss	17	92,995,600,862	57,225,538,271
		<u>274,641,984,488</u>	<u>287,435,299,856</u>
Total equity and liabilities		<u>292,978,589,693</u>	<u>298,125,658,202</u>

On 28 August 2018 the Board of Directors of BrokerCreditService Structured Products PLC authorised these consolidated financial statements for issue.


.....
Evgenios Baglazidis
Director


.....
Dimitra Karkalli
Director

The notes on pages 14 to 59 form an integral part of these consolidated financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2018 to 30 June 2018

	Note	Share capital RR	Fair value reserve - OCI financial assets RR	Retained earnings RR	Total RR
Balance at 1 January 2017		1,886,692	59,125,723	10,525,283,512	10,586,295,927
Net profit for the year		-	-	5,012,923,726	5,012,923,726
Other comprehensive income for the year		-	-	-	(387,334)
Issue of share capital	20	-	(193,667)	-	(193,667)
Dividends	11	-	-	(4,908,761,000)	(4,908,761,000)
Exchange difference		-	-	93,360	93,360
Balance at 31 December 2017 / 1 January 2018		1,886,692	58,932,056	10,629,539,598	10,690,358,346
Net profit for the period		-	-	7,631,495,457	7,631,495,457
Other comprehensive income for the period		-	14,751,402	-	14,751,402
Balance at 30 June 2018		1,886,692	73,683,458	18,261,035,055	18,336,605,205

The notes on pages 14 to 59 form an integral part of these consolidated financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 January 2018 to 30 June 2018

	Note	2018 RR	2017 RR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,631,497,857	5,012,923,726
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		(4,709,189,798)	(4,211,085,773)
Unrealised exchange loss/(profit)		2,204,927,788	(544,954,572)
Change in fair value of derivative financial instruments		(3,021,732,409)	(970,922,336)
Fair value gains on financial assets at fair value through profit or loss (Reversal of impairment)/impairment charge - available-for-sale financial assets		(8,870,413,054)	(4,971,057,195)
Dividend income	14	(76,397,202)	223,362,362
Interest income		(390,961,136)	(635,402,439)
		(1,004,594,480)	(724,938,623)
		(8,236,862,434)	(6,822,074,850)
Changes in working capital:			
Decrease in trade and other receivables		51,313,965,206	25,216,979,362
Decrease/(increase) in receivables from related companies		3,452,174,129	(243,130,094)
Increase in financial assets at fair value through profit or loss		(42,110,410,033)	(49,354,783,807)
Decrease in derivative financial instruments		42,390,092,218	54,905,788,937
Decrease in trade and other payables		(58,480,419,884)	(9,784,909,992)
Increase/(Decrease) in payables to related companies		10,204,461,634	(3,968,689,156)
(Decrease)/increase in payables to parent		(287,500,000)	287,500,000
Cash (used in)/generated from operations		(1,754,499,164)	10,236,680,400
Interest received		1,004,594,480	724,938,623
Dividends received		390,961,136	635,402,439
Tax paid		(2,400)	-
Net cash (used in)/generated from operating activities		(358,945,948)	11,597,021,462
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		-	(7,191,139,819)
Loans repayments received		2,580,471,466	-
Net cash generated from/(used in) investing activities		2,580,471,466	(7,191,139,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange (loss)		(2,204,927,788)	544,954,572
Dividends paid		-	(4,908,761,000)
Net cash used in financing activities		(2,204,927,788)	(4,363,806,428)
Net increase in cash and cash equivalents		16,597,730	42,075,215
Cash and cash equivalents at beginning of the period/year		161,779,800	119,704,585
Cash and cash equivalents at end of the period/year	19	178,377,530	161,779,800

The notes on pages 14 to 59 form an integral part of these consolidated financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

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 Agia Zoni 12, AGIA ZONI CENTER, Flat/Office 103, 3027 Limassol, Cyprus.

The Company's original name was Gawling Company Limited. On May 14, 2015, it was renamed into BrokerCreditService Structured Products Plc and converted from a private company into a public company.

2. Unaudited financial statements

The consolidated financial statements for the six months ended on 30 June 2017 and 2018 respectively, have not been audited by the external auditors of the Company.

Principal activities

BrokerCreditService Structured Products Plc acts as an investment and financing company and conducts trading operations in the international securities markets (except for the investment activity that requires authorisation and/or license). This includes entering into transactions with market counterparties and related parties that are members of the Group. These transactions include, but are not limited to, repo transactions, loans and transactions in securities in the international capital markets including exchanges and Over-the-Counter ("OTC") markets. The Company also conducts investment activities in different types of bonds of both Russian and international issuers.

BrokerCreditService Structured Products Plc acts as the Group's operational company in Cyprus. In collaboration with other entities which are under common control, it issues structured products and executes various hedging strategies with the purpose of generating margins and minimising risk. Specifically, the Company issues Notes in bearer or registered form (respectively, "Bearer Notes" and "Registered Notes" and, together, the "Notes") under a Euro Medium Term Note Programme, which are to be admitted to the official list of the Irish Stock Exchange and trading on its regulated market (the "Main Securities Market") as well as other and/or further stock exchange(s) or market(s) (including regulated markets). The Company also issues unlisted Notes and/or Notes not admitted to trading on any market.

As of the date hereof, the Group conducts its business through the following operating legal entities. These are Routa Luxury Services Ltd and Botimelo Group Ltd, both of them being wholly owned subsidiaries of Brokercreditservice Structured Products Plc. Each of the these wholly owned Subsidiaries is established to carry on any trade or activity whatsoever related to, connected with or involving shares, stock, debentures, debenture stock, bonds, notes, obligations, warrants, options, derivatives, commodities and any other instruments related to equity, debt or commodities of all kinds (except for the investment activity that requires authorisation and/or license). The companies Flamel Global Limited, Seldthorn Private Equity Limited and Kertina Group Ltd which were part of the Group, were transferred to parent company FG BCS on 21 June 2017.

The ultimate shareholder owning and controlling party is Mr. Oleg Mikhasenko, a Russian individual who is the sole ultimate beneficial owner of the Group.

3. Significant accounting policies

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

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Basis of preparation

These consolidated 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. As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2016 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments).

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 Group'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.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Functional and presentation currency

The consolidated financial statements are presented in Russian Rubles (RR) which is the functional currency of the Group.

Adoption of new and revised IFRSs

During the current year the Group 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 2017. This adoption did not have a material effect on the accounting policies of the Group with the exception of the following:

- Annual Improvements to IFRSs 2012. The basis for conclusions on IFRS13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. This amendment did not result in any changes in the Company's financial statements.
- Disclosure Initiative Amendments to IAS 1. The Standard was amended to clarify the concept of materiality and explain that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS. As a result of this disclosure initiative, the Company has applied the concept of materiality in disclosures in the financial statements.
- IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018).

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these consolidated 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 consolidated financial statements of the Group, except the following set out below:

The Company is currently assessing the impact of the new standard on its financial statements.

- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of the new standard on its financial statements.
- IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019)*. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently assessing the impact of the new standard on its financial statements.
- IAS 7 (Amendments) "Disclosure Initiative" (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)*. The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company is currently assessing the impact of the amendments on its financial statements.
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018)*. The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognises a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability, however, it may also give rise to a monetary asset or liability. An entity may need to apply judgment in determining whether an item is monetary or non-monetary. The Company is currently assessing the impact of the amendments on its financial statements.

* Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Key features of IFRS 9

- (i) Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- (ii) Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- (iii) Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- (iv) Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- (v) IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Impact of IFRS 9 on the financial statements

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

As a result of the changes in the group's accounting policies, prior year financial statements had to be restated. The reclassifications and the adjustments arising from the new impairment rules are therefore reflected in the restated balance sheet as at 31 December 2017 and recognised in the opening balance sheet on 1 January 2018.

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of RR512,684,474 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gains of RR58,932,056 were reclassified from the available-for-sale financial assets reserve to the FVOCI reserve on 1 January 2018.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Impairment of financial assets

The Group has four types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Loans receivable
- Trade and other receivables
- Receivables from related parties
- Cash and cash equivalents

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is disclosed in the table below.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

	Without ECL 01/01/2018	ECL	Balance 01/01/2018	Without ECL 30/06/2018	ECL (Accumulated)	Balance 30/06/2018
	RR	RR	RR	RR	RR	RR
Loans receivable	14,629,529,771	-98,404,827	14,531,124,944	12,030,714,798	-80,061,321	11,950,653,477
Trade and other receivables	158,187,805,369	-124,912,517	158,062,892,852	106,755,946,793	-7,148,764	106,748,798,029
Receivables from related parties	7,844,654,524	-36,116	7,844,618,408	4,452,189,112	-59,744,833	4,392,444,279
Cash and cash equivalents	161,788,701	-8,901	161,779,800	178,468,064	-10,243	178,457,821
Total	<u>180,823,778,365</u>	<u>-223,362,361</u>	<u>180,600,416,004</u>	<u>123,417,318,767</u>	<u>-146,965,161</u>	<u>123,270,353,606</u>

Basis of consolidation

Subsidiaries are companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is actually transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases.

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company BrokerCreditService Structured Products Plc and the financial statements of the following subsidiaries - Routa Luxury Services Ltd and Botimelo Group Ltd. Also the results of the following subsidiaries are included up to 21 June 2017 which is the date of disposal: Flamel Global Limited, Seldthorn Private Equity Limited and Kertina Group Ltd.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "Investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Revenue recognition

Income comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. The Group recognises income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Group are recognised on the following bases:

- **Sale of goods**

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Group has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

- **Rendering of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **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 30 June 2018 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.

- **Commission and fee income**

Commissions and fees from brokerage activities which are earned on the execution of the underlying transaction are recorded on its completion, being the trade date of the transaction. All other commissions and fees from brokerage activities are recognised based on the applicable service contracts, usually on a time-proportionate basis.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income and expense**

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

- **Dividend income**

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Group'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 Russian Rubles (RR), which is the Group's functional and presentation currency.

(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. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on available-for-sale debt securities are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

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 in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Tax (continued)

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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 statement of financial position unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as pledged securities. 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 Group, 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 obligation to return the securities is recorded at fair value in financial liabilities at fair value through profit or loss.

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

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

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

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

Loans granted

Loans originated by the Group 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.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Group 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 Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group'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 Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated 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 Group 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 Group 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 Group's right to receive payments is established.

The fair values of quoted investments are based on the last price. If the market for a financial asset is not active (and for unlisted securities), the Group 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.

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.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 Group's right to receive payments is established.

The Group 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.

Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Financial liabilities 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 Group's documented investment strategy. They include obligations to deliver financial assets borrowed by a short seller.

Gains or losses arising from changes in the fair value of the "financial liabilities at fair value through profit or loss" category are presented in statement of comprehensive income in the period in which they arise. Coupon interest on financial liabilities at fair value through profit or loss is recognised in profit or loss within "net gains/(losses) on financial instruments at fair value through profit or loss".

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Financial instruments (continued)

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Derivatives and hedge accounting

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 statement of financial position 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 Group'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. The Group does not apply hedge accounting.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Financial Instruments (continued)

Impairment of financial assets

The Group 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 Group 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 Group, 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:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group 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 Group 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.

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 Group 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 Group 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.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

3. Significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

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 consolidated 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 consolidated statement of financial position.

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

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

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. Details of the reclassifications and prior year adjustments are disclosed in Note 23.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management

Financial risk factors

The Group 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 Group to manage these risks are discussed below:

4.1 Market price risk

Market price risk is the possibility that the Group 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 Group is exposed to market price risk because of investments held by the Group 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.

The Group maintains trading securities owned and securities sold but not yet purchased in order to facilitate client transactions and to meet a portion of clearing deposit requirements at various clearing organizations. These securities include debt securities issued by the Russian government, corporate debt securities and equity securities. Changes in the value of trading inventory may result from fluctuations in interest rates, credit ratings of the issuer, equity prices and the correlation among these factors. The Group manages its trading inventory by product type.

Activities to facilitate client and proprietary transactions are monitored by the broker dealer support services department. The level of securities deposited is monitored by the settlement area within broker dealer support services department.

Price risk for equity securities is the risk of changes in value of a financial instrument as a result of changes in market prices regardless of whether they have been caused by factors specific for a particular instrument or factors influencing all instruments traded in the market. Price risk for equity securities exists when the Group has a long or short position in an equity financial instrument.

Sensitivity analysis

The table below summarizes the impact on the Company's pre-tax profit and on own portfolio market value assuming that the prices of securities held by the Company had increased/decreased by 10% (2017 :10%) with all other variables held constant:

Year-end market value of Company's portfolio:

	2018	FA at FVTPL	2018	FL at FVTPL
	RR	2017	RR	2017
		RR		RR
Equity securities - Moscow Stock Exchange	2,217,812,763	2,895,304,185	173,776,921	139,708,135
Equity securities - LSE	7,704,581	-	-	-
Equity Securities - New York Stock Exchange (NYSE)	31,528,263,102	24,942,335,382	100,885,831	70,239,376
Unlisted securities	6,817,810,058	6,792,813,625	-	-
Debt securities - bonds	128,608,331,286	82,381,355,730	11,232,243,810	14,548,481,365
Bonds' Issue	-	-	81,488,694,300	42,467,109,395
	169,179,921,790	117,011,808,922	92,995,600,862	57,225,538,271

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

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

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.2 Interest rate risk

Interest rate risk is the risk that the Group's income or financial instrument portfolio may change due to interest rate fluctuations. The Group takes on exposure to the effects of fluctuations in prevailing market interest rates on its financial position and cash flows. The Group offers its clients overnight cash sweep programs that are interest rate sensitive. While clients earn interest for balances on deposit under the cash sweep programs, the Group earns a fee. These fees are based on prevailing interest rates in the current interest rate environment, but may be adjusted in an increasing or decreasing interest rate environment or for other reasons. Changes in interest rates and fees for the overnight cash sweep programs are monitored by fee and rate setting committee (the FRS committee), which governs and approves any changes to fees. The FRS committee balances financial risk of the cash sweep programs with products that offer competitive client yields.

Interest rate risk management through monitoring of the mismatch of the maturities of interest bearing assets and interest bearing liabilities is supplemented by monitoring the sensitivity of financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100-basis point (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves.

Interest-earning assets are financed primarily by brokerage client cash balances and deposits from banking clients. Non-interest-bearing funding sources include non-interest-bearing brokerage client cash balances and proceeds from stock-lending activities, as well as equity. Net interest income is affected by changes in the volume and mix of these assets and liabilities, as well as by fluctuations in interest rates and portfolio management strategies. When interest rates fall, the Group may attempt to mitigate some of this negative impact by extending the maturities of assets in investment portfolios to lock in asset yields, and by lowering rates paid to clients on interest-bearing liabilities.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2018 RR	2017 RR
Fixed rate instruments		
Financial assets	11,950,653,478	14,531,124,944
Financial liabilities	44,046,415,368	30,871,996,750
Variable rate instruments		
Financial liabilities	<u>37,442,278,932</u>	<u>11,595,112,644</u>

The above amounts include the provisions for ECL.

Due to prior year adjustments for the provision of ECL, the amount of prior year financial assets has been restated from RR15,023,429,362 to RR14,531,124,944.

4.3 Credit risk

Credit risk is the risk of loss due to adverse changes in a borrower's, issuer's or counterparty's ability to meet its financial obligations under contractual or agreed upon terms. The Group bears credit risk on margin lending activities, securities lending activities, its role as a counterparty in financial contracts and investing activities, the activities of clients, including the execution, settlement, and financing of various transactions on behalf of these clients. These activities are transacted on either a cash or margin basis. The Group seeks to control the risks associated with its customers' activities by requiring each trade to be carried out in accordance with margin policies. Each customer is required to have minimum funds in their account for opening positions, and for maintaining positions. The system automatically monitors each customer's margin requirements in real time, and confirms that every customer has sufficient funds in his or her account before their trades are executed. If at any point in time a customer's trading position does not comply with the applicable margin requirement, the position can be automatically partially or entirely liquidated in accordance with the margin policies and procedures. The Group adjusts its margin requirements if it believes its risk exposure is not appropriate based on market conditions. For collateralised securities transactions involving repurchase and resale agreements the Group is permitted to sell or re-pledge the securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover any short positions.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.3 Credit risk (continued)

The Board of Directors has delegated responsibility for the oversight of credit risk to the Group's Risk Management Committee. The Risk Management Committee is responsible for management of credit risk, including formulating credit policies, covering collateral requirements, adjusting margin requirements for certain securities, credit assessment, reviewing and assessing credit risk, limiting concentrations of exposure to counterparties, and by issuer, credit rating bands, market liquidity and country (for trading assets), and reviewing compliance of business units with agreed exposure limits. Collateral arrangements relating to margin loans, securities lending agreements, and resale agreements include provisions that require additional collateral in the event that market fluctuations result in declines in the value of collateral received. The credit risk exposure related to loans to banking clients is actively managed through individual and portfolio reviews performed by management. Management regularly reviews asset quality including concentrations, delinquencies, non-accrual loans, charge-offs, and recoveries. All are factors in the determination of an appropriate allowance for loan losses, which is reviewed quarterly by senior management.

The Group has exposure to credit risk due to its obligation to settle transactions with clearing corporations, mutual funds, and other financial institutions even if its client or a counterparty fails to meet its obligations to the Group. The Company acts as the investment manager for a number of mutual and real estate funds. Although it has no obligation to do so, the Group may decide for competitive reasons to provide credit, liquidity or other support to managed funds in the event of significant declines in valuation of fund holdings or significant redemption activity that exceeds available liquidity. Such support could cause the Group to take significant charges and could reduce liquidity. If the Group chose not to provide credit, liquidity or other support in such a situation, the Group could suffer reputational damage and its business could be adversely affected.

The Group is subject to concentration risk if it extends large loans to or have large commitments with a single counterparty, borrower, or group of similar counterparties or borrowers (e.g. in the same industry). Receivables from and payables to clients and securities borrowing and lending activities are conducted with a large number of clients and counterparties and potential concentration is carefully monitored. Management seeks to limit this risk through careful review of the underlying business and the use of limits established by senior management, taking into consideration factors including the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment and other positions or commitments outstanding.

The brokerage IT system automatically monitors the compliance with limits on each customer trading in the stock market as well as manual control on customers with transactions over-the-counter. In case of breach of limits the system automatically closes the credit position through disposal of pledged financial instruments (mainly quoted securities). The Group uses a wide range of techniques to reduce credit risk on its lending operations managing both individual transaction loss drivers, such as probability of default, loss given default and exposure at default, and systemic risk drivers on a portfolio basis. At the transaction level, an assessment of a borrower's ability to service the proposed level of debt is performed. Various forms of legal protection are used, such as netting agreements and covenants in commercial lending agreements, and credit enhancements techniques. At the portfolio level, diversification is managed to avoid excessive concentrations. Portfolio concentration limits include: (i) maximum exposure per borrower limit, (ii) industry concentration limit, (iii) loan maturity concentration limit, (iv) unsecured lending limit. Meanwhile, the Group should comply with statutory ratios on credit concentration risk.

The analysis by credit quality of financial assets is mainly based on Standard and Poor's rating and other ratings converted to the nearest equivalent to the Standard and Poor's rating scale. Pursuant to the policy on limits, the exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. The Company defines its risk appetite by approving a policy on limits, assigning authority to decide on risk taking issues to committees, and granting specific approval of large transactions.

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

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.3 Credit risk (continued)

	2018 RR	2017 RR
Loans receivable	1,217,511,169	7,131,573,695
Loans receivables from related parties	7,262,804,645	6,770,972,116
Trade and other receivables	106,749,675,820	158,062,892,852
Cash at bank	178,457,821	161,779,800
Loans to parent	3,470,337,664	628,579,133
Receivables from related companies	4,392,444,279	7,844,618,408
Deferred expenses	628	748,803
	<u>123,271,232,026</u>	<u>180,601,164,807</u>

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

The above amounts include the provisions for ECL.

Due to prior year adjustments for the provision of ECL, the prior year amounts have been restated as follows:

Loans receivable: Original amount RR7,165,156,430, Restated amount RR7,131,573,695.

Loans receivable from related parties: Original amount RR6,829,743,491, Restated amount RR6,770,972,116.

Trade and other receivables: Original amount RR158,187,805,370, Restated amount RR158,062,892,852.

Cash at bank: Original amount RR161,788,702, Restated amount RR161,779,800.

Loans to parent: Original amount RR634,629,851, Restated amount RR628,579,133.

Receivables from related companies: Original amount RR7,844,654,525, Restated amount RR7,844,618,408.

4.4 Liquidity risk

The Group conducts substantially all of its business through its wholly-owned subsidiaries. The capital structure is designed to provide each subsidiary with capital and liquidity to meet its operational needs and regulatory requirements. Liquidity needs are generally met through cash generated by its subsidiaries, as well as cash provided by the shareholder, if required. The Group maintains excess liquidity in the form of overnight cash deposits and short-term investments to cover daily funding needs and to support growth in the business. Generally, the Group does not hold liquidity at its subsidiaries in excess of amounts deemed sufficient to support the subsidiaries' operations, including any regulatory capital requirements. Liquidity needs relating to client trading and margin borrowing activities are met primarily through cash balances in client brokerage accounts. Management believes that funds generated by the operations of subsidiaries will continue to be the primary funding source in meeting its liquidity needs, providing adequate liquidity to meet capital guidelines and net capital requirements of both its regulated and unregulated subsidiaries.

The cash position and cash flows are affected by changes in brokerage client cash balances and the associated amounts required to be segregated under regulatory guidelines. Timing differences between cash and investments actually segregated on a given date and the amount required to be segregated for that date may arise in the ordinary course of business and are addressed by the Group in accordance with applicable regulations. Other factors which affect the cash position and cash flows include investment activity in securities, levels of capital expenditures, acquisition and divestiture activity, banking client deposit activity, brokerage and banking client loan activity, payments of dividends, and repurchases and issuances of shares. The combination of these factors can cause significant fluctuations in the cash position during specific time periods.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.4 Liquidity risk (continued)

Liquidity risk is the risk that an entity will encounter difficulties with raising money in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan drawdowns, and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Treasury Department by means of monitoring daily liquidity positions.

The Treasury Department prepares the liquidity profile of the financial assets and liabilities. The Treasury Department then builds up an adequate portfolio of short-term liquid assets, largely made up of short-term liquid securities, inter-bank facilities and cash balances, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The following tables detail the Group'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 Group can be required to pay. The table includes both interest and principal cash flows.

30 June 2018	Carrying amounts RR	Contractual cash flows RR	3 months or less RR	3-12 months RR	1-5 years RR	More than 5 years RR
Accruals	2,887,097	2,887,097	976,164	1,910,933	-	-
Bank overdrafts	80,291	80,291	-	-	80,291	-
Trade and other payables	801,867,912	801,867,912	801,867,912	-	-	-
Trade payables on REPO	138,746,423,727	138,746,423,727	89,031,979,072	49,694,187,595	20,257,060	-
Payables to related parties	24,393,761,245	24,393,761,245	220,283,749	24,173,477,496	-	-
Bonds' issue	81,488,694,300	81,488,694,300	-	-	13,093,487,742	68,395,206,558
SWAPs (OTC)	726,227,674	726,227,674	-	715,355,328	10,872,346	-
Forward contracts	16,971,252,306	16,971,252,306	421,381,416	1,629,167,626	14,894,107,551	26,595,713
Futures	3,883,372	3,883,372	3,883,372	-	-	-
	<u>263,135,077,924</u>	<u>263,135,077,924</u>	<u>90,480,371,685</u>	<u>76,214,098,978</u>	<u>28,018,804,990</u>	<u>68,421,802,271</u>
31 December 2017	Carrying amounts RR	Contractual cash flows RR	3 months or less RR	3-12 months RR	1-5 years RR	More than 5 years RR
Accruals	4,525,310	4,525,310	2,886,280	1,639,030	-	-
Payables to parent	287,500,000	287,500,000	287,500,000	-	-	-
Trade and other payables	195,489,499,590	195,489,499,590	151,977,506,382	43,491,736,357	20,256,851	-
Payables to related parties	14,324,643,917	14,324,643,917	420,749,775	13,903,894,142	-	-
Bonds' issue	42,467,109,395	42,467,109,395	-	1,200,857,918	5,946,907,141	35,319,344,336
SWAPs (OTC)	590,883,367	590,883,367	-	-	590,883,367	-
Forward contracts	19,512,708,114	19,512,708,114	417,777,164	3,092,248,924	15,826,350,870	176,331,156
Futures	1,291	1,291	1,291	-	-	-
	<u>272,676,870,984</u>	<u>272,676,870,984</u>	<u>153,106,420,892</u>	<u>61,690,376,371</u>	<u>22,384,398,229</u>	<u>35,495,675,492</u>

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.5 Currency risk

Currency risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective group entity. Foreign currency risk is managed at the Group level by monitoring limits daily on the level of exposure by each currency. Management has a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group Treasury. Nevertheless, the Group does not qualify for hedge accounting in accordance with IAS 39. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by obtaining financing in the relevant currency and by entering into forward foreign exchange contracts. The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the US Dollar and the Euro. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Borrowings and lending are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short-term imbalances.

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

	Liabilities		Assets	
	2018 RR	2017 RR	2018 RR	2017 RR
United States Dollars	194,008,136,595	194,156,589,786	225,235,288,358	177,233,498,559
Euro	17,600,934,212	1,836,651,645	15,222,044,365	16,409,991,574
British Pounds	53,467,663	147,240,881	87,648,699	216,365,076
Russian Roubles	62,979,446,018	91,290,071,642	51,894,342,487	102,695,977,902
Swiss Franc	-	-	480,590,799	1,513,130,937
Hong Kong Dollar	-	4,745,904	47,719,714	45,482,302
Australian Dollar	-	-	4,221,199	4,597,329
Japanese Yen	-	-	2,510,158	2,552,843
Other currencies	-	-	4,223,914	4,061,679
	274,641,984,488	287,435,299,858	292,978,589,693	298,125,658,201

The above amounts include the provisions for ECL.

Due to prior year adjustments for the provision of ECL, the amount of prior year Russian Rouble asset has been restated from RR102,842,309,373 to RR102,695,977,902 and United States Dollar asset has been restated from RR177,310,529,453 to RR177,233,498,559.

Sensitivity analysis

A fluctuation of the United States Dollar or the Euro against the Russian Rouble at the reporting date as disclosed below would have an equal and opposite impact on the profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

	Change in currency rate		Effect on pre-tax profit	
	2018 %	2017 %	2018 RR	2017 RR
United States Dollars	8	(5)	(1,943,234,398)	3,007,444,647
Euro	6	10	(501,927,830)	883,949,905
British Pounds	5	5	1,713,480	5,114,065

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.6 Capital risk management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or raise debt.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken by senior management.

4.7 Fair value estimation

Fair value measurements recognised in consolidated statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Management applies judgement in categorising financial instruments using the fair value hierarchy. The significance of a valuation input is assessed against the fair value measurement in its entirety. The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2018 and 31 December 2017:

30 June 2018	Level 1 RR	Level 2 RR	Level 3 RR	Total RR
Financial assets				
Financial assets at fair value through profit or loss	162,362,111,731	6,817,810,059	-	169,179,921,790
Derivative financial assets	85,593,789	-	-	85,593,789
Total	162,447,705,520	6,817,810,059	-	169,265,515,579
Financial liabilities				
Financial liabilities at fair value through profit or loss	92,995,600,862	-	-	92,995,600,862
Derivative financial liabilities	17,701,363,352	-	-	17,701,363,352
Total	110,696,964,214	-	-	110,696,964,214

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Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

31 December 2017	Level 1 RR	Level 2 RR	Level 3 RR	Total RR
Financial assets				
Financial assets at fair value through profit or loss	110,193,135,382	6,818,673,539	-	117,011,808,921
Derivative financial assets	<u>748,802</u>	-	-	<u>748,802</u>
Total	<u>110,193,884,184</u>	<u>6,818,673,539</u>	-	<u>117,012,557,723</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	57,225,538,271	-	-	57,225,538,271
Derivative financial liabilities	<u>19,512,709,406</u>	<u>590,883,367</u>	-	<u>20,103,592,773</u>
Total	<u>76,738,247,677</u>	<u>590,883,367</u>	-	<u>77,329,131,044</u>

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair values of financial assets and financial liabilities are determined as follows. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial instruments held by the Group is the last price. These instruments are included in Level 1. Instruments included in Level 1 comprise listed equity securities.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Assets and long positions are measured at the last price; liabilities and short positions are measured at the last price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

4. Financial risk management (continued)

4.8 Offsetting financial assets and liabilities

30 June 2018	(A) Gross amounts of recognised financial assets	(B) Gross amounts of recognised financial liabilities	(C=A-B) Net amounts of assets/(liabilities) presented in the Statement of Financial Position	(D) Other amounts subject to an enforceable master netting arrangement (not off set)	(E=C-D) Total net amounts
	RR	RR	RR	RR	RR
Forward contracts	-	16,971,252,306	(16,971,252,306)	-	(16,971,252,306)
Futures	628	3,883,372	(3,882,745)	-	(3,882,745)
SWAPs	78,593,161	726,227,674	(647,634,513)	-	(647,634,513)
Options	7,000,000	-	7,000,000	-	7,000,000
REPO (reverse)	100,416,983,679	-	100,416,983,679	-	100,416,983,679
REPO (direct)	-	128,064,439,832	(128,064,439,832)	-	(128,064,439,832)
Shares	41,099,026,380	274,662,752	40,824,363,628	-	40,824,363,628
Bonds	126,608,331,266	92,720,938,110	35,887,393,176	-	35,887,393,176
Receivables	10,639,543,260	-	10,639,543,260	-	10,639,543,260
Payables	-	35,880,580,443	(35,880,580,443)	-	(35,880,580,443)
Loans	11,950,653,478	-	11,950,653,478	-	11,950,653,478
Total:	292,800,131,872	274,641,984,489	18,158,147,383	-	18,158,147,383

31 December 2017	(A) Gross amounts of recognised financial assets	(B) Gross amounts of recognised financial liabilities	(C=A-B) Net amounts of assets/(liabilities) presented in the Statement of Financial Position	(D) Other amounts subject to an enforceable master netting arrangement (not off set)	(E=C-D) Total net amounts
	RR	RR	RR	RR	RR
Forward contracts	-	19,512,708,115	(19,512,708,115)	-	(19,512,708,115)
Futures	748,803	1,291	747,512	-	747,512
SWAPs	-	590,883,367	(590,883,367)	-	(590,883,367)
REPO (reverse)	154,210,919,522	-	154,210,919,522	-	154,210,919,522
REPO (direct)	-	188,513,244,107	(188,513,244,107)	-	(188,513,244,107)
Shares	35,143,137,665	209,947,512	34,933,190,153	-	34,933,190,153
Bonds	62,361,355,730	14,548,481,365	67,832,874,365	-	67,832,874,365
Receivables	11,696,591,738	-	11,696,591,738	-	11,696,591,738
Payables	-	21,592,924,710	(21,592,924,710)	-	(21,592,924,710)
Loans	14,531,124,944	-	14,531,124,944	-	14,531,124,944
Bonds issue	-	42,467,109,394	(42,467,109,394)	-	(42,467,109,394)
Total:	287,953,878,402	287,435,299,881	10,528,578,541	-	10,528,578,541

The above amounts include the provisions for ECL.

Due to prior year adjustments for the provision of ECL, the prior year amounts have been restated as follows:

REPO (reverse): Original amount RR154,266,848,321, Restated amount RR154,210,919,522.

Receivables: Original amount RR11,765,611,575, Restated amount RR11,696,591,738.

Loans: Original amount RR14,629,529,772, Restated amount RR14,531,124,944.

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5. Critical accounting estimates and judgments

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 Group'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 judgments 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

Judgments

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 Group 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 Group 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 Group 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.

- **Impairment of loans receivable**

The Group 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.

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

5. Critical accounting estimates and judgments (continued)

• Initial recognition of related party transactions

In the normal course of business, the Group enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgment is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgment is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Receivables from/ payable to related parties are stated at their transacted values as they are on demand. Management believes that their fair value is not materially different from their transacted values.

6. Revenue

	2018 RR	2017 RR
Rendering of services	4,656,295	117,347,434
Commissions receivable	-	1,318,183
Profit from corporate actions	1,668,820	-
Profit from sale of investments in subsidiaries	-	163,198,797
	<u>6,325,115</u>	<u>281,864,414</u>

7. Operating profit

	2018 RR	2017 RR
Operating profit is stated after charging the following items:		
Directors' fees	-	191,154
Staff costs including Directors in their executive capacity (Note 8)	4,549,299	7,689,294
Auditors' remuneration	1,266,926	5,314,116
	<u>1,266,926</u>	<u>5,314,116</u>

8. Staff costs

	2018 RR	2017 RR
Salaries	4,549,299	7,262,426
Social security costs	-	426,868
	<u>4,549,299</u>	<u>7,689,294</u>

9. Finance income/cost

	2018 RR	2017 RR
Exchange profit	-	1,056,863,378
Finance income	<u>-</u>	<u>1,056,863,378</u>
Net foreign exchange losses	(2,204,927,788)	(511,893,055)
Sundry finance expenses	(1,221,648)	(2,162,891)
Finance costs	<u>(2,206,149,436)</u>	<u>(514,055,946)</u>
Net finance (costs)/income	<u>(2,206,149,436)</u>	<u>542,807,432</u>

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10. Tax

10.1 Tax recognised in profit or loss

	2018 RR	2017 RR
Overseas tax	<u>2,400</u>	-
Charge for the period/year	<u>2,400</u>	-

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

	2018 RR	2017 RR
Profit before tax	<u>7,631,497,857</u>	<u>5,012,923,726</u>
Tax calculated at the applicable tax rates	953,937,232	626,615,466
Tax effect of expenses not deductible for tax purposes	515,049,688	-
Tax effect of allowances and income not subject to tax	(1,535,388,325)	(971,818,422)
Tax effect of tax loss for the period/year	66,401,405	345,202,956
Overseas tax in excess of credit claim used during the period	<u>2,400</u>	-
Tax charge	<u>2,400</u>	-

10.2 Tax recognised in other comprehensive income

	2018 RR	2017 RR
Total income tax recognised in other comprehensive income	<u>-</u>	<u>-</u>

The corporation tax rate is 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 17%.

11. Dividends

	2018 RR	2017 RR
Interim dividend paid	-	4,908,761,000
	<u>-</u>	<u>4,908,761,000</u>

On 16 March 2018 the Board of Directors approved the payment of an interim dividend out of 2017 profits of RR287,500,000 (2016: RRNIL).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

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Period from 1 January 2018 to 30 June 2018

12. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

30 June 2018

	OCI financial assets RR	Fair value through profit or loss RR	Loans and receivables RR	Total RR
Assets as per consolidated statement of financial position:				
Trade and other receivables	-	-	111,056,526,939	111,056,526,939
Loans granted	-	-	11,950,653,478	11,950,653,478
Derivative financial assets	-	85,593,789	-	85,593,789
Cash and cash equivalents	-	-	178,457,821	178,457,821
Financial assets at fair value through profit or loss	-	169,179,921,790	-	169,179,921,790
OCI financial assets	527,435,876	-	-	527,435,876
Total	527,435,876	169,265,515,579	123,185,638,238	292,978,589,693
			Borrowings and other financial liabilities RR	Total RR
Liabilities as per consolidated statement of financial position:				
Trade and other payables			163,945,020,275	163,945,020,275
Derivative financial liabilities			17,701,363,352	17,701,363,352
Financial liabilities at fair value through profit or loss			11,506,906,562	11,506,906,562
Bonds' issue			81,488,694,300	81,488,694,300
Total			274,641,984,489	274,641,984,489

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12. Financial instruments by category (continued)

31 December 2017	OCI financial assets RR	Fair value through profit or loss RR	Loans and receivables RR	Total RR
Assets as per consolidated statement of financial position:				
Trade and other receivables	-	-	165,907,511,260	165,907,511,260
Loans granted	-	-	14,531,124,944	14,531,124,944
Derivative financial assets	-	748,803	-	748,803
Cash and cash equivalents	-	-	161,779,800	161,779,800
Financial assets at fair value through profit or loss	-	117,011,808,921	-	117,011,808,921
OCI financial assets	<u>512,684,474</u>	-	-	<u>512,684,474</u>
Total	<u>512,684,474</u>	<u>117,012,557,724</u>	<u>180,600,416,004</u>	<u>298,125,658,202</u>

The above amounts include the provisions for ECL.

Due to prior year adjustments for the provision of ECL, the prior year amounts have been restated as follows:

Loans granted: Original amount RR14,629,529,772, Restated amount RR14,531,124,944.

Cash and cash equivalents: Original amount RR161,788,702, Restated amount RR161,779,800.

The amounts of Trade and other receivables and Derivative financial assets have decreased by RR124,948,635 due to the provision of ECL.

	Borrowings and other financial liabilities RR	Total RR
Liabilities as per consolidated statement of financial position:		
Trade and other payables	210,106,168,814	210,106,168,814
Derivative financial liabilities	20,103,592,773	20,103,592,773
Financial liabilities at fair value through profit or loss	14,758,428,876	14,758,428,876
Bonds' issue	<u>42,467,109,395</u>	<u>42,467,109,395</u>
Total	<u>287,435,299,858</u>	<u>287,435,299,858</u>

13. Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2018 RR	2017 Restated RR	2017 Original RR
Fully performing trade receivables			
Counterparties without external credit rating			
Group 1	29,755,463	22,598,541	22,599,091
Group 2	4,239,616,942	7,785,557,983	7,785,594,099
Group 3	106,872,748,323	158,100,103,539	158,225,015,507
	<u>111,142,120,728</u>	<u>165,908,260,063</u>	<u>166,033,208,697</u>
Total fully performing trade receivables	<u>111,142,120,728</u>	<u>165,908,260,063</u>	<u>166,033,208,697</u>

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13 Credit quality of financial assets (continued)

	2018 RR	2017 Restated RR	2017 Original RR
Fully performing loans receivable			
Group 1	1,217,511,169	7,131,573,695	6,597,696,876
Group 2	10,372,861,558	6,832,122,788	7,464,373,341
Group 3	<u>360,280,751</u>	<u>567,428,461</u>	<u>567,459,555</u>
	<u>11,950,653,478</u>	<u>14,531,124,944</u>	<u>14,629,529,772</u>
Cash at bank and short term bank deposits			
Caa1	7,738,089	6,459,482	7,051,793
Not rated. Internally assessed as adequately stable	<u>170,719,731</u>	<u>155,320,319</u>	<u>154,736,908</u>
	<u>178,457,820</u>	<u>161,779,801</u>	<u>161,788,701</u>

Group 1 - customers with no history of default.

Group 2 - companies within the group, common control companies and associates with no defaults in the past.

Group 3 - brokers with no history of default.

None of the financial assets that are fully performing has been renegotiated.

The above amounts include the provisions for ECL.

Due to prior year adjustments for the provision of ECL, the prior year amounts have been restated as per relevant column.

14. Financial assets at fair value through other comprehensive income

	2018 RR	2017 RR
Balance at 1 January	512,684,474	512,878,141
Revaluation difference transferred to equity	<u>14,751,402</u>	<u>(193,667)</u>
Balance at 30 June/31 December	<u>527,435,876</u>	<u>512,684,474</u>

15. Non-current loans receivable

	2018 RR	2017 RR
Loans receivable	<u>1,217,511,169</u>	<u>7,131,573,695</u>
	1,217,511,169	7,131,573,695
Less current portion	<u>(362,233,666)</u>	<u>(6,801,815,585)</u>
Non-current portion	<u>855,277,503</u>	<u>329,758,110</u>

The loans receivable include the provisions for ECL.

Due to prior year adjustment for the provision of ECL, the amount of prior year loans receivable has been restated from RR7,165,156,431 to RR7,131,573,695.

The loans are repayable as follows:

	2018 RR	2017 RR
Within one year	362,233,666	6,801,815,585
Between one and five years	<u>855,277,503</u>	<u>329,758,110</u>
	<u>1,217,511,169</u>	<u>7,131,573,695</u>

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

15. Non-current loans receivable (continued)

The exposure of the Group to credit risk in relation to loans receivable is reported in note 4 of the consolidated financial statements.

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

	2018	2017
Loans receivable	0.05% - 11.75%	0.9% - 13%

16. Trade and other receivables

	2018 Final figures	2018 ECL calculation	2017
	RR	RR	RR
Trade receivables	111,729,983	111,869,153	2,978,232,800
Trade receivables on REPO	106,637,068,046	106,644,077,640	154,646,079,341
Deposits and prepayments	505,532	505,532	-
Other debtors	372,260	372,260	-
Deferred expenses (see note 18)	628	628	748,803
Other receivables	-	-	438,580,711
Less allowance for impairment	-	(7,148,764)	-
	106,749,676,449	106,749,676,449	158,063,641,655

The trade receivables include the provisions for ECL.

Due to prior year adjustment for the provision of ECL, the amount of prior year amounts has been restated as follows:

Trade receivables: Original amount RR3,047,153,007 Restated amount RR2,978,232,800.

Trade receivables on REPO: Original amount RR154,702,025,292 Restated amount RR154,646,079,341.

Other receivables: Original amount RR438,627,070 Restated amount RR438,580,711.

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 4 of the consolidated financial statements.

17. Financial instruments at fair value through profit or loss

Financial assets	2018	2017
	RR	RR
Balance at 1 January	117,011,808,921	65,585,991,486
Additions	552,792,872,292	755,679,990,434
Disposals	(510,682,462,259)	(706,325,206,627)
Change in fair value	(1,010,271,299)	4,105,966,300
Exchange differences	11,067,974,135	(2,034,932,672)
Balance at 30 June/31 December	169,179,921,790	117,011,808,921

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

Financial liabilities	2018	2017
	RR	RR
Balance at 1 January	57,225,538,271	10,401,874,370
Additions	216,152,404,619	322,841,237,184
Disposals	(176,784,044,810)	(268,906,370,583)
Change in fair value	(9,880,684,354)	(1,077,173,934)
Exchange differences	6,282,387,136	(6,034,028,766)
Balance at 30 June/31 December	92,995,600,862	57,225,538,271

Financial assets designated as at fair value through profit or loss are analysed as follows:

	2018	2017
	RR	RR
Financial assets at fair value through profit or loss		
Equity securities - Moscow Stock Exchange	2,217,812,763	2,895,304,185
Equity securities - LSE	7,704,581	-
Equity Securities - New York Stock Exchange (NYSE)	31,528,263,102	24,942,335,382
Unlisted securities	6,817,810,058	6,792,813,625
Debt securities - Bonds	128,608,331,286	82,381,355,730
	169,179,921,790	117,011,808,922
Financial liabilities at fair value through profit or loss		
Equity securities - Moscow Stock Exchange	(173,776,921)	(139,708,135)
Equity Securities - New York Stock Exchange (NYSE)	(100,885,831)	(70,239,376)
Bonds	(11,232,243,810)	(14,548,481,365)
Bonds' issue	(81,488,694,300)	(42,467,109,395)
	(92,995,600,862)	(57,225,538,271)

In the consolidated 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 consolidated statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

The bonds issued carry interest between 0% and 25% per annum and they are repayable not later than 11 April 2028 (except for one note which its repayment date is termless).

The notes in RR: a total amount of RR 7,772,213,417 including interest payable of RR 77,213,417. The revaluation of the issued notes in RR -863,702,640 (2017: RR 7,960,234,841 including interest payable of RR 115,234,841; the revaluation of the issued notes in RR -263,704,110). Interest with respect to the notes in RR is at fixed rate between 0 and 25% per annum 1 time a year/2 times a year/4 times a year and they are repayable not later than 26 November 2027.

The notes in USD: a total amount of RR 91,555,672,821 including interest payable of RR 536,437,886. The revaluation of the issued Notes in RR -7,579,738,599. The amortization of the discount on the issued notes in RR -9,407,450,363, the amortization of premiums on issued notes in RR 11,699,664. (2017: RUR 38,808,119,923 including interest payable of RUR 135,172,843; the revaluation of the issued notes in RR -599,329,385; the amortization of the discount on the issued notes in RR -3,449,520,740, the amortization of premiums on issued notes in RR 11,308,865). Interest with respect to the Notes in USD is at fixed rate between 0% and 21% per annum 2 times a year/4 times a year and they are repayable not later than 11 April 2028 (except one note which its repayment date is termless).

During the period ended 30 June 2018 the Company issued the following Notes (see tables in next pages):

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1762858428	XS1764143897
Currency	USD	USD
Nominal	300,000,000	100,000,000
Nature of the notes issued	Floating Rate Notes	Floating Rate Notes
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	Floating Rate, 6 month LIBOR	LIBOR + 0,5 per cent.Floating rate
Interest payment dates	30 January and 30 July in each year, from and including 30 July 2018 to and including the Maturity Date	1 February and 1 August in each year, from and including 1 August 2018 to and including Maturity Date
Details of the maturity dates of the Notes issued	30 January 2028	1 February 2028 or if that is not a Business Day the immediately succeeding Business Day
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	Not applicable	Not applicable
A description of the security, if any, pledged in connection with any Notes issued	Not applicable	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value	Fair value

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NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1783223206	XS1799164790
Currency	USD	USD
Nominal	20,000,000	20,000,000
Nature of the notes issued	Share Linked Notes (Autocall Standard Notes with Snowball Digital Coupon)	Share Linked Notes (Autocall Standard Notes with Snowball Digital Coupon)
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	12 per cent. per annum	10 per cent. per annum
Interest payment dates	28 February, 28 May, 28 August and 28 November in each year, commencing on 28 May 2018 up to and including the Maturity Date	3 January, 3 April, 3 July and 3 October in each year, commencing on 3 July 2018 up to and including the Maturity Date
Details of the maturity dates of the Notes issued	28 February 2021	3 April 2021
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	Coupon is linked to the performance of the underlying asset.	Coupon is linked to the performance of the underlying asset
A description of the security, if any, pledged in connection with any Notes issued	Not applicable	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value	Fair value

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1801889830	XS1807420937
Currency	USD	RUR
Nominal	300,000,000	350,000,000
Nature of the notes issued	Zero coupon notes	Share linked notes
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	Zero Coupon, tranche 1 (150 000 000USD) - Issue price 68.21%, tranche 2 (150000 000 USD) - Issue price 68.25 %	In respect of each Interest Period, if the Basket Performance in respect of such Interest Period is: (a) less than or equal to 102.50 per cent., zero; (b) greater than 102.50 per cent. but less than or equal to 107.50 per cent., 5 per cent. per annum (expressed as 0.05); (c) greater than 107.50 per cent. but less than or equal to 112.50 per cent., 9 per cent. per annum (expressed as 0.09); (d) greater than 112.50 per cent. but less than or equal to 117.50 per cent., 14 per cent. per annum (expressed as 0.14); and (e) greater than 117.50 per cent., 18 per cent. per annum (expressed as 0.18)
Interest payment dates	Not applicable	Each of: 30 April 2019, 30 April 2020 and the Scheduled Maturity Date
Details of the maturity dates of the Notes issued	11 April 2028 or if that is not a Business Day the immediately succeeding Business Day	30 April 2021 or if that is not a Business Day the immediately succeeding Business Day
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	Not applicable	Coupon is linked to the performance of the underlying asset.
A description of the security, if any, pledged in connection with any Notes issued	Not applicable	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value	Fair value

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1809153627	XS1819608172
Currency	USD	USD
Nominal	5,000,000	10,000,000
Nature of the notes issued	Leveraged Credit Linked Notes	Share Linked Notes (Autocall Standard Notes with Snowball Digital Coupon)
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	In respect of: (i) the Interest Period ending on (but excluding) the Cut-off Date (the "Initial Period"), 1.5 per cent. per annum; and (ii) each Interest Period (other than the Initial Period, 10 per cent. per annum, in each case, payable in arrear on each Interest Payment Date	10 per cent. per annum
Interest payment dates	Each of: 14 June, 14 December	5 June and 5 December in each year, commencing on 5 December 2018 up to and including the Maturity Date
Details of the maturity dates of the Notes issued	15 March 2022 or if that is not a Business Day the immediately succeeding Business subject as provided in Annex 6 - "Additional Terms and Conditions for Credit Linked Notes" of the Base Prospectus	5 June 2021
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	Following Event determination date or Acceleration event Early redemption amount of the notes is linked to the performance of the underlying assets. Final redemption amount is linked to the performance of the underlying assets.	Coupon is linked to the performance of the underlying asset
A description of the security, if any, pledged in connection with any Notes issued	Not applicable	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value	Fair value

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1804181565	XS1820831607
Currency	USD	USD
Nominal	5,000,000	8,000,000
Nature of the notes issued	Himalayan Notes	Credit linked Notes
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	In respect of: 1,5% for the Initial Coupon Period 14 % for all Regular Coupon Periods 10% for the Additional Period	5.5 per cent. Fixed Rate
Interest payment dates	21 June 2018, 21 September 2018, 21 December 2018, 21 March 2019, 21 June 2019, 21 September 2019, 21 December 2019, 21 March 2020, 21 June 2020, 21 September 2020, 21 December 2020, 21 March 2021, 21 June 2021	31 October 2018, 30 April 2019, 31 October 2019, 30 April 2020, 31 October 2020, 30 April 2021, 31 October 2021, 30 April 2022 and 31 October 2022
Details of the maturity dates of the Notes issued	21.06.2021 or if that is not a Business Day the immediately succeeding Business Day	31 October 2022 or if that is not a Business Day the immediately succeeding Business Day
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	Final redemption amounts are linked to the performance of the underlying asset. Coupon is linked to the performance of the underlying asset	First-to-default CLN. If credit event occurs with respect to any of the Reference Entities, Interest shall cease to accrue and each Note will be redeemed by the payment of the Credit Event Redemption Amount (Cash Settlement as specified in the applicable Final Terms or Drawdown Prospectus)
A description of the security, if any, pledged in connection with any Notes issued	Not applicable	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value	Fair value

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1833629253	XS1838071964
Currency	RUR	USD
Nominal	500,000,000	10,000,000
Nature of the notes issued	Share Linked Notes (Autocall Standard Notes with Snowball Digital Coupon)	Share Linked Notes (Autocall Standard Notes with Snowball Digital Coupon)
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	17 per cent. per annum	10 per cent. per annum
Interest payment dates	1 July and 1 January in each year, commencing on 1 January 2019 up to and including the Maturity Date	10 January and 10 July in each year, commencing on 10 January 2019 up to and including the Maturity Date
Details of the maturity dates of the Notes issued	1 July 2021	10 July 2021
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	Coupon is linked to the performance of the underlying asset	Coupon is linked to the performance of the underlying asset
A description of the security, if any, pledged in connection with any Notes issued	Not applicable	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value	Fair value

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

17. Financial instruments at fair value through profit or loss (continued)

ISIN	XS1846143467
Currency	USD
Nominal	20,000,000
Nature of the notes issued	Credit linked Notes
Details of the interest rates on the Notes issued and whether they are fixed or floating rates	In respect of each Interest Period, 6.50 per cent. per annum payable in arrear on each Interest Payment Date
Interest payment dates	Each 13 June and 13 December in each calendar year from (and including) the Issue Date up to (and including) the Scheduled Maturity Date
Details of the maturity dates of the Notes issued	22 June 2023 or if such day is not a Business Day the immediately succeeding Business Day unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day
Details as to whether the rate of return of the Notes are linked to the total portfolio of underlying assets or whether the return of each Note is ring fenced to the return from assets of individual series of Notes	First-to-default CLN. If credit event occurs with respect to any of the Reference Entities, Interest shall cease to accrue and each Note will be redeemed by the payment of the Credit Event Redemption Amount (Cash Settlement as specified in the applicable Final Terms or Drawdown Prospectus)
A description of the security, if any, pledged in connection with any Notes issued	Not applicable
A detailed description of the measurement basis used in accounting for the Notes issued by the Company (e.g. amortised cost, fair value etc.)	Fair value

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

18. Derivative financial instruments

	Assets 2018 RR	Liabilities 2018 RR	Assets 2017 RR	Liabilities 2017 RR
Foreign currency forward contracts	-	1,255,130	-	12,008,191
Other forward contracts	-	16,969,997,176	-	19,500,699,924
SWAPs	78,593,161	726,227,674	-	590,883,367
Futures	7,000,628	3,883,372	748,803	1,291
	<u>85,593,789</u>	<u>17,701,363,352</u>	<u>748,803</u>	<u>20,103,592,773</u>

The split between current and non-current derivative financial instruments is as follows:

	Assets 2018 RR	Liabilities 2018 RR	Assets 2017 RR	Liabilities 2017 RR
Current	7,000,628	2,769,787,742	748,803	3,510,027,379
Non-current	78,593,161	14,931,575,610	-	16,593,565,394
	<u>85,593,789</u>	<u>17,701,363,352</u>	<u>748,803</u>	<u>20,103,592,773</u>

19. Cash at bank and in hand

	2018 RR	2017 RR
Cash at bank	178,457,821	161,779,800
	<u>178,457,821</u>	<u>161,779,800</u>

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following

	2018 RR	2017 RR
Cash at bank and in hand	178,457,821	161,779,800
Bank overdrafts	(80,291)	-
	<u>178,377,530</u>	<u>161,779,800</u>

Cash and cash equivalents by currency:

	2018 RR	2017 RR
United States Dollars	73,377,171	17,022,253
Euro	51,584,278	17,018,283
British Pounds	602,971	3,027,281
Russian Roubles	52,813,110	124,711,983
	<u>178,377,530</u>	<u>161,779,800</u>

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 4 of the consolidated financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

20. Share capital

	2018 Number of shares	2018 EUR	2018 RR	2017 Number of shares	2017 EUR	2017 RR
Authorised Ordinary shares of €1,71 each	15,000	25,650	1,886,692	15,000	25,650	1,886,692
			RR			RR
Issued and fully paid Balance at 1 January	15,000	-	1,886,692	15,000	-	1,886,692
Balance at 30 June/31 December	15,000	-	1,886,692	15,000	-	1,886,692

21. Trade and other payables

	2018 RR	2017 RR
Trade payables	17,772,248,998	19,512,708,114
Trade payables on REPO	138,746,423,727	195,481,451,737
VAT	605,913	-
Accruals	3,152,407	4,766,343
Other creditors	-	7,806,816
Deferred income (see note 18)	3,883,372	1,291
	156,526,314,417	215,006,734,301

22. Related party transactions

FG BCS Limited (registered office is at Prevezis 13, 1st floor, Office 101, 1065, Nicosia, Cyprus) is the direct and ultimate holding company of BrokerCreditService Structured Products Plc.

The ultimate shareholder owning and controlling party is Mr. Oleg Mikhasenko, a Russian individual who is the sole ultimate beneficial owner of the Group.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

22. Related party transactions (continued)

The following transactions were carried out with related parties:

22.1 Rendering of services and other net gains

		2018	2017
	<u>Nature of transactions</u>	RR	RR
BrokerCreditService (Cyprus) Ltd	Interest income on overnight loans	262,035	44,683,440
	Net gain on trading in financial instruments	-	1,184,459,750
	Net gain realised on trading on foreign currencies	1,620,883,727	2,841,566,578
	Other income	-	292,294
BCS LLC	Interest on overnight loans	14	59
BCS Forex Ltd	Interest income on loans	21,959,901	2,438,670
Kertina Group Ltd	Interest income on loans	74,173,749	3,057,277
FG BCS Ltd	Interest income on loans	50,014,225	73,324,579
Flamel Global Ltd	Interest income on loans	-	1,326,164
Seldthorn Private Equity Ltd	Interest income on loans	8,204,713	2,699,196
Oleg Mikhasenko	Interest income on loans	648,937,672	195,223,807
BCS Prime Brokerage Ltd	Interest income on loans	57,248,796	61,379,946
		<u>2,481,684,832</u>	<u>4,410,451,760</u>

22.2 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2018	2017
	RR	RR
Directors' fees	-	191,154
Directors' remuneration	-	789,416
	<u>-</u>	<u>980,570</u>

22.3 Receiving of services and other net losses

		2018	2017
	<u>Nature of transactions</u>	RR	RR
BrokerCreditService (Cyprus) Ltd	Brokerage and other services	1,245,805,453	574,882,385
	Net loss on trading in financial instruments	3,013,699,592	-
	Financial result of SWAP operations (OTC)	67,838,126	2,122,719,697
	Tax deducted at source of income	2,400	-
BCS LLC	Other services	-	354
		<u>4,327,345,571</u>	<u>2,697,602,436</u>

22.4 Receivables from related parties

		2018	2017
<u>Name</u>	<u>Nature of transactions</u>	RR	RR
BrokerCreditService (Cyprus) Ltd	Balances due from brokers	2,105,676,764	7,844,618,408
	Trade	2,286,767,515	-
		<u>4,392,444,279</u>	<u>7,844,618,408</u>

The receivables from related parties include the provisions for ECL.

Due to prior year adjustment for the provision of ECL, the amount of prior year receivables has been restated for BCS Cy from RR7,844,654,525 to RR7,844,618,408.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

22. Related party transactions (continued)

22.5 Loans to related parties

	2018 RR	2017 RR
BCS-Forex Ltd	1,275,214,746	1,143,927,186
Seldthorn Private Equity Ltd	678,819,165	445,054,860
Oleg Mikhasenko	636,749,127	753,945,496
Kertina Group Ltd	1,774,231,362	1,695,140,646
BCS Prime Brokerage Ltd	2,897,790,245	2,732,903,928
FG BCS Ltd	3,470,337,664	628,579,133
	10,733,142,309	7,399,551,249

The loans to related companies carry interest at rates ranging from 1.85% to 12.60% (2017: 1% - 12.60%).

The loans to related parties include the provisions for ECL.

Due to prior year adjustment for the provision of ECL, the amount of prior year amounts has been restated as follows:

BCS-Forex Ltd: Original amount RR1,154,795,629 Restated amount RR1,143,927,186

Seldthorn Private Equity Ltd: Original amount RR448,231,725 Restated amount RR445,054,860

Kertina Group Ltd: Original amount RR1,712,261,623 Restated amount RR1,695,140,646

BCS Prime Brokerage Ltd: Original amount RR2,760,509,018 Restated amount RR2,732,903,928

FG BCS Ltd: Original amount RR634,629,850 Restated amount RR628,579,133

22.6 Payables to related parties

Name	Nature of transactions	2018 RR	2017 RR
BrokerCreditService (Cyprus) Ltd	Broker commission	1,182,306,566	420,749,775
	Brokerage account	22,446,266,738	13,903,894,142
	Trade and other payables	1,491,415,614	590,883,367
FG BCS Ltd	Dividends payable	-	287,500,000
		25,119,988,918	15,203,027,284

23. Prior year reclassifications

There were no prior year reclassifications.

However the Company has adjusted prior year balances for the provision of ECL as per IFRS 9 requirements. The relevant changes to prior year figures, have been disclosed to each affected note of the Financial Statements.

BROKER CREDIT SERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS Period from 1 January 2018 to 30 June 2018

24. Contingent liabilities

(a) Technology and operating risk

The Group faces technology and operating risk which is the potential for loss due to deficiencies in control processes or technology systems of the Group, its vendors or its outsourced service providers that constrain the ability to gather, process, and communicate information and process client transactions efficiently and securely, without interruptions. This risk also includes the risk of human error, employee misconduct, external fraud, computer viruses, distributed denial of service attacks, terrorist attacks, and natural disaster. The Group's operations are highly dependent on the integrity of its technology systems and success depends, in part, on the ability to make timely enhancements and additions to its technology in anticipation of evolving client needs. To the extent the Group experiences system interruptions, errors or downtime (which could result from a variety of causes, including changes in client use patterns, technological failure, changes to its systems, linkages with third-party systems, and power failures), business and operations could be significantly negatively impacted. To minimize business interruptions, the Group maintains backup and recovery functions, including facilities for backup and communications, and conducts testing of disaster recovery plans.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the Operational Risk Department that is responsible for the development of overall standards for the management of operational risk. Compliance with these standards is supported by a program of periodic reviews undertaken by the Operational Risk Department and Internal Audit. The Group maintains policies and procedures regarding the standard of care expected with data, whether the data is internal information, employee information, or non-public client information. The Group clearly defines for employees, contractors, and vendors the expected standards of care for confidential data. Regular training is provided in regard to data security. The Group is actively engaged in the research and development of new technologies, services, and products.

Despite risk management efforts, it is not always possible to deter or prevent technological or operational failure, or fraud or other misconduct, and the precautions taken by the Group may not be effective in all cases. The Group may be subject to litigation, losses, and regulatory actions in such cases, and may be required to expend significant additional resources to remediate vulnerabilities or other exposures. The Group also faces risk related to its security guarantee which covers client losses from unauthorized account activity, such as those caused by external fraud involving the compromise of clients' login and password information.

(b) Compliance risk

As a participant in the securities and financial services markets, the Group is subject to extensive regulation under both federal and state laws by governmental agencies, supervisory authorities, and self-regulated entities. These regulatory agencies generally have broad discretion to prescribe greater limitations on the operations of a regulated entity for the protection of investors or public interest. Management has invested heavily, with the benefit of its scale, in compliance functions to monitor its compliance with the numerous legal and regulatory requirements applicable to its business.

These regulations often serve to limit the Group's activities by way of capital, customer protection and market conduct requirements, and restrictions on the businesses activities that the Group may conduct. Furthermore, where the agencies determine that such operations are unsafe or unsound, fail to comply with applicable law, or are otherwise inconsistent with the laws and regulations or with the supervisory policies, greater restrictions may be imposed. Despite efforts to comply with applicable regulations, there are a number of risks, particularly in areas where applicable regulations may be unclear or where regulators revise their previous guidance. Any enforcement actions or other proceedings brought by the regulators against the Group or its affiliates, officers or employees could result in fines, penalties, cease and desist orders, enforcement actions, suspension or expulsion, or other disciplinary sanctions, including limitations on business activities, any of which could harm the Group's reputation and adversely affect the results of operations and financial condition. The consequences of noncompliance can include substantial monetary and non-monetary sanctions.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

Period from 1 January 2018 to 30 June 2018

24. Contingent liabilities (continued)

Financial institutions generally must have anti-money laundering procedures in place, implement specialized employee training programs and designate an anti-money laundering compliance officer. Further, regulatory activity in the areas of privacy and data protection continues to grow worldwide and is generally being driven by the growth of technology and related concerns about the rapid and widespread dissemination and use of information. To the extent they are applicable to the Group, it must comply with these global, federal, and local information-related laws and regulations.

Management has established policies, procedures and systems designed to comply with these regulations.

25. Commitments

The Group had no capital or other commitments as at 30 June 2018.

26. Events after the reporting period

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

Independent auditor's report on pages 8 to 9