BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December, 2014

(Client's Copy)

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2014

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

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

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2014.

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

Change of Company name

On 29 April 2015, the Company changed its name from Gawling Company Limited to BrokerCreditService Structured Products Plc.

Review of current position, future developments and significant risks
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

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

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

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

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

Board of Directors
The members of the Company's Board of Directors as at 31 December 2014 and at the date of this report are presented on page 1. Mr. Lambros Soteriou was appointed director on 28 April 2015.

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

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

Operating Environment of the Company

(a) Operating environment of the Russian Federation
The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates while its economy is particularly sensitive to commodity prices, especially oil and gas.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the country. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

During 2014 the Russian economy was adversely affected by a decline in oil prices, ongoing political tension in the region, in particular the events in Ukraine, and the difficulty to raise international funding. Furthermore, during the year 2014:

- The rise in Russian and emerging market risk premia resulted in a steep increase in foreign financing costs.
- The depreciation of the Russian Rouble against hard currencies (the CBRF exchange rate fluctuated between RR 32.7292 and RR 56.2584 compared to RR 32.7292 for 1 US Dollar at 31 December 2013) increased the burden of foreign currency corporate debt, which has risen considerably in recent years.
- The CBRF key refinancing interest rate increased from 5.5% p.a. to 17% p.a. including an increase from 12% p.a. to 17% p.a. on 16 December 2014.
- The MICEX stock exchange index ranged between 1,237.43 and 1,606.84.
- Access to international financial markets in order to raise funding was limited for certain entities.
- Capital outflows increased compared to prior years.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 31 December 2014:

- The CBRF exchange rate fluctuated between RR 56.2584 and RR 51.6488 for 1 US Dollar.
- Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor's cut it to BB+, putting it below investment grade for the first time in a decade. In February 2015 Moody's Investors Service downgraded Russia's rating to Ba1 from Baa3. Fitch Ratings still have Russia as investment grade. However, all these rating agencies indicated a negative outlook, meaning further downgrades are possibles.
- The RTS stock exchange index ranged between 791 and 1,033.
- Bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates.
- The CBRF key refinancing interest rate decreased from 17% p.a to 14% p.a.

The volatility of financial markets may have a further significant impact on the Company's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Company's operations may differ from management's current expectations.

Russian tax legislation

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

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

(b) Operating environment of the Republic of Cyprus

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjuction with the inability of the Republic of Cyprus to borrow from international markets. These events led to negotiations between the Republic of Cyprus and the European Commission, the European Central Bank and the International Monetary Fund (the "Troika") for financial support which resulted into the Eurogroup decisions on 25 March 2013. The decisions involved the formulation of an Economic Adjustment Program for the country entailing the provision of financial assistance of up to €10 billion, the disbursements of which are subject to ongoing reviews by the Troika.

Furthermore, the decisions included the restructuring of the two largest banks in Cyprus through a "bail in". During 2014 the banking sector in Cyprus undertook significant measures in anticipation of and subsequent to the EU-wide comprehensive assessment which consisted of thorough asset quality reviews and stress tests and as a result was sufficiently recapitalised. Nevertheless, the banking sector continues to face challenges imposed by the high level of non-performing loans and availability of credit is limited.

REPORT OF THE BOARD OF DIRECTORS

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 19 to the 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,

Dimitra Karkalli
Director

Limassol, 24 June 2015

YIALLOURIDES & PARTNERS LTD
CHARTERED ACCOUNTANTS

Independent auditor's report

To the Members of BrokerCreditService Structured Products Plc

Report on the financial statements

We have audited the financial statements of BrokerCreditService Structured Products Plc (the "Company") on pages 7 to 25 which comprise the statement of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of BrokerCreditService Structured Products Plc as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent auditor's report (continued)

To the Members of BrokerCreditService Structured Products Plc

Report on other legal requirements

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

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

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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.

Panicos Charalambous
Certified Public Accountant and Registered Auditor
for and on behalf of

Yiallourides & Partners Ltd
Chartered Accountants

Limassol, 24 June 2015

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2014

	Note	2014 EUR	2013 EUR
Dividend income		**2,729,153**	685,528
Loan interest income		**1,576,118**	1,692,483
Net gain on trading in financial instruments		**37,669,458**	7,501,658
Net loss realised on trading in foreign currencies		**(69,515,966)**	(3,186,069)
Income from repo loans		**6,619,802**	3,451,027
Loan interest expense		**(7,637,756)**	(9,237,511)
Total (loss)/revenue		**(28,559,191)**	907,116
Administration and other expenses		**(1,318,497)**	(1,485,102)
Operating loss	5	**(29,877,688)**	(577,986)
Net finance income/(cost)	6	**29,914,679**	(21,172,020)
Profit/(loss) before tax		**36,991**	(21,750,006)
Tax	7	**-**	-
Net profit/(loss) for the year		**36,991**	(21,750,006)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**36,991**	(21,750,006)

The notes on pages 11 to 25 form an integral part of these financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF FINANCIAL POSITION
31 December 2014

	Note	2014 EUR	2013 EUR
ASSETS			
Current assets			
Trade and other receivables	10	**217,288,449**	243,483,096
Repo loans to related companies	16	**236,283,114**	328,816,565
Loans receivable	9	**17,424,288**	16,286,128
Financial assets at fair value through profit or loss	11	**126,012,248**	118,940,645
Cash at bank	12	**56,117**	77,943
		597,064,216	707,604,377
Total assets		**597,064,216**	707,604,377
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**1,710**	1,710
Translation reserve		**(33,030,302)**	(10,557,534)
Retained earnings		**67,860,231**	67,823,240
Total equity		**34,831,639**	57,267,416
Non-current liabilities			
Loans from related companies	16	**42,236,338**	67,455,091
		42,236,338	67,455,091
Current liabilities			
Trade and other payables	14	**519,992,049**	582,479,961
Shareholders' current accounts - credit balances	16	**4,190**	4,190
Bank overdrafts		**-**	15
Short term loans		**-**	319,077
Current tax liabilities	15	**-**	78,627
		519,996,239	582,881,870
Total liabilities		**562,232,577**	650,336,961
Total equity and liabilities		**597,064,216**	707,604,377

On 24 June 2015 the Board of Directors of BrokerCreditService Structured Products Plc authorised these financial statements for issue.

....
Dimitra Karkalli
Director

....
Lambros Soteriou
Director

The notes on pages 11 to 25 form an integral part of these financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

	Note	Share capital EUR	Translation reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2013		**1,710**	**(1,468,917)**	**105,526,925**	**104,059,718**
Total comprehensive (loss) for the year		-	-	(21,750,006)	(21,750,006)
Dividends	8	-	-	(15,953,678)	(15,953,678)
Translation reserve for the year		-	(9,088,617)	-	(9,088,617)
Balance at 31 December 2013/ 1 January 2014		**1,710**	**(10,557,534)**	**67,823,240**	**57,267,416**
Total comprehensive income for the year		-	-	36,991	36,991
Translation reserve for the year		-	(22,472,768)	-	(22,472,768)
Balance at 31 December 2014		**1,710**	**(33,030,302)**	**67,860,231**	**34,831,639**

The notes on pages 11 to 25 form an integral part of these financial statements.

BROKERCREDITSERVICE STRUCTURED PRODUCTS PLC

STATEMENT OF CASH FLOWS
Year ended 31 December 2014

	Note	2014 EUR	2013 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**36,991**	(21,750,006)
Adjustments for:			
Unrealised exchange (profit) /loss		**(32,456,076)**	18,849,656
Fair value (gains) /losses on financial assets at fair value through profit or loss		**(4,892,640)**	229,969
Dividend income		**(2,729,153)**	(685,528)
Interest income	6	**(1,576,586)**	(1,692,483)
Interest expense	6	**-**	142,615
Translation reserve for the year		**(22,472,768)**	(9,088,617)
Cash flows used in operations before working capital changes		**(64,090,232)**	(13,994,394)
Decrease in trade and other receivables		**26,194,647**	147,758,320
Decrease in receivables from related companies		**92,533,451**	40,525,328
Increase in financial assets at fair value through profit or loss		**(2,178,963)**	(47,730,800)
Decrease in trade and other payables		**(62,487,912)**	(94,122,123)
Cash flows (used in)/from operations		**(10,029,009)**	32,436,331
Interest received		**1,576,118**	1,692,483
Dividends received		**2,729,153**	685,528
Tax paid		**(78,627)**	-
Net cash flows (used in)/from operating activities		**(5,802,365)**	34,814,342
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		**(1,138,160)**	-
Loans repayments received		**-**	8,051,358
Interest received		**468**	-
Net cash flows (used in)/from investing activities		**(1,137,692)**	8,051,358
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		**(319,077)**	-
Repayment of loans from related companies		**(25,218,753)**	(8,304,625)
Proceeds from borrowings		**-**	375
Unrealised exchange profit /(loss)		**32,456,076**	(18,849,656)
Interest paid		**-**	(142,615)
Dividends paid		**-**	(15,953,678)
Net cash flows from/(used in) financing activities		**6,918,246**	(43,250,199)
Net decrease in cash and cash equivalents		**(21,811)**	(384,499)
Cash and cash equivalents:			
At beginning of the year		**77,928**	462,427
At end of the year	12	**56,117**	77,928

The notes on pages 11 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

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 Cyprus Companies Law, Cap. 113. Its registered office is at 116 Gladstonos street, M. Kyprianou Tower, 3rd and 4th floors, 3032 Limassol, Cyprus.

Change of Company name

On 29 April 2015, the Company changed its name from Gawling Company Limited to BrokerCreditService Structured Products Plc.

Principal activities

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

2. Accounting policies

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

Basis of preparation

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

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

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the accounting policies of the Company.

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

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- IFRS 9 "Financial Instruments: Classification and Measurement" *(issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

    - 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).
    - 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.
    - 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.
    - 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.
    - 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.

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

- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below)*. The basis for conclusions on IFRS 13 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. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Company is currently assessing the impact of the amendments on its financial statements.

- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2015).The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. The Company is currently assessing the impact of the amendments on its financial statements.

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016*). The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. 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.

Revenue recognition

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

- **Income from investments in securities**

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

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

  The difference between the fair value of investments at fair value through profit or loss as at 31 December 2014 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

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

- **Dividend income**

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

Finance income

Finance income includes interest income which is recognised based on an accrual basis.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

2. Accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency

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

Tax

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

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

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

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

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

Dividends

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

Deferred income

Deferred income represents income receipts which relate to future periods.

Financial instruments

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

Trade receivables

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

2. Accounting policies (continued)

Financial instruments (continued)

Loans granted

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

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

Sale and repurchase agreements
Sale and repurchase agreements ("repo agreements"), which effectively provide a lender's return to the counterparty, are treated as secured financing transactions. Securities sold under such sale and repurchase agreements are not derecognised. The securities are not reclassified in the balance sheet unless the transferee has the right by contract or custom to sell or repledge the securities, in which case they are reclassified as repurchase receivables. The corresponding liability is presented within borrowings. Securities purchased under agreements to resell ("reverse repo agreements"), which effectively provide a lender's return to the Company, are recorded as loans receivable. The difference between the sale and repurchase price is treated as interest income or interest expense and accrued over the life of reverse repo agreements and repo agreements respectively, using the effective interest method.

Securities lending
Securities lent to counterparties for a fixed fee are retained in the financial statements in their original category in the statement of financial position unless the counterparty has the right by contract or custom to sell or repledge the securities, in which case they are reclassified and presented separately. Securities borrowed for a fixed fee are not recorded in the financial statements, unless these are sold to third parties in which case an obligation to return the securities is recorded at fair value and any fluctuations of the fair value are recorded in profit or loss for the year within gains less losses arising from trading securities. The fixed fee is treated as interest income or interest expense and is accrued over the life of the securities lending agreement using the effective interest method.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

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

- Financial assets at fair value through profit or loss

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

- Loans and receivables

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

(2) Recognition and measurement

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

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

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

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

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

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

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

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts.

Trade payables

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

2. Accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

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

3.1 Market price risk

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

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

	2014	2013
Year end market value of Company's portfolio:	**EUR**	**EUR**
Equity securities - Moscow exchange	**8,798,678**	5,503,669
Equity securities - New York Stock Exchange (NYSE)	**34,514,989**	4,906,381
Unlisted securities	**56,124,898**	56,099,658
Shares	**6,535,343**	6,128,664
	105,973,908	72,638,372

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

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

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

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

	2014	2013
	EUR	EUR
Loans receivable	**17,424,288**	16,286,128
Trade and other receivables	**217,288,449**	242,507,908
Cash at bank	**56,117**	77,943
Receivables from related companies	**236,283,114**	328,816,565
	471,051,968	587,688,544

3. Financial risk management (continued)

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

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

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

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

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

	Liabilities		Assets	
	2014 EUR	2013 EUR	**2014 EUR**	2013 EUR
Euro	**4,537,427**	3,749,021	**5,454,643**	3,527,160
Russian Rubles	**291,425,195**	-	**237,575,061**	156,851,581
United States Dollars	**240,325,676**	377,521,773	**232,627,304**	300,085,536
British Pounds	**2,124,345**	27,888	**4,730,901**	497
Swiss francs	**2,103,379**	257,471	**1,968,721**	54,199
Japanese yen	**-**	-	**30,181**	-
Other Currencies	**1,678**	-	**15,132**	-
	540,517,700	381,556,153	**482,401,943**	460,518,973

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

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

4. Critical accounting estimates and judgments

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 Company 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:

- **Provision for bad and doubtful debts**

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

- **Income taxes**

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

- **Fair value of financial assets**

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

5. Operating (loss)

	2014	2013
	EUR	EUR
Operating loss is stated after charging the following items:		
Auditors' remuneration	**26,775**	20,230

6. Finance income/cost

	2014 EUR	2013 EUR
Interest income	468	-
Exchange profit	32,456,076	-
Finance income	32,456,544	-
Net foreign exchange transaction losses	(2,531,160)	(21,025,651)
Interest expense	(6,328)	(142,615)
Sundry finance expenses	(4,377)	(3,754)
Finance costs	(2,541,865)	(21,172,020)
Net finance income/(cost)	29,914,679	(21,172,020)

7. Tax

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

	2014 EUR	2013 EUR
Profit/(loss) before tax	36,991	(21,750,006)
Tax calculated at the applicable tax rates	4,624	(2,718,751)
Tax effect of expenses not deductible for tax purposes	1,428,401	3,977,457
Tax effect of allowances and income not subject to tax	(9,934,311)	(1,454,777)
Tax effect of tax loss for the year	8,501,286	196,071
Tax charge	-	-

The corporation tax rate is 12,5% (2013:12,5%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years As at 31 December 2014, the balance of tax losses which is available for offset against future taxable profits amounts to EUR69,578,854 for which no deferred asset is recognised in the statement of financial position.

8. Dividends

	2014 EUR	2013 EUR
Interim dividend paid	-	15,953,678
	-	15,953,678

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter for individual shareholders that are residents of Cyprus. Dividends payable to non-residents of Cyprus are not subject to such a deduction.

9. Non-current loans receivable

	2014	2013
	EUR	EUR
Loans receivable	**17,424,288**	16,286,128
	17,424,288	16,286,128

The loans are repayable as follows:

	2014	2013
	EUR	EUR
Within one year	**17,424,288**	16,286,128

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

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

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

	2014	2013
Loans receivable	**6-12%**	6-8.50%

10. Trade and other receivables

	2014	2013
	EUR	EUR
Trade receivables	**67,884,892**	31,881,319
Repo loans receivable	**148,792,528**	210,626,589
Bills of exchange	**611,029**	975,188
	217,288,449	243,483,096

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

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

11. Financial assets at fair value through profit or loss

	2014	2013
	EUR	EUR
Balance at 1 January	**118,940,645**	171,347,123
Additions	**2,178,963**	(52,176,509)
Change in fair value	**4,892,640**	(229,969)
Balance at 31 December	**126,012,248**	118,940,645

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

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

12. Cash at bank

	2014 EUR	2013 EUR
Cash at bank	**56,117**	77,943
	56,117	77,943

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

	2014 EUR	2013 EUR
Cash at bank	**56,117**	77,943
Bank overdrafts	**-**	(15)
	56,117	77,928

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

13. Share capital

	2014 Number of shares	2014 EUR	2013 Number of shares	2013 EUR
Authorised				
Ordinary shares of €1.71 each	**1,000**	**1,710**	1,000	1,710
Issued and fully paid				
Balance at 1 January	**1,000**	**1,710**	1,000	1,710
Balance at 31 December	**1,000**	**1,710**	1,000	1,710

14. Trade and other payables

	2014 EUR	2013 EUR
Trade payables	**102,610,598**	55,489,200
Repo loans payable	**415,192,411**	525,355,286
Accruals	**26,777**	34,509
Deferred income	**2,162,263**	1,600,966
	519,992,049	582,479,961

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

15. Current tax liabilities

	2014 EUR	2013 EUR
Corporation tax	**-**	78,627
	-	78,627

16. Related party transactions

The following transactions were carried out with related parties:

16.1 Repo loans to related parties

	2014	2013
Name	EUR	EUR
Related company	236,283,114	328,816,565
	236,283,114	328,816,565

Repo loans consist of Open Joint Stock Equity securities.

16.2 Loans from related companies

	2014	2013
	EUR	EUR
Loans from related companies	42,236,338	67,455,091
	42,236,338	67,455,091

The loan from related company carries interest at the rate of 12.75% p.a. and is repayable no later than 8 November 2015.

16.3 Shareholders' current accounts - credit balances

	2014	2013
	EUR	EUR
Shareholders' current accounts	4,190	4,190
	4,190	4,190

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

17. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2014.

18. Commitments

The Company had no capital or other commitments as at 31 December 2014.

19. Events after the reporting period

On 28 April 2015, the Company's board of directors signed an ordinary resolution that the authorised share capital of the Company be increased from EUR 1,710.00 divided into 1,000 ordinary shares of EUR 1.71 each, to EUR 25,650.00 divided into 15,000 shares having a nominal value of EUR 1.71 each, by the creation of 14,000 additional ordinary shares of EUR 1.71 each.

On 29 April 2015, the Company's shareholders passed a special resolution that the Company be converted from a private into a public company.

Independent auditor's report on pages 5 and 6

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2014

	Page	**2014 EUR**	2013 EUR
Dividend income		**2,729,153**	685,528
Loan interest income		**1,576,118**	1,692,483
Net gain on trading in financial instruments		**37,669,458**	7,501,658
Net loss realised on trading in foreign currencies		**(69,515,966)**	(3,186,069)
Income from repo loans		**6,619,802**	3,451,027
Loan interest expense		**(7,637,756)**	(9,237,511)
Total (loss)/revenue		**(28,559,191)**	907,116
Other operating expenses	27	**(1,318,497)**	(1,255,133)
Fair value losses on financial assets at fair value through profit or loss		**-**	(229,969)
Operating loss		**(29,877,688)**	(577,986)
Finance income	28	**32,456,544**	-
Finance costs	28	**(2,541,865)**	(21,172,020)
Net profit/(loss) for the year before tax		**36,991**	(21,750,006)

OPERATING EXPENSES
Year ended 31 December 2014

	2014 EUR	2013 EUR
Other operating expenses		
Computer software	**31,973**	41,656
Auditors' remuneration	**26,775**	20,230
Management fees	**77**	3,518
Consultancy fees	**72,946**	90,710
Portfolio management fees	**1,186,726**	1,099,019
	1,318,497	1,255,133

FINANCE INCOME/COST
Year ended 31 December 2014

	2014 EUR	2013 EUR
Finance income		
Bank interest	**468**	-
Unrealised exchange profit	**32,456,076**	-
	32,456,544	-

	2014 EUR	2013 EUR
Finance costs		
Interest expense		
Other interest	-	142,615
Interest on taxes	**6,328**	-
Sundry finance expenses		
Bank charges	**4,377**	3,754
Net foreign exchange transaction losses		
Realised exchange loss	**2,531,160**	2,175,995
Unrealised exchange loss	-	18,849,656
	2,541,865	21,172,020

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2014

	Page	EUR	EUR
Net profit per income statement	26		36,991
Add:			
Interest on taxes		6,328	
Disallowed interest		7,637,756	
Portfolio management fees		1,186,726	
Apportionment of expenses		2,596,400	
			11,427,210
			11,464,201
Less:			
Profit from sale of financial assets at fair value through profit or loss		37,669,458	
Dividends received		2,729,153	
Unrealised exchange profit		32,456,076	
Income from repo loans		6,619,802	
			(79,474,489)
Net loss for the year			(68,010,288)
Loss brought forward			(1,568,566)
Loss carried forward			(69,578,854)