



FG BCS LTD

**Summary Consolidated Financial Statements
derived from the audited consolidated financial statements
for the year ended 31 December 2016**



KPMG Limited
Chartered Accountants
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**Independent Auditors' Report On The Summary Financial Statements
To The Board Of Directors Of
FG BCS LIMITED**

Opinion

The summary consolidated financial statements which are presented in pages 4 to 13 and comprise the summary consolidated statement of financial position as at 31 December 2016, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of FG BCS Limited and its subsidiaries ("the Group") for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 2.

Summary Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 June 2017.

Board of Directors' Responsibility for the Summary Financial Statements

The Board of Directors is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.

Board Members:

N.G. Syrimis, A.K. Christofides, P.G. Loizou, A.M. Gregoriades, D.S. Vakis, A.A. Apostolou, S.A. Loizides, M.A. Loizides, S.G. Sofocleous, M.M. Antoniadis, C.V. Vasilou, P.E. Antoniadis, M.J. Halios, M.P. Michael, P.A. Peleties, G.V. Markides, M.A. Papacosta, K.A. Papanicolaou, A.I. Shiammoutis, G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos, M.G. Gregoriades, H.A. Kakoullis, G.P. Savva, C.A. Kalias, C.N. Kallis, M.H. Zavrou, P.S. Elia, M.G. Lazarou, Z.E. Hadjizacharias, P.S. Theophanous, M.A. Karantoni, C.A. Markides, G.V. Andreou, J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrimis, T.J. Yiasemides, A.A. Bargilly, K.A. Christofides, P.P. Vanezis

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Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

A large, stylized handwritten signature in blue ink, appearing to read 'G. Prodromou'.

George S. Prodromou, ACA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
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3022 Limassol
Cyprus

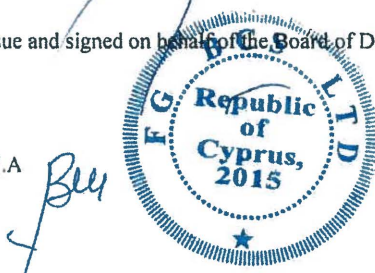
21 June 2017

FG BCS Limited
Summary Consolidated Statement of Financial Position

<i>(In thousands of Russian Roubles)</i>	31 December 2016	31 December 2015 (restated)	31 December 2014 (restated)
ASSETS			
Cash and cash equivalents	21 081 792	20 367 814	27 440 070
Mandatory cash balances with the CBR	662 217	306 106	667 719
Receivables from brokerage transactions	6 829 335	6 011 591	3 161 860
Receivables under resale agreements	52 012 963	55 796 645	33 977 950
Financial instruments at fair value through profit or loss	54 755 039	25 854 940	12 772 209
Financial instruments available-for-sale	4 632 142	8 873 411	16 148 702
Goodwill	-	62 053	-
Derivative assets	3 072 303	3 178 026	4 019 502
Loans to customers	21 577 485	13 472 508	4 755 515
Investment properties	1 705 283	1 503 439	1 742 282
Premises, equipment and intangible assets	3 032 672	2 691 387	2 542 273
Prepayments and other assets	6 473 706	3 102 891	10 250 771
Deferred tax assets	1 107 363	1 089 111	970 298
TOTAL ASSETS	176 942 300	142 309 922	118 449 151
LIABILITIES			
Payables under repurchase agreements	44 520 484	38 262 078	51 628 430
Customer brokerage accounts	62 449 278	55 474 651	30 872 060
Financial instruments at fair value through profit or loss	2 155 746	2 981 193	3 493 604
Derivative liabilities	3 152 339	1 226 963	9 449 276
Current accounts, deposits and borrowings	34 956 256	20 616 193	6 458 400
Payables and other liabilities	2 322 669	1 792 871	2 808 077
Deferred tax liabilities	835 866	577 587	519 828
TOTAL LIABILITIES	150 392 638	120 931 536	105 229 675
EQUITY			
Share capital	151	2 906	2 906
Revaluation surplus for land and buildings	736 367	640 107	549 684
Revaluation reserve for available-for-sale assets	110 950	116 617	(922 546)
Translation reserve	4 112 501	5 911 390	3 346 795
Retained earnings	21 621 982	14 684 021	10 210 665
Total equity attributable to sole participant	26 581 951	21 355 041	13 187 504
Non-controlling interests	(32 289)	23 345	31 972
TOTAL EQUITY	26 549 662	21 378 386	13 219 476
TOTAL EQUITY AND LIABILITIES	176 942 300	142 309 922	118 449 151

Approved for issue and signed on behalf of the Board of Directors on 21 June 2017.

Shelikhovskiy V.A
Director



The summary consolidated financial statements on pages 4-13 should be read in conjunction with the consolidated financial statements from which they were derived.

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

<i>(In thousands of Russian Roubles)</i>	For the year ended 31 December 2016	For the year ended 31 December 2015 (restated)
Fee and commission income	4 550 277	3 528 131
Fee and commission expense	(2 788 819)	(2 009 530)
Net fee and commission income	1 761 458	1 518 601
Interest income	11 385 011	11 083 226
Interest expense	(5 352 928)	(6 090 034)
Net interest income	6 032 083	4 993 192
Net trading income	8 006 780	5 617 992
Fair value gains on investment properties	119 582	17 102
(Impairment losses) recovery of impairment of property and equipment	(8 662)	20 769
Impairment losses	(334 195)	(759 682)
Rental income from investment properties	221 452	213 576
Net loss on disposal of subsidiaries	-	(327)
Other operating income	308 981	51 201
Administrative and other operating expenses	(8 897 594)	(7 163 343)
Profit before tax	7 209 885	4 509 081
Income tax expense	(330 313)	(50 463)
Profit for the year	6 879 572	4 458 618
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation of land and buildings	118 960	110 783
Income tax relating to items that will not be reclassified to profit or loss	(22 700)	(14 249)
Total items that will not be reclassified to profit or loss	96 260	96 534
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(1 798 889)	2 564 595
Net change in fair value of financial instruments available-for-sale	42 558	473 233
Net change in fair value of financial instruments available-for-sale transferred to profit or loss	(52 582)	603 155
Income tax relating to items that are or may be reclassified to profit or loss	4 357	(37 225)
Total items that are or may be reclassified subsequently to profit or loss	(1 804 556)	3 603 758
Other comprehensive income for the year, net of tax	(1 708 296)	3 700 292
Total comprehensive income for the year	5 171 276	8 158 910
Profit for the year attributable to:	6 879 572	4 458 618
- Sole participant	6 888 644	4 467 245
- Non-controlling interests	(9 072)	(8 627)
Total comprehensive income attributable to:	5 171 276	8 158 910
- Sole participant	5 180 348	8 167 537
- Non-controlling interests	(9 072)	(8 627)

The summary consolidated financial statements on pages 4-13 should be read in conjunction with the consolidated financial statements from which they were derived.

	For the year ended 31 December 2016 Attributable to the sole participant						Non- controlling interests	Total equity
	Share capital	Revaluation surplus for land and buildings	Revaluation reserve for available-for- sale assets	Translation reserve	Retained earnings	Total		
<i>(In thousands of Russian Roubles)</i>								
Balance at 1 January 2016	2 906	640 107	116 617	5 911 390	14 684 021	21 355 041	23 345	21 378 386
Total comprehensive income for the year								
Profit for the period	-	-	-	-	6 888 644	6 888 644	(9 072)	6 879 572
Other comprehensive income for the year								
<i>Items that are or may be reclassified subsequently to profit or loss:</i>								
Foreign currency translation differences for foreign operations	-	-	-	(1 798 889)	-	(1 798 889)	-	(1 798 889)
Revaluation reserve for available-for-sale assets	-	-	(5 667)	-	-	(5 667)	-	(5 667)
<i>Total items that are or may be reclassified to profit or loss</i>	-	-	(5 667)	(1 798 889)	-	(1 804 556)	-	(1 804 556)
<i>Items that will not be reclassified to profit or loss:</i>								
Revaluation of land and buildings, net of income tax	-	96 260	-	-	-	96 260	-	96 260
<i>Total items that will not be reclassified subsequently to profit or loss</i>	-	96 260	-	-	-	96 260	-	96 260
Other comprehensive income for the year	-	96 260	(5 667)	(1 798 889)	-	(1 708 296)	-	(1 708 296)
Total comprehensive income for the year	-	96 260	(5 667)	(1 798 889)	6 888 644	5 180 348	(9 072)	5 171 276
Changes in non-controlling interests	-	-	-	-	46 562	46 562	(46 562)	-
Effect of the Group restructuring	(2 755)	-	-	-	2 755	-	-	-
Total transactions with owners	(2 755)	-	-	-	49 317	46 562	(46 562)	-
Balance at 31 December 2016	151	736 367	110 950	4 112 501	21 621 982	26 581 951	(32 289)	26 549 662

The summary consolidated financial statements on pages 4-13 should be read in conjunction with the consolidated financial statements from which they were derived.

	For the year ended 31 December 2015 (restated)							Non-controlling interests	Total equity
	Attributable to the sole participant								
<i>(In thousands of Russian Roubles)</i>	Share capital	Revaluation surplus for land and buildings	Revaluation reserve for available-for-sale assets	Translation reserve	Retained earnings	Total			
Balance at 1 January 2015 (restated)	2 906	549 684	(922 546)	3 346 795	10 210 665	13 187 504	31 972	13 219 476	
Total comprehensive income for the year									
Profit for the year (restated)	-	-	-	-	4 467 245	4 467 245	(8 627)	4 458 618	
Other comprehensive income for the year									
<i>Items that are or may be reclassified subsequently to profit or loss:</i>									
Foreign currency translation differences for foreign operations	-	-	-	2 564 595		2 564 595	-	2 564 595	
Revaluation reserve for available-for-sale assets	-	-	1 039 163	-	-	1 039 163	-	1 039 163	
<i>Total items that are or may be reclassified to profit or loss</i>	-	-	1 039 163	2 564 595	-	3 603 758	-	3 603 758	
<i>Items that will not be reclassified to profit or loss:</i>									
Revaluation of land and buildings, net of income tax	-	96 534	-	-	-	96 534	-	96 534	
Transfer of the revaluation reserve relating to the items of land and buildings reclassified to investment property	-	(6 111)	-	-	6 111	-	-	-	
Total items that will not be reclassified to profit or loss	-	90 423	-	-	6 111	96 534	-	96 534	
Other comprehensive income for the year	-	90 423	1 039 163	2 564 595	6 111	3 700 292	-	3 700 292	
Total comprehensive income for the year (restated)	-	90 423	1 039 163	2 564 595	4 473 356	8 167 537	(8 627)	8 158 910	
Balance at 31 December 2015 (restated)	2 906	640 107	116 617	5 911 390	14 684 021	21 355 041	23 345	21 378 386	

<i>(In thousands of Russian Roubles)</i>	Note	For the year ended 31 December 2016	For the year ended 31 December 2015 (restated)
Cash flows from operating activities			
Profit before income tax		7 209 885	4 509 081
Adjustments for:			
Depreciation and amortisation		468 845	301 068
Impairment losses		334 195	759 682
Fair value gains on investment properties		(119 582)	(17 102)
Impairment losses (recovery of impairment) of property and equipment		8 662	(20 769)
Unrealised (gains) losses on debt and equity instruments		(3 862 498)	665 792
Revaluation of derivatives		5 099 492	(5 215 966)
Net loss on disposal of subsidiaries		-	327
Goodwill write-off		62 053	-
Unrealised losses (gains) from trading in foreign currencies		1 141 770	(5 567 339)
(Gain) loss on disposal of property and equipment		(2 036)	339 459
Net interest income		(6 032 083)	(4 993 192)
Cash flows from operating activities before changes in working capital		4 308 703	(9 238 959)
(Increase) decrease in operating assets			
Mandatory cash balances with the CBR		(356 111)	361 613
Receivables from brokerage transactions		(2 313 941)	(872 750)
Receivables under resale agreements		(790 638)	(6 131 286)
Financial instruments at fair value through profit or loss		(26 696 021)	(5 745 424)
Loans to customers		(9 047 974)	(6 296 287)
Prepayments and other assets		(7 562 693)	9 508 705
Interest received during the year		11 276 426	10 568 463
Increase (decrease) in operating liabilities			
Payables under repurchase agreements		9 762 147	(24 635 802)
Customer brokerage accounts		11 338 579	11 176 029
Financial instruments at fair value through profit or loss		(672 253)	(512 411)
Current accounts, deposits and borrowings		17 212 226	10 179 798
Payables and other liabilities		3 156 195	(1 789 611)
Interest paid during the year		(4 903 917)	(6 158 532)
Income taxes paid		(166 283)	(86 946)
Net cash provided from (used in) operating activities		4 544 445	(19 673 400)
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets		(770 273)	(660 316)
Acquisition of investment properties		-	(2 316)
Acquisition of subsidiary		(18 189)	(188 484)
Proceeds from sale of property and equipment		8 404	21 627
Proceeds from sale of subsidiaries		-	(2 713)
Net sales of financial instruments available-for-sale		3 832 587	7 915 222
Net cash provided from investing activities		3 052 529	7 083 020
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		20 367 814	27 440 070
Effect of changes in exchange rates on cash and cash equivalents		(6 882 996)	5 518 124
Cash and cash equivalents as at the end of the year		21 081 792	20 367 814

The summary consolidated financial statements on pages 4-13 should be read in conjunction with the consolidated financial statements from which they were derived.

1 Background

These summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2016, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes are derived from the audited consolidated financial statements of FG BCS LTD for the year ended 31 December 2016.

Organisation and operations

FG BCS LTD (the Company), together with its consolidated subsidiaries (collectively, the Group), is a leading broker and asset management company with a focus on Russia. The Group, through its custody, clearing and depository platforms, using both proprietary and third-party technology, provides an integrated platform of brokerage, retail and investment banking, depository and asset management services to individuals and corporate customers in the Russian Federation and abroad. The Group offers integrated web- and software-based trading platforms, which incorporate intelligent order routing technology, real-time market data, options trading, premium research, and multi-channel access, as well as sophisticated account and trade management features, risk management tools, decision support tools, and dedicated personal support. The Group serves its clients through a combination of its wide branch network and web-based and telephonic services, and provides direct-market-access equity and derivatives brokerage services on MOEX (Russia), LSE and other major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA) and on the FX market.

During the first half of 2016 under the Group restructuring process FG BCS Ltd became the legal successor of BCS Holding International Limited and the new parent company of the Group. Change in share capital of the Company was reflected directly in equity. This change has been undertaken to alleviate limitations imposed in certain jurisdictions on offshore companies holding shares in regulated entities and with the intention of bringing the holding company, onshore. Aside from jurisdiction, the new parent is a like for like replacement of the current parent mirroring the current parent's function and purpose. The change has been approved by the Financial Conduct Authority (FCA), the Cyprus Securities and Exchange Commission (CySEC) and Financial Industry Regulatory Authority (FINRA). The Company's registered address is Prevezis, 13, 1st floor, Flat/Office 101, 1065, Nicosia, Cyprus. The Group's headquarter offices are located at Str. Sovetskaya 37, Novosibirsk, Russian Federation. The sole beneficiary and ultimate controlling party of the Group is Oleg Mikhasenko.

As at 31 December 2016, the Group had full-time, part-time and temporary employees, and persons employed on a contract basis that represented the equivalent of about 3 364 full-time employees (2015: 3 092).

As a professional stock and security market participant in the Russian Federation, Cyprus, UK and USA, the Group's operations are regulated by the Central Bank of Russia (the CBR), the CySEC, FINRA and the FCA. The Group is a member of Moscow Exchange, Saint-Petersburg Exchange, London Stock Exchange and Eurex and the following financial associations and self-regulatory organisations: National Association of Stock Market Participants (NAUFOR), International Capital Market Association and International Swaps and Derivatives Association.

Also the Group includes managing companies whose principal activity is to manage assets and liabilities of clients. Activities connected with securities management are licensed under the current legislation. The activities of managing companies are regulated by the CBR and other authorities common for all market participants, for example, tax authorities.

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

Subsidiary	Country of incorporation	Ownership/voting	
		31 December 2016	31 December 2015
Brokercreditservice Ltd	Russia	99.6%	99.6%
BrokerCreditService (Cyprus) Limited	Cyprus	100.0%	100.0%
Joint Stock Company "BCS – Investment Bank"	Russia	99.6%	99.6%
OOO "Investment Management Company Brokercreditservice"	Russia	95.0%	95.0%
OOO "Investment Management Company Brokercreditservice – Real Estate Funds"	Russia	95.0%	95.0%
OOO "Depository Institution MSD"	Russia	99.0%	99.0%
BCS Prime Brokerage Limited	UK	100.0%	100.0%
BCS Management Company	Cayman Islands	100.0%	100.0%
Brokercreditservice Structured Products PLC (former Gawling Limited)	Cyprus	100.0%	100.0%
Routa Luxury Services Ltd	Cyprus	100.0%	100.0%
OOO "Azimut"	Russia	100.0%	100.0%
OOO "Finance Group"	Russia	95.0%	95.0%
BCS Americas	USA	100.0%	-
OOO "Investment Management Company BCS -Savings"(former			
OOO "Investment Management Company RUSSIAN STANDARD")	Russia	100.0%	100.0%

The summary consolidated financial statements on pages 4-13 should be read in conjunction with the consolidated financial statements from which they were derived.

Brokercreditservice Ltd is a limited liability company that was incorporated in the Russian Federation in 1995. Brokercreditservice Ltd provides a range of brokerage and depositary services to retail and corporate clients. It holds licenses issued by Federal Financial Markets Service (FFMS) for securities management, dealer and brokerage services, non-governmental pension funds and unit funds asset management. Offered brokerage services comprise an array of brokerage accounts including debit card, and billpay; individual retirement accounts; retirement plans for small to large businesses; designated brokerage accounts; equity incentive plan accounts; and margin loans, as well as access to fixed income securities, equity and debt offerings, options, and futures; Brokercreditservice Ltd is a clearing broker-dealer and an investment adviser that principally transacts business as an agent in a broad array of financial products and services. It also holds a license issued by the Commission for Commodity Exchanges under FFMS as an intermediary for dealing in futures and options at stock exchanges in the Russian Federation.

BrokerCreditService (Cyprus) Limited (BCS Cyprus) is a licensed investment company regulated by CYSEC. BCS Cyprus is a London Stock Exchange member and is licensed to provide Direct-Market-Access equity and derivatives brokerage services on LSE and the world major exchanges (AMEX, NASDAQ, NYSE, CME/CBOT, Eurex, Euronext, LIFFE, XETRA). BCS Cyprus provides brokerage services on the FOREX market in relation to currency and commodity instruments.

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

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

The investment management business is run via OOO «Investment Management Company Brokercreditservice», BCS Management Company, OOO «Investment Management Company Brokercreditservice - Real Estate Funds» and OOO «Investment Management Company BCS-Savings» which is the investment advisor for the Group's proprietary mutual funds, referred to as the BCS Funds, which offers asset management solutions including separately managed accounts, customized personal advice for tailored portfolios, and specialized planning and full-time portfolio management, and also provides a wide range of trust, investment management oversight and custodial services to non-government pension funds.

The Group through its OOO «Investment Management Company Brokercreditservice» and BCS Management Company subsidiaries operates the following open ended mutual funds:

- BCS National Bonds Fund
- BSC Currency Investments Fund
- BCS Index MICEX Fund
- BCS Global Markets Fund
- BCS Technology
- BCS Up-to-Date Ideas Fund
- Open Investment Fund of Shares «Peter the Great»
- Open Investment Fund of Multi – Asset Investments «Empire»
- Open Investment Fund of Money Mart «Julius Caesar»
- Open Investment Fund of Shares «Catherine the Great»
- Open Investment Fund of Funds «Russian Standard Gold»

The Group also manages the following real estate funds operated by OOO «Investment Management Company Brokercreditservice – Real Estate Funds»:

- Closed Real Estate Fund – Perm Lands
- Closed Real Estate Fund – Real Estate of Pension Fund
- Closed Real Estate Fund – Volzhskiy
- Closed Real Estate Fund – Light-Invest
- Closed Real Estate Fund – BCS Real Estate Fund
- Closed Real Estate Fund – Perspective
- Closed Real Estate Fund – Stroyholding
- Closed Real Estate Fund – Victory
- Closed Real Estate Fund – Lukhovitskiy Agropark

- Closed Real Estate Fund – Labyrinth
- Closed Real Estate Fund – Rainbow
- Closed Real Estate Fund – PNK Development
- Closed Real Estate Fund – Terema
- Closed Real Estate Fund – SpektrGroup
- Closed Real Estate Fund –SM.art-Alliance
- Closed mutual investment Fund of special risk (venture) investments –Advanced nanotechnology

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

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

Business environment

Government regulators and self-regulatory organizations oversee the conduct of the Group's business in many ways, and perform regular examinations to monitor its compliance with applicable statutes, regulations and rules. These statutes, regulations and rules cover all aspects of the business, including sales and marketing activities, trading practices, treatment of customer assets, maintaining specified minimum amounts of capital and limiting withdrawals of funds from regulated operating subsidiaries, continuing education requirements for employees, anti-money laundering practices, know your client policies, recordkeeping and reporting, and supervision regarding the conduct of directors, officers and employees.

Russian business environment

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

The Group's major sources of net revenues are fees and commission from brokerage business, asset management and administration fees, net interest income, and trading revenue. The Group's business can be adversely affected by the general environment – economic, corporate, securities market, regulatory, and geopolitical developments all play a role in client asset valuations, trading activity, interest rates and overall investor engagement, and are outside of the Group's control. Deterioration in credit markets, reductions in short-term interest rates, and decreases in securities valuations negatively impact the fees and commission income, net interest income, asset management and administration fees, and capital resources.

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

The accompanying consolidated financial statements reflect management's estimates of the potential effect of the current operating and business environment on the results and financial position. The future business environment may differ from management's estimates.

Cyprus business environment

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign debt, and although the rating continues to be "non-investment grade", the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

Restatement of comparative information

In preparing 2016 consolidated financial statements the Group identified that it incorrectly netted-off balances of customer brokerage accounts against certain assets, which the Group was entitled to and utilized on its own behalf in its operating activities. The effects of this restatement on amounts presented in the consolidated statement of financial position as at 31 December 2015 and at 31 December 2014 were as follows:

<i>(in thousands of Russian Roubles)</i>	As previously reported	Restatement	As restated for 2015
Cash and cash equivalents	10 720 179	9 647 635	20 367 814
Receivables from brokerage transactions	2 825 536	3 186 055	6 011 591
Customer brokerage accounts	42 640 961	12 833 690	55 474 651
	As previously reported	Restatement	As restated for 2014
Cash and cash equivalents	22 613 986	4 826 084	27 440 070
Customer brokerage accounts	26 045 976	4 826 084	30 872 060

The corresponding changes in the consolidated statement of cash flows are presented below:

<i>(in thousands of Russian Roubles)</i>	As previously reported	Restatement	As restated for 2015
Cash and cash equivalents at the beginning of the year	22 613 986	4 826 084	27 440 070
Receivables from brokerage transactions	2 313 305	(3 186 055)	(872 750)
Customer brokerage accounts	3 168 423	8 007 606	11 176 029
Cash and cash equivalents as at the end of the year	10 720 179	9 647 635	20 367 814

During the year ended 31 December 2016 the Group found that it had not correctly revalued the derivative assets and liabilities and loans received as at 31 December 2015. Accordingly, the Group restated derivative assets, derivative liabilities and current accounts, deposits and borrowings included in the consolidated statement of financial position for the year ended 31 December 2015. The effects of this restatement on amounts presented in the consolidated statement of financial position as at 31 December 2015 were as follows:

<i>(In thousands of Russian Roubles)</i>	As previously reported	Restatement	As restated for 2015
Derivative assets	3 280 590	(102 564)	3 178 026
Derivative liabilities	754 094	472 869	1 226 963
Deferred tax assets	998 965	90 146	1 089 111
Current accounts, deposits and borrowings	20 883 561	(267 368)	20 616 193

The effects of this restatement on amounts presented in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 were as follows:

<i>(In thousands of Russian Roubles)</i>	As previously reported	Restatement	As restated for 2015
Net trading income	5 926 057	(308 065)	5 617 992
Income tax expense	(140 609)	90 146	(50 463)

2 Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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