/translation from Lithuanian into English/

JSC FBC ORION SECURITIES

Independent Auditor's Report,
Financial Statements
and
Annual Report of the Company
for the Year Ended on 31 December 2014

2015

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Audit JSC O. ARMALIENE IR PARTNERIAI
Laisvės al. 9-5, LT-44237 Kaunas,
Tel. (37) 4076 12, fax (37) 40 76 13,
Mob. tel. -370 699 49029
E-mail: armauditas@gmail.com
Company No. 135572154, VAT No. LT355721515

INDEPENDENT AUDITOR’S REPORT

To the shareholders of JSC FBC Orion Securities

Report on the Financial Statements

We have audited the accompanying financial statements of JSC FBC Orion Securities, which includes the Financial Report for the year ended on 31 December 2014, the Balance Sheet as at that day, cash flow statement, and the statement of changes in equity as well as explanatory notes (hereinafter referred to as the Financial Statements).

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the laws applicable in the Republic of Lithuania, regulating accounting and financial accountability, as well as the International Financial Reporting Standards as adopted by the European Union, and for such internal control as the management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or mistake.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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. Assessing the risk, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements 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 Company’s internal control. An audit also includes evaluation of the appropriateness of accounting policies and the reasonableness of accounting estimates made by the managing board, 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 in all material aspects give a true and fair view of the financial position of the JSC FBC Orion Securities as at December 31, 2014, and of its result for the year then ended in accordance with the Laws of the Republic of Lithuania, regulating financing accounting and financial reporting, the international standards of financial accountability, applicable in the European Union.

Report on other legal and regulatory requirements

Furthermore we have read the Annual Report for the year 2014 and have not noted any material inconsistencies between the financial information therein and in the Financial Statements of the JSC FBC Orion Securities for the year 2014.

Ona Armalienė, Auditor
Auditor’s Certificate No. 000008 /*signature*/

30 March 2015

Laisvės al. 9-5, LT-44237 Kaunas,
Republic of Lithuania

AUDITING COMPANY UAB O.ARMALIENĖ IR PARTNERIAI
Auditing Company Licence No. 001242

JSC FBC ORION SECURITIES
(company name)

Company code: 122033915; address: A. Tumėno Str. 4, Vilnius
(company code, address, other data)

FINANCIAL STATEMENT as at 31 December 2014

20.03.2015 **No 1**
(reporting date)

01.01.2014 — 31.12.2014 ***LTL, in Litas***
(reporting period) (statement accuracy level and currency)

	ASSETS	Note No	31 December 2014	31 December 2013
A.	**ASSETS**	***4***	**10,863,010**	**14,073,609**
I.	Cash and cash equivalents	***1.4***	**3,191,260**	**4,656,044**
II.	Treasury bills and other bills purchased by central banks			
II.1.	Treasury bills			
II.2.	Other bills purchased by central banks			
III.	Loans and prepayments to financial institutions			
III.1.	On demand			
III.2.	Other loans and prepayments			
IV.	Loans and prepayments to clients	***4***	**3,030,180**	**2,727,434**
V.	Other receivables	***4***	**1,303,235**	**1,299,134**
V.1.	Associated with the services provided by the company		499,298	355,259
V.2.	Accrued income		15,637	32,312
V.3.	Other receivables		788,300	911,563
VI.	Non-equity securities	***2,4***	**41,201**	**210,306**
VI.1.	Issued by other companies	***2,4***	41,201	210,306
VI.1.1.	Bonds	***2,4***	41,201	210,306
VI.1.2.	Bills			
VI.1.3.	Other non-equity securities			
VI.2.	Issued by public entities	***2,4***		
VI.2.1.	Bonds	***2,4***		
VI.2.2.	Bills			
VI.2.3.	Other non-equity securities			
VII.	Equity securities	***2,4***	**2,980,107**	**4,840,179**
VII.1.	Shares	***2,4***	2,791,723	4,738,987
VII.2.	Depositary receipts for shares	***2,4***	132,493	43,319
VII.3.	Collective investment fund units	***2,4***	**55,891**	**57,873**
VII.4.	Other equity securities			
VIII.	Investments in associated companies			
VIII.1.	Investments in financial institutions			
VIII.2.	Investments in other associated companies			

	ASSETS	Note No	31 December 2014	31 December 2013
IX.	Investments in subsidiary companies			
IX.1.	Investments in financial institutions			
IX.2.	Investments in other subsidiary companies			
X.	TANGIBLE ASSETS	***3,4***	**92,786**	**242,363**
X.1.	Land			
X.2.	Buildings			
X.3.	Other tangible assets	***3,4***	92,786	242,363
X.3.1.	Vehicles	***3,4***	4,238	175,626
X.3.2.	Fixtures, fittings, tools and equipment			
X.3.3.	Investment property			
X.3.4.	Inventories			
X.3.5.	Other tangible assets	***3,4***	88,548	66,737
XI.	INTANGIBLE ASSETS	***3,4***	**67,208**	**40,290**
XI.1.	Goodwill			
XI.2.	Other intangible assets	***3,4***	67,208	40,290
XI.2.1.	Development works			
XI.2.2.	Licences			
XI.2.3.	Software	***3,4***	67,208	40,290
XI.2.4.	Other intangible assets			
XII.	OTHER ASSETS		**157,033**	**57,859**
XII.1.	Deferred tax assets	***16***	86,325	27,555
XII.2.	Deferred expenses	***4***	70,708	30,304
XII.3.	Other assets			
	TOTAL ASSETS:	***4***	**10,863,010**	**14,073,609**

	EQUITY AND LIABILITIES	Note No	31 December 2014	31 December 2013
B.	**AMOUNTS PAYABLE AND LIABILITIES**	***4***	**5,043,718**	**8,300,172**
I.	Payables and liabilities to financial institutions	***4***	**3,338,768**	**4,210,812**
I.1.	On demand	***4***	1,895,182	4,210,812
I.2.	Fixed maturity	***4***	1,443,586	
II.	Payables and liabilities to clients	***4***	**7,986**	**68,575**
II.1.	On demand		7,986	68,575
II.2.	Fixed maturity			
II.2.1.	Proceeds from borrowings			
II.2.2.	Associated with the services provided by the company			
III.	Non-equity securities issued and other liabilities			
IV.	Other amounts payable and liabilities	***4***	**1,006,404**	**2,639,665**
IV.1.	Income tax liabilities	***4***		15,765
IV.2.	Deferred tax liabilities	***16***		
IV.3.	Liabilities related to employment relations	***4***	607,538	390,323
IV.4.	Accrued expenses and deferred income	***4***	175,145	50,776
IV.5.	Other amounts payable and liabilities	***4***	223,721	2,182,801
V.	Provisions			
VI.	Subordinated liabilities	***4***	**690,560**	**1,381,120**
C.	**EQUITY**		**5,819,292**	**5,773,437**
I.	Authorised (subscribed) capital	***5***	**5,500,040**	**5,500,040**
II.	Subscribed uncalled authorised capital (-)			
III.	Share premium			
IV.	Own shares (-)			
V.	Reserves		**273,397**	**105,895**
V.1.	Legal		273,397	105,895
V.2.	For acquiring own shares			
V.3.	Other reserves			
VI.	Revaluation reserves (results)			
VII.	Retained earnings (losses)	***6***	**45,855**	**167,502**
VII.1.	Profit (loss) for the previous year	***6***		
VII.2.	Profit (loss) for the reporting year	***6***	45,855	167,502
	TOTAL EQUITY AND LIABILITIES:		**10,863,010**	**14,073,609**

OFF-BALANCE SHEET

	Off-balance sheet items	**Note No**	**31 December 2014**	**31 December 2013**
I.	Guarantees and sureties granted			
II.	Assets managed by clients		**783,741,014**	**705,859,946**
II.1.1.	Clients' cash and cash equivalents		53,652,808	59,469,997
II.1.2.	Securities purchased on behalf of clients		233,885,577	210,006,556
II.1.3.	Accounted securities of clients, represented at the Central Securities Depository of Lithuania		495,757,809	433,949,975
II.1.4.	Pledged securities of clients		(2,613,831)	
II.1.5.	Securities purchased from clients under reverse repurchase agreements		3,058,651	2,433,418
III.	Other off-balance liabilities		**375,000**	**555,000**
IV.	Amount of clients' transactions of derivative financial instruments with a third party	*7*	**22,822,844**	**11,768,598**
V.	Financial instruments, based on which clients concluded CFD with a third party	*7*	**45,012,642**	**10,245,182**
VI.	Financial instruments, based on which clients concluded CFD with the company	*7*	**4,645,980**	**9,552,006**
VI.1.	Financial instruments, based on which the company purchased securities as CFD leverage		2,689,632	4,983,466
VI.2.	Financial instruments, based on which the company concluded CFD with a third party		1,956,348	4,568,540

Director	*/Signature/*	**Alius Jakubėlis**
(title of the Head of the Company)	(signature)	(full name)
Accountant by attorney	*/Signature/*	**Dainius Minelga**
(Chief Accountant (Accountant) or title of person authorised to do accounting)	(signature)	(full name)

JSC FBC ORION SECURITIES
(company name)

Company code: 122033915; address: A. Tumėno Str. 4, Vilnius
(company code, address, other data)

(Approval mark)

STATEMENT OF COMPREHENSIVE INCOME as at 31 December 2014

20.03.2015 **No 2**
(reporting date)

01.01.2014 — 31.12.2014 ***LTL, in Litas***
(reporting period) (statement accuracy level and currency)

No.	Items	Note No	31 December 2014	31 December 2013
I.	Commissions, management and servicing revenue	*8*	**5,294,985**	**4,740,261**
II.	Commissions, management and servicing costs	*9*	**3,496,205**	**3,324,294**
III.	Revenue from equity securities	*15*	**12,323**	**53,962**
III.1.	Shares and other equity securities	*15*	12,323	53,962
III.2.	Investments in associated companies			
III.3.	Investments in subsidiary companies			
IV.	Interest and related revenue	*15*	**1,060,805**	**844,477**
IV.1.	On non-equity securities	*15*	8,361	835
IV.2.	On loans granted	*15*	133,140	123,977
IV.3.	Other	*15*	919,304	719,665
V.	Interest and related costs	*15*	**351,141**	**307,637**
V.1.	On non-equity securities issued			
V.2.	On loans received	*15*	351,141	307,637
V.3.	Other			
VI.	Profit (loss) from financial transactions		**(1,951)**	**134,644**
VI.1.	Profit (loss) from trade in securities	*15*	(145,742)	87,861
VI.2.	Profit (loss) from transactions in foreign currency	*15*	254,381	68,615
VI.3.	Other profit (loss) from financial transactions		(110,590)	(21,832)
VII.	Administrative costs	*11*	**2,223,363**	**2,045,600**
VIII.	Correction of value of loans and prepayments	*12*	**(177,671)**	**75,799**
IX.	Correction of value of securities	*15*	**(125,437)**	**24,135**
IX.1.	Impairment and recovery of securities			
IX.2.	Changes in real value of securities	*15*	(125,437)	24,135
X.	Correction of value of tangible and intangible assets			
X.1.	Impairment and recovery of tangible assets			
X.2.	Changes in real value of tangible assets			
X.3.	Impairment and recovery of intangible assets			
XI.	Provision costs			
XII.	Other activities income	*14*	**25,818**	**4,320**
XIII.	Other activities costs	*14*	**31,078**	

No.	**Items**	**Note No**	**31 December 2014**	**31 December 2013**
XIV.	PROFIT (LOSS) FROM ORDINARY ACTIVITIES		**(12,915)**	**200,067**
XV.	Extraordinary gains			
XVI.	Extraordinary costs			
XVII.	PROFIT (LOSS) FROM EXTRAORDINARY ACTIVITIES			
XVIII.	Income tax	***16***	(58,770)	32,565
XIX.	Other taxes			
XX.	NET PROFIT (LOSS)		**45,855**	**167,502**

Director	/*Signature*/	**Alius Jakubėlis**
(title of the Head of the Company)	(signature)	(full name)
Accountant by attorney	/*Signature*/	**Dainius Minelga**
(Chief Accountant (Accountant) or title of person authorised to do accounting)	(signature)	(full name)

JSC FBC ORION SECURITIES
(company name)

Company code: 122033915; address: A. Tumėno Str. 4, Vilnius
(company code, address, other data)

(Approval mark)

CASH FLOW STATEMENT as at 31 December 2014

20.03.2015 **No 3**
(reporting date)

01.01.2014 — 31.12.2014 ***LTL, in Litas***
(reporting period) (statement accuracy level and currency)

No.	Items	Note No	Financial year	Previous financial year
I.	**CASH FLOWS FROM THE MAIN ACTIVITIES**			
I.1.	Net profit (loss)		**45,855**	**167,502**
	non-pecuniary items:			
I.2.	Correction of value of loans and prepayments		177,671	(75,799)
I.3.	Correction of value of securities	*2*	125,437	(24,135)
I.4.	Correction of value of tangible and intangible assets			
I.5.	Depreciation and amortization expenses	*3*	105,669	136,720
I.6.	Increase (decrease) in provisions			
I.7.	Other non-pecuniary costs (income)		(58,770)	16,800
I.8.	Correction of profit (loss) under non-pecuniary items		**350,007**	**53,586**
	changes in balance sheet items:			
I.9.	Increase (decrease) in treasury bills and other bills purchased by central banks			
I.10.	Increase (decrease) in prepayments to financial institutions			
I.11.	Increase (decrease) in prepayments to clients			
I.12.	Increase (decrease) in other amounts receivable		(4,101)	717,132
I.13.	Increase (decrease) in non-equity securities		169,105	(22,333)
I.14.	Increase (decrease) in equity securities		1,860,072	(904,621)
I.15.	Increase (decrease) in other assets		(40,404)	(20,124)
I.16.	Increase (decrease) in amounts payable to financial institutions		(872,044)	2,526,786
I.17.	Increase (decrease) in amounts payable to clients and liabilities		(60,589)	(176,060)
I.18.	Increase (decrease) in other amounts payable and liabilities		(1,633,261)	1,636,384
I.19.	Dividends received (paid)			
I.20.	Interest received (paid)			
I.21.	Correction of net profit (loss) under changes in balance sheet items		(581,222)	3,757,164
I.22.	Elimination of financial and investment activity results		(2,111,774)	729,051
	Net cash flows from the main activities		**(2,297,134)**	**4,707,303**

No.	Items	Note No	Financial year	Previous financial year
II.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.1.	Acquisition of securities	***2***	(48,716,814)	(37,394,464)
II.2.	Transfer of securities	***2***	49,851,873	36,220,675
II.3.	Dividends received		12,323	53,962
II.4.	Interest received		1,060,805	845,380
II.5.	Acquisition of tangible assets (except securities)	***3***	(130,813)	(65,743)
II.6.	Transfer of tangible assets (except securities)	***3***	119,976	0
II.7.	Loans granted		(10,381,580)	(14,242,734)
II.8.	Loans recovered		10,065,768	13,391,614
II.9.	Revenue from other investing activities			
II.10.	Disbursements from other investing activities			
	Net cash flows from investing activities		**1,881,538**	**(1,191,310)**
III.	**CASH FLOWS FROM FINANCIAL ACTIVITIES**			
III.1.	Shares issued			
III.2.	Shares purchased			
III.3.	Other securities issued			
III.4.	Other securities purchased			
III.5.	Loans received			
III.6.	Loans repaid		(690,560)	
III.7.	Lease payments (financial lease)		(7,239)	(49,039)
III.8.	Dividends paid			
III.9.	Interest paid		(351,141)	(307,637)
III.10.	Amounts received under subordinated liabilities			
III.11.	Amounts paid under subordinated liabilities			
III.12.	Revenue from other financial activities			
III.13.	Disbursements from other financial activities		(248)	(497)
	Net cash flows from financial activities		**(1,049,188)**	**(357,173)**
IV.	**CHANGES IN CASH BALANCE DUE TO CURRENCY FLUCTUATION**			
V.	**INCREASE (DECREASE) IN CASH FLOWS, NET**		**(1,464,784)**	**3,158,820**
VI.	**CASH AT THE BEGINNING OF THE PERIOD**		**4,656,044**	**1,497,224**
VII.	**CASH AT THE END OF THE PERIOD**		**3,191,260**	**4,656,044**

Director	*/Signature/*	**Alius Jakubėlis**
(title of the Head of the Company)	(signature)	(full name)
Accountant by attorney	*/Signature/*	**Dainius Minelga**
(Chief Accountant (Accountant) or title of person authorised to do accounting)	(signature)	(full name)

JSC FBC ORION SECURITIES
Company code: 122033915; address: A. Tumėno Str. 4, Vilnius

(Approval mark)

STATEMENT OF CHANGES IN EQUITY as at 31 December 2014

20.03.2015 **No 4**
(reporting date)

01.01.2014 — 31.12.2014
(reporting period)

LTL, in Litas
(statement accuracy level and currency)

	Paid up authorized capital	Share premium	Own shares (-)	Reserves			Revaluation reserve		Retained earnings (losses)	Total
				Compulsory	For acquiring own shares	Other	of non-current tangible assets	of financial assets		
1. Balance at the end of the reporting period before previous year	**5,500,040**			**97,109**					**8,786**	**5,605,935**
2. Result of changes in accounting policies										-
3. Result of correcting material errors										-
4. Recalculated balance at the end of the reporting period before previous	**5,500,040**	**-**	**-**	**97,109**	**-**	**-**	**-**	**-**	**8,786**	**5,605,935**
5. Increase (decrease) in the value of non-current tangible assets										-
6. Increase (decrease) in the value of financial assets										-
7. Acquisition (sales) of own shares										-
8. Profit (loss) not recognized in the income statement										-
9. Net profit (loss) of the reporting period	-								167,502	167,502
10. Dividends										-
11. Other payments										-
12. Reserves formed				8,786					(8,786)	-
13. Reserves used										-
14. Increase (reduction) of authorized capital										-
15. Balance at the end of the previous reporting period	**5,500,040**	**-**	**-**	**105,895**	**-**	**-**	**-**	**-**	**167,502**	**5,773,437**
16. Increase (decrease) in the value of noncurrent tangible assets										-
17. Increase (decrease) in the value of financial assets										-
18. Acquisition (sales) of own shares										-
19. Profit (loss) not recognized in the income statement										-
20. Net profit (loss) of the reporting period	-								45,855	45,855
21. Dividends										-
22. Other payments										-
23. Reserves formed				167,502					(167,502)	-
24. Reserves used										-
25. Increase (reduction) of authorized capital										-
26. Balance at the end of the current reporting period	**5,500,040**	**-**	**-**	**273,397**	**-**	**-**	**-**	**-**	**45,855**	**5,819,292**

Director */Signature/* **Alius Jakubėlis**
(title of the Head of the Company) (signature) (full name)

Accountant by attorney */Signature/* **Dainius Minelga**
(Chief Accountant (Accountant) or title of person authorised to do accounting) (signature) (full name)

JSC FBC ORION SECURITIES

Company code: 122033915; address: A. Tumėno Str. 4, Vilnius

EXPLANATORY NOTES

TO FINANCIAL STATEMENTS FOR 2014
(all amounts are in Litas, unless otherwise stated)

Date of compilation 20 March 2015 No 1

I. GENERAL INFORMATION

Joint Stock Company FBC Orion Securities (hereinafter – the Company) was established on 12 August 1993; under registration No AB 93-1009 in Vilnius Legal Entities Register. On 3 November 1997 the Company was reincorporated in the Ministry of Economy of the Republic of Lithuania, under registration No 97-331. Legal entity code: 122033915. By 12 January 2007, the Company was named JSC FBC Baltijos Securities.

The Company's authorised capital is 5,500,040 (five million five hundred thousand and forty) Litas, consisting of 78,572 shares with a par value: LTL 70 each. The shares are fully paid.

In 2013, the Company's shareholders were the following two: JSC East Europe Investment Group (reg. office at Savanoriu Ave. 119-3, Kaunas, legal entity code 300606588, which belongs to Scaent Baltic Group (51 percent) and Lumiere Holdings B.V. financial services company incorporated in the Kingdom of the Netherlands, legal entity code" 34366670 (49 percent).

The Company's activities: financial brokerage. Since 6 September 2007 the Company has a special A Category Licence, which enables the Company to engage in any activities set out in the Law on Securities Market of the Republic of Lithuania. Currently, there are four main groups of the services provided: security contract brokerage, corporate finance, market making, and asset management services.

In 2014, an average number of employees was 21.8.
At the end of the financial year, the Company had 20 employees.
At the end of the previous financial year, the Company had 24 employees.

II. GOVERNING BODIES

In accordance with the Company's Articles of Association, governing bodies are the General Meeting of Shareholders, the Board, and a single-person governing body – Head of the Company – Director.

In 2014, the members of the Board were as follows:

- Konstantin Morozov – Chairman of the Board;
- Linas Garbaravičius – member of the Board;
- Maksim Papanov – member of the Board;
- Paulius Vazniokas – member of the Board.

III. ACCOUNTING POLICIES

a) Basis for Accounting

The Company manages accounting and prepares financial statements in accordance with the International Financial Reporting Standards (IFRS), Law on Accounting, and Law on Financial Statements of the Republic of Lithuania, other legal acts, legal documents, and procedures.

The Company's financial year coincides with a calendar year.

The Company has prepared the financial statements in accordance with the International Financial Reporting Standards (IFRS), applicable for periods beginning on 1 January 2013. The applicable accounting policies are described in Part C.

b) Currency of Financial Statements

The Company manages accounting, estimates and states all amounts in the financial statements in the national currency of the Republic of Lithuania: Lithuanian Litas.

Since 2 February 2002, Lithuanian Litas is pegged to Euro at the exchanged rate of 3.4528 Litas per Euro, and exchange rates of other currencies are set daily by the Bank of Lithuania.

c) Application of new and/or amended IFRS and the International Financial Reporting Interpretations Committee (IFRIC) interpetations

Application of new and amended International Financial Accounting Standards (IFRS)

Currently applicable standards and interpretations thereof

The amendments to and interpretations of the following standards published by the International Accounting Standards Board (IASB) and adopted by EU are applicable currently"

- **IFRS 10 *Consolidated Financial Statements*;** adopted to enter into force in EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IFRS 11 *Joint Arrangements*;** adopted to enter into force in EU on 11 December 2012 (effective for annual periods beginning on 1 January 2014),
- **IFRS 12 *Disclosure of Interests in Other Entities*,** adopted to enter into force in EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 27 (as amended in 2011) *Separate Financial Statements*;** adopted to enter into force in EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **IAS 28 (as amended in 2011) *Investments in Associates and Joint Ventures*;** adopted to enter into force in EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- **Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*;** transitional provisions adopted to enter into force in EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2013),
- **Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 27 *Separate Financial Statements*;** *investment companies*; adopted to enter into force in EU

on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),

- **Amendments to IAS 32 *Financial Instruments: Presentation;*** *Offsetting Financial Assets and Financial Liabilities*; adopted to enter into force in EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),

- **Amendments to IAS 36 *Impairments of Assets*;** *Recoverable Amount Disclosures for Non-Financial Assets*; adopted to enter into force in EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),

- **Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*;** *Novation of Derivatives and Continuation of Hedge Accounting*; adopted to enter into force in EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),

Application of the amendments to the abovementioned standards has not changed the accounting policies of the Company.

Standards and interpretations issued by IASB but not effective yet

On the approval date of these financial statements the following standards, amendments to and interpretations of existing standards have been adopted in EU but have not entered into force yet:

- **Amendments to various standards *Annual Improvements to IFRSs (2010-2012 Cycle)***, resulting from annually proposed amendments to IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38) in order to eliminate inconsistencies and expressions existing therein; adopted to enter into force in EU on 17 December 2014 (effective for annual periods beginning on or after 1 January 2015),

- **Amendments to various standards *Annual Improvements to IFRSs (2011-2013 Cycle)***, resulting from annually proposed amendments to IFRSs (IFRS 1, IFRS 3, IFRS 13, and IAS 40) in order to eliminate inconsistencies and expressions existing therein; adopted to enter into force in EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015),

- **Amendments to IAS 19 *Employee Benefits***; *Defined Benefit Plans: Employee Contributions;* adopted to enter into force in EU on 17 December 2014 (effective for annual periods beginning on or after 1 January 2015),

- **IFRIC 21 *Levies*;** adopted to enter into force in EU on 13 June 2014 (effective for annual periods beginning on or after 1 January 2014),

Standards and interpretations issued by IASB but not adopted in EU yet

IFRS currently adopted in EU do not include essential differences if compared with the standards approved by the International Accounting Standards Board (IASB), except the standards listed below, as well as amendments to and interpretations thereof, which have not been approved yet on 30 January 2015 (the following effective dates are applicable to IFRSs to their full extent).

- **IFRS 9 *Financial Instruments*** (effective for annual periods beginning on or after 1 January 2018),

- **IFRS 14 *Regulatory Deferral Accounts*** (effective for annual periods beginning on or after 1 January 2016),

- **IFRS 15 *Revenue from Contracts with Customers*** (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*;** *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IFRS 10 *Consolidated Financial Statements,* IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*;** *Investment Entities: Applying the Consolidation Exception* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IFRS 11 *Joint Arrangements*;** *Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 1 *Presentation of Financial Statements*;** *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*;** *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture*;** *Agriculture: Bearer Plants* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 27 *Consolidated and Separate Financial Statements*;** *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to various standards *Annual Improvements to IFRSs (2012-2014 Cycle)***, resulting from annually proposed amendments to IFRSs (IFRS 5, IFRS 7, IAS 19, and IAS 34) in order to eliminate inconsistencies and expressions existing therein (effective for annual periods beginning on or after 1 January 2016).

The Company believes that the application of the following standards, as well as amendments to and interpretations of existing standards to the effective standards will not have significant impact on the financial statements of the Company during initial application thereof.

d) Basic Principles

Company principle. The Company is a separate unit of accounting; book-keeping records and financial statements display only the Company's assets, equity, liabilities, income and expenses, and cash flows.

Going concern basis. In the preparation of financial statements, it is assumed that the period of the Company's activities is unlimited and it is not going to be winded up.

Principle of consistency. The Company applies the selected accounting policy consistently or fairly long period of time, unless significant events or circumstances would lead to the need to change it. Classification of items in the financial reporting or information presentation mode are changed only when it becomes clear that the accounting methods applied do not correctly show the Company's performance or financial condition.

Monetary measurement principle. All the Company's assets, equity and liabilities are expressed in monetary terms in the financial statements.

Accrual principle. The Company records transactions and events in the accounting upon their accrual and presents them in the financial statements for those periods, without regard to receipt or payment of cash. Revenues are recorded when they are earned.

Comparison principle. The Company connects revenues, earned during the reporting period, to expenses incurred in earning the revenues, i.e., costs are recognized in the accounting period when the related revenues are earned.

Precautionary principle. The Company chooses accounting methods by which the value of assets, equity and liabilities, income and expenses cannot be overstated or reduced unreasonably.

Principle of substance. In displaying its business transactions and events, the Company is focusing mostly on their content and meaning, rather than on solely formal reporting requirements. The Company records transactions and events in accounting and presents them in the financial statements based on their substance and economic sense, even if the presentation is different from the legal form.

d) Financial Assets Accounting

Financial assets include cash and cash equivalents, a contractual right to receive cash or other financial assets from the other entity, as well as securities issued by the other company.

Cash includes monetary resources on the Company's bank accounts.

Cash equivalents may include short-term (up to three months) liquid investments in securities, other financial assets that meet the definition of cash equivalents.

A contractual right to receive cash or other financial assets from the other entity are receivables for services provided, prepayments for financial assets, and other contractual financial debts to the Company.

Evaluation of financial assets depends on the purpose of asset purchase, for evaluation purposes, financial assets are divided into groups:

- For sale;
- Held-to-maturity investments;
- Loans granted and receivables;

Financial assets held for sale include other companies' shares and bonds, government bonds, investment fund units, other accounts receivable, which the Company intends to sell. These assets are recorded at acquisition cost on the title transfer date. Later, on the date of preparation of each reporting period, they are revaluated to fair value, by recording them in the Correction of value of loans item in the Company's Income Statement.

Financial assets held to maturity are classified as bonds with a fixed interest rate and fixed maturities, which are intended to hold to maturity. Those assets are recorded at amortized cost of a financial asset.

Loans granted are recorded at rated value, by direct accrual of interest.

Accounts receivable are refunded at fair value, i.e., less the estimated doubtful amounts.

e) Authorised Capital

The authorised capital of the Company is equal to the total amount of par values of all subscribed shares. The authorised capital accounts for a par value only. Subscribed authorised capital is recorded in the Statement of Financial Condition with unpaid shares deducted.

f) Legal and Other Reserves

Reserves are formed following the decision of the general meeting of shareholders (except for revaluation reserve) for the intended purposes. Reserves are generated by allocating the performance results (profits) of the reporting year. The decision to form a reserve is recorded in the minutes of the general meeting of shareholders.

Legal Reserve is made up of deductions from the net profit and must be at least 1/10 of the authorised capital. It is used to cover losses. Upon reduction of the authorised capital, the legal reserve can be reduced while maintaining the abovementioned ratio. Legal reserve margin, by reducing the authorised capital is attributed to the distributable result of the reporting period

Retainable Reserves are formed in accordance of the Company's Articles of Association for specific objectives by transferring apart of the net profit of the reporting period. Retainable reserves are formed, reduced, and eliminated following the decision of the general meeting of shareholders with a qualified majority of more than of ¾ votes. Upon reduction or elimination of the retainable reserves, the authorised capital is increased by the corresponding amount, a par value of share is increased in proportion to the par value of the Company's shares, owned by shareholders, or new shares are issued.

Other Reserves are made of the distributable profits and used to achieve specific goals of the Company.

Retainable and Distributable Reserves can be formed only after forming a fixed legal reserve.

Other reserves are formed only in accordance of the Company's Articles of Association, upon decision made by the shareholders to eliminate or reduce other reserves; decrease in the reserve is recorded by increasing the retained earnings by the same amount.

g) Profit Distribution

The Company records profit distribution as owners decide to distribute the profit, regardless of when it was earned. Profit distribution is considered to be the dividend announcement and formation of reserves only. Payment of support, charity, bonuses, and premiums is recognized as operating expenses of the reporting period under the Company's accounting policies.

h) Financial Liabilities Accounting

Financial liabilities are recognized when the Company incurs obligations to be met. Upon initial recognition, financial liabilities are stated at cost. At the end of each reporting period, liabilities denominated in foreign currency are evaluated at the official exchange rate of Litas and foreign currency, which is announced by the Bank of Lithuania. Gains and losses related to the revaluation of liabilities are recognized as a financial performance result of the reporting period.

i) Foreign Currency

Transactions in foreign currencies are translated into Litas at the official exchange rate of Litas and foreign currency, which is announced by the Bank of Lithuania and valid on the date of the transaction.
At the end of the reporting period, all assets and liabilities denominated in foreign currencies are translated into Litas at the official exchange rate of Litas and foreign currency, which is announced by the Bank of Lithuania on the last day of the reporting period. Gains and losses from foreign currency transactions are accounted for in the income and expenses from financial and investment operations in the Statement of Comprehensive Income.

j) Non-Current Tangible Assets

Acquisition of non-current tangible assets, upon initial recognition, is recorded at acquisition cost. Subsequently, it is recorded at acquisition cost less accumulated depreciation. Depreciation is calculated using the straight-line (linear) method under the depreciation rates set out in non-current asset commencement. Calculation of depreciation begins next month following the commencement.

The following non-current tangible asset depreciation rates are applied:

Group of non-current tangible assets	Rate, in years
Furniture, except for used in hotel operations	6
Computer and communication equipment (computers networks and hardware)	3
Cars:	
1) cars - no more than 5 years	6
2) other cars	10
Other non-current tangible assets	4-6

The assets with the useful life longer than 1 year and the acquisition value of at least 500 LTL are attributed to non-current tangible assets.

k) Non-Current Intangible Assets

Acquisition of non-current intangible assets, upon initial recognition, is recorded at acquisition cost. Subsequently, it is recorded at acquisition cost less accumulated amortisation. Amortisation is calculated using the straight-line (linear) method under the set amortisation rates. Calculation of amortisation begins next month following the commencement.

The following non-current intangible asset amortisation rates are applied:

Group of non-current intangible assets	Rate, in years
Software	3
Other intangible assets	4

The assets with the useful life longer than 1 year and the acquisition value of at least 500 LTL are attributed to non-current intangible assets.

l) Revenue Recognition

Revenue is recognized on an accrual basis, i.e., the Company recognizes it upon obtaining the right to receive it. Revenue from the sales of goods and services is recognized on implementation thereof. If services are provided or works are performed longer than one reporting period, revenue is recognized as earned and attributed to the period in which the services were provided, and works were completed, regardless of when the money is paid.
Dividends, commissions, and interest income are recognized by the Company upon obtaining the right to receive them.

m)Expense Recognition

Expenses are recognized on an accrual and matching principles in the reporting period in which the related revenue is earned, regardless of the period of the money spent.
Only the part of expenditure for the previous and reporting periods is recognized as expenses, which matches the revenue earned during the reporting period. Expenses, not related to the revenue generation during the reporting period, but intended for earning revenue in future periods, are recorded and presented in the financial statements as asset.

Commissions, management and servicing operating expenses include all costs related to earning income from commissions, management and client servicing activities - costs of commissions paid to stock exchanges, depositories and banks; trade market technical security costs; wages of employees in income generating sections and related costs; as well as consulting relating to the income generation from commission, management and servicing.

General administrative expenses consist of expenditure on personnel in non-income generating sections, cost of office space, office expenses, etc.

Financial transaction expenses include losses due to exchange rate charges and currency conversion, as well as a negative result of securities revaluation at fair value. Financial transaction expenses are recognized in the period as incurred, regardless of the money spent.

n) Rent – the Company as the Lessee

Lease payments are charged to the income statement in proportion to the period of the lease.

o) Rent – the Company as the Lessor

Income calculated under the lease agreement is recognized in the period in which it is generated.

p) Income Tax

Income is taxable at 15 percent income tax rate in accordance with Law on Corporate Income Tax of the Republic of Lithuania. Tax expenses can be deferred forward to the next year, except for the expenses incurred as a result of disposal of securities and (or) derivatives. Expenses incurred as a result of disposal of securities and (or) derivatives are transferred to the next reporting year, but are offset by income from the disposal of securities and (or) derivatives only. Expenses as a result of disposal of securities and (or) derivatives may be deferred forward for 5 years and offset only by profit from the same kind of transactions.

Deferred income tax is recorded using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognized only to the extent that is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised.

q) Provisions

Provisions are recognized if they meet all three criteria for recognition:

a. The Company has a present legal or constructive obligation as a result of past events;
b. Fulfilment of the legal or constructive obligation will, likely, require the use of the Company's assets;
c. The amount can be reliably estimated.

At the end of 2011, the Company had no provisions.

r) Accounting of CFDs

General part. Contract for Differences (hereinafter - CFD) is an agreement between two parties, i.e., the buyer and the seller, whereby one party pays the difference between the current market price and the initial price of the underlying instrument, valid on the date of the transaction. If the price of a specific CFD increases, the price difference is paid by the seller, if drops - by the buyer. CFD is a derivative financial instrument with the price coming from the stock market price.

The Company's risk elimination. The Company, entered into CFD transaction with a client, is insured by making the same transaction with a third party or by buying the same amount of the securities which are the basis of the CFD transaction with the client.

Accounting of CFD transactions entered into with a third party. In the case a price of a certain CFD, compared to the initial price, is recorded on the transaction date, the price difference on the transaction closing and settlement date is recorded in the financial liability items as a liability to a client. Upon settlement with the client, the liability is offset. If a price of a certain CFD falls, the closing the price difference on the transaction closing and settlement date is recorded in the asset items as receivables from a client for CFD. Upon settlement with the client, the receivables are offset.

Accounting of CFD contracts as a basis for securities purchase. On CFD transaction date with a client, the Company buys the same amount of securities for its portfolio as a basis for the CFD transaction made with the client. All securities, purchased for CFDs, are recorded in a separate portfolio of financial assets thereof. Every time when preparing the financial statements, the assets are valued at fair value, by recording an increase in the liabilities, and impairment - in asset items. On the transaction closing and settlement date, the securities are sold. In this case, the result of CFD includes revaluations and the amount of a profit or loss from the sale. If the result is positive (price of securities raised), financial liability to a client is recorded. Upon settlement with the client, the liability is offset. If the result is negative (price of securities dropped), it is recorded as receivables from a client. Upon settlement with the client this receivable is annulled.

s) Option Accounting

General part. Option is a financial instrument that grants one party the right (but not the obligation) to buy or sell a specific asset or financial instrument in the future, whereas this is an obligation for the other party to sell or buy the asset. Purchasing of an option entitles to buy a certain asset or financial instrument at a fixed price, before the set deadline (or during a set period) in the future, i.e., until the option expires. The seller's option grants a person the right to sell the asset. One party pays the other one an option premium for such option. Option, which can be conducted at any time during the contract validity, is called American. Options, with the contract executed on the last day of validity of the option, are known as European.

Option accounting. In accounting, options are displayed as a premium on the day of execution. If this is the result of the Company, it is recognized as income or expense from financial activities. If the premium is the Client's positive result, it is recognized as financial liability to the client. Upon settlement with the client, the liability is offset. If the premium is the Client's negative result, it is recorded as receivables from a client. Upon settlement with the Client, this receivable is annulled.

t) Accounting of Financial Transactions in the Foreign Exchange Market (FOREX)

General part. Foreign Exchange Market means financial transactions conducted in foreign currencies; also known as Forex - Global Interbank Foreign Exchange Market.

Accounting of financial transactions in the foreign exchange market. The FOREX results are reflected in the accounting on the execution date. If it is the result of the Company, it is recognized as income or expense from financial activities; if it is the Client's positive result, it is recognized as financial liability to the client. Upon settlement with the client, the liability is offset. If it is the Client's negative result, it is recorded as receivables from a client. Upon settlement with the Client, this receivable is annulled.

u) Off-Balance Items

Client money means the resources kept in trust on behalf of the Company in current bank accounts and bank accounts under the term deposit contract. Clients' money is separated from the Company's resources and kept in trust in commercial banks.

Securities purchased on behalf of clients are securities purchased for clients on behalf of the Company in Lithuania and through foreign intermediaries. These securities are stored on behalf of the Company in various depositories and with other account managers. Price of securities, stored by the clients in the Company's securities accounts, is calculated on the financial reporting date, by multiplying the volume of the securities by the securities' market price, and, if such is not available - by the rated value. Bonds, purchased on behalf of clients, are accounted in off-balance items at their rated value.

Contracts for Difference (CFD) are transactions in force on the reporting date. They are included in off-balance items at market value on the securities, which are the basis of the CFD transactions made.

Client transactions on derivative financial instruments with a third party are Option and Forex transactions in force on the reporting date. They are included in off-balance items at fair value.

v) Segments

A business segment is a distinguishable component of business, covering individual or related services with business risks and yields different from other business segments.

A geographical segment is a distinguishable component of business covering services within a particular geographical economic environment, with business risks and yields different from other business segments operating in other geographical economic, environments.

The Company does not have any differing geographical or business segments, since the Company operates in a single environment and provides services within Lithuania, with the yield and business risk not differing considerably.

IV. FINANCIAL RISK MANAGEMENT

The Company is a financial institution; therefore, a management of its various financial risks is strictly regulated and supervised. For risk management, relevant procedures have been developed: Trading Policy, Commercial Risk Management Policy, Internal Capital Adequacy Assessment Process, and Operational Risk Management Strategy, Solvency and Liquidity Rules, Operational Risk Assessment and Management Policies and Procedures, as well as other instruments.

The Company applies the following financial risk management procedures:

Capital adequacy calculation - on a daily basis according to the Capital Adequacy Rules approved by the Securities Commission;

In the trade - compliance with and assessment of position limits and additional restrictions;
Internal control is carried out by an assigned employee.

In its operations, the Company is facing with the following main risks:

a) Position risk means the risk to estimate potential losses due to fluctuations in securities prices or interest rate stipulated in the Company's trading book: the Company calculates capital requirements against the risk for all positions of the trading book, which are valued every day at market prices. Before concluding a deal, the Company must he convinced that it meets the capital adequacy requirements.

The table below discloses the calculation of position risk for Equity and Non-Equity Securities:

	Position value, thous. LTL	Risk factor	Position risk factor, thous. LTL	Capital requirement, LTL (column 4 * 12.5)
1	2	3	4	5
Non-Equity securities (Notes 2, 4)	41	0.01	0	0
Equity securities (Notes 2, 4)	2,980	0.16	476	5,950
CAPITAL REQUIREMENTS FOR POSITION RISK	-	-		5,950

b) Settlement risk covers a settlement risk in case of a deferred payment and outstanding operational risk: where it is not paid on time under the Company's transactions, except for repurchase and reverse repurchase transactions, securities lending and borrowing, the Company calculates the difference between the amount of liability for respective securities and the market value of the securities, which represents the potential loss if the Company does not receive the appropriate amount.

On 31 12 2014, the Company had no trading book transactions not paid after for the contractual settlement date.

c) Counterparty credit risk the risk to estimate the losses if a counterparty is unable to meet its future obligations under the contract: if the Company has paid for the securities, but they are still unsold, or delivered the securities before the stipulated settlement date, or entered into international transactions, while the counterparty has not met its obligation after the scheduled settlement, capital requirement for a counterparty risk is calculated.

The table below discloses a calculation of capital requirements for the credit and receivable reduction risk in accordance with the Capital Adequacy Rules:

	Position value, thous. LTL	Position risk factor, set out in Capital Adequacy Rules	Risk-based position value, LTL	Capital requirement, LTL
1	2	3	4	5
All items:	20,688		18,135	18,135
Total balance sheet items	7,484		4,931	4,931
Off-balance sheet items	7,705	100%	7,705	7,705
Off-balance repurchase transaction market value * 6%	279	100%	279	279
Adjustment expenses	5,220	100%	5,220	5,220
Balance sheet items:				
Balance in current account	3,191	20%	638	638
Amounts receivable	4,293	100%	4,293	4,293

d) Trading book risk is the risk associated with the Company's trading or non-trading book exposures in excess of the set limits: the Company controls the available large exposures in regard to groups of individual and related clients and, before acquiring a high position, calculates capital requirements for the trading book risk and capital adequacy.

On 31 12 2014, capital requirements for the trading book risk was not calculated, since none of the positions in the trading book exceeded 25% of the Company's equity.

e) Commodity price risk is the probability that market variables change to the extent that the FBC incurs losses due to the transaction made.

On 31 12 2014, the Company had no commodities.

f) Foreign currency exchange rate risk is the risk that the Company, with its open position in foreign currency, arising from the trading book or non-trading book positions, and (or) from its assets and liabilities denominated in foreign currency, will have losses as a result of a certain foreign currency exchange rate or exchange rate fluctuations. The Company controls fluctuations in values in its existing trading, non-trading book positions, assets or liabilities valued (denominated) in foreign currency. A capital requirement for the foreign currency exchange rate risk is calculated both when foreign exchange rates fluctuate in favour or not.

The table below discloses in the foreign currency exchange rate risk according to the Capital Adequacy Rules:

Positions of different currencies	Asset	Liabilities	Total positions
LTL	2,648	1,856	792
EUR	5,142	1,278	3,864
USD	2,341	1,815	526
NOK	1	-	1
GBP	235	95	140
SEK	22	-	22
RUB	472	-	472
CAD	1	-	1
PLN	1	-	1
TOTAL	**10,863**	**5,044**	**5,819**
All currencies other than Litas (including collective investment schemes)	**8,215**	**3,188**	**5,027**
Capital requirement (5,027 * 0.08 * 12.5)			**5,025**

g) Interest rate risk is the risk that the Company will incur losses due to interest rate fluctuations. The Company calculates general and specific interest rate risks for debt securities and derivative transactions in accordance with internal procedures.

h) Operational risk is the risk, that counterparty will be unable to meet its future obligations under the contract and the Company will therefore incur losses. Counterparty risk usually occurs when a transaction conclusion date is different from the transaction execution date. Counterparty risk is generally or individually limited in respect of a client, whom the deferred settlement transactions are entered with; general and individual counterparty limits are established and approved by the Company's Board.

The table below discloses the calculation of operational risk under base indicator method in thousands of Litas:

	Year -3	Year -2	Previous year	Average
1. ALL BUSINESS DIRECTIONS UNDER BASE INDICATOR METHOD	3,865	2,013	2,170	2,683
CAPITAL REQUIREMENT INDEX, PERCENT	-	-		15 %
Capital requirement (average * index * 12.5)	-	-	-	5,025

i) The Company calculates the risk of credit valuation correction. This correction shows the market value of credit risk positions due to incompliance with any obligatory agreement with counterparty. Correction may show the market value of credit risk positions related to counterparty or general market value of credit positions related to bank and counterparty. On 31 12 2014, it amounted to 1,525 thousand Litas.

j) Capital adequacy. All the above risks are assessed by calculating the capital adequacy ratio. The capital adequacy comparative table is presented in Note 18.

The following table provides the Company's capital adequacy ratio calculation as at 31 December 2014.

Capital adequacy supervision is carried out in accordance with the Capital Requirements Directive 2013/36/EU and Regulation 575/2013 (CRDIV/CRR) as well as Basel III standards.

The Company must comply with the following requirements for own funds:
- 1st level equity ratio 4.5 %;
- 1st level capital adequacy ratio 6 %;
- total capital adequacy ratio 8 %.

Capital adequacy ratio is calculated: capital of the Company / Positions of general risks (Capital Requirement CR * 12.5) >=8%.

	Ratios	Thous. LTL
1.	**Capital Requirement CR**	**35,660**
1.1.	Credit risk	18,135
1.2.	Position risk	5,950
1.3.	Foreign exchange rate risk	5,025
1.4.	Operational risk	5,025
1.5.	credit valuation correction risk	1,525
2.	**Capital of the Company**	**5,415**
2.1.	Authorised capital	5,500
2.2.	Reserves	273
2.3.	Intangible assets	(67)
2.4.	Deferred income tax asset	(86)
2.5.	Prepayments and deferred expenditures	(205)
3.	**Capital adequacy ratio (Item 2 / Item 1)**	**0.1519**

V. COMMENTS ON EXPLANATORY NOTES

Note 1. Cash and cash equivalents

On 31 December 2014, cash included resources in different currencies in current bank accounts. On 31 December 2013, as well as on 1 January 2013, cash included resources in current bank accounts and resources in traffic in various currencies. The Company had no short-term fixed maturity deposits.

Note 2. Change in trading and non-trading book securities

(in Litas)

Securities	Description of the change					
	At the end of the previous financial year as at 31 12 2013	acquired	sold	increase in value	decrease in value	At the end of the reporting year as at 31 12 2014
Trading book securities	**5,050,403**	**48,716,814**	**50,131,507**	**951,887**	**1,566,371**	**3,021,226**
Non-equity securities	210,306	-	182,244	14,293	1,154	41,201
Government securities	-	-	-	-	-	-
Other non-equity securities	210,306	-	182,244	14,293	1,154	41,201
Equity securities	4,840,097	48,716,814	49,949,263	937,594	1,565,217	2,980,025
Other securities	-	-	-	-	-	-
Non-trading book securities	**82**	-	-	-	-	**82**
Non-equity securities	-	-	-	-	-	-
Government securities	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	82	-	-	-	-	82
Investments in subsidiaries and associates	-	-	-	-		-
Other securities	-	-	-	-	-	-
In total	**5,050,485**	**48,716,814**	**50,131,507**	**951,887**	**1,566,371**	**3,021,308**

(in Litas)

Securities	Description of the change					
	At the end of the previous financial year as at 31 12 2012	acquired	sold	increase in value	decrease in value	At the end of the reporting year as at 31 12 2013
Trading book securities	**4,123,449**	**37,394,464**	**36,314,443**	**1,336,621**	**1,539,688**	**5,050,403**
Non-equity securities	187,973	40,166	48,913	4,129	17,049	210,306
Government securities	47,970	-	48,913	943	-	-
Other non-equity securities	140,003	40,166	-	47,186	17,049	210,306
Equity securities	3,935,476	37,354,298	36,265,530	1,338,492	1,522,639	4,840,097
Other securities	-	-	-	-	-	-
Non-trading book securities	**82**	**-**	**-**	**-**	**-**	**82**
Non-equity securities	-	-	-	-	-	-
Government securities	-	-	-	-	-	-
Other non-equity securities	-	-	-	-	-	-
Equity securities	82	-	-	-	-	82
Investments in subsidiaries and associates	-	-	-	-		
Other securities	-	-	-	-	-	-
In total	**4,123,531**	**37,394,464**	**36,314,443**	**1,386,621**	**1,539,688**	**5,050,485**

Non-equity and equity securities are attributed to financial assets held for sale. On each reporting date, the assets are revaluated to fair value by recording the change in the item *Correction of Value of Loans* in the Statement of Comprehensive Income.

In 2014, the Company had no securities under reverse repurchase.

On 31 12 2014, the Company had the following non-equity securities with a market value of 41 thous. LTL:

Name	Interest rate	Market value, LTL	Country	Currency	Re-purchase / conversion date
KazKomnierzBank bonds	8.00%	37 971	Kazakhstan	USD	11 03 2015

Grouping of the Company's existing equity and non-equity securities (SC):

Group	Carrying value, LTL
SC held-to-maturity	-
SC held for sale:	3,021,308
Corporate bonds	41,201
Government bonds	-
Shares	2,942,216
Collective investment fund units	55,891

Group	Carrying value, LTL	
	Equity SC	Debt SC
SC, traded on regulated markets	2,958,879	41,201
SC, not traded on regulated markets	21,228	------------

<u>Note 3.</u> Non-current tangible and intangible assets.

(in Litas)

Name	Vehicles	Other tangible assets	Total tangible assets	Intangible assets
Balance value at the end of the previous financial year (31 12 2013)	175,626	66,737	242,363	40,290
Acquisition cost At the end of the previous financial year Changes, in the reporting year: assets acquired assets transferred and written-off (-) transfers from one item to the other +/(-)	232,467 - (227,702)	312,304 62,800 (147,562)	544,771 62,800 (375,264)	286,461 68,013 (28,170)
Acquisition cost at the end of the reporting year	4,765	227,542	232,307	326,304
Revaluation At the end of the previous financial year Changes in the reporting year: increase in value (impairment) + /(-) assets transferred to other persons and written-off (-) transfers from one item to the other +/(-)	-	-	-	-
Revaluation at the end of the reporting year	-	-	-	-
Depreciation (amortization) At the end of the previous financial year Changes in the reporting year: depreciation (amortisation) of the reporting year reversals (-) assets transferred to other persons and written-off (-) transfers from one item to the other +/(-)	56,841 25,632 (81,946)	245,567 38,942 (145,515)	302,408 64,574 (227,461)	246,171 41,095 (28,170)
Depreciation (amortization) at the end of the reporting year	527	138,994	139,521	259,096
Impairment At the end of the previous financial year Changes in the reporting year: impairment the reporting year reversals (-) assets transferred to other persons and written-off (-) transfers from one item to the other +/(-)	-	-	-	-
Impairment at the end of the reporting year	-	-	-	-
Balance value at the end of the financial year (31 12 2014)	4,238	88,548	92,786	67,208

Part of the Company's non-current intangible assets with an acquisition value of 217 thous. LTL on 31 December 2014 was fully amortized (148 thous. LTL on 31 December 2012), but still in use.

Part of the Company's non-current intangible assets with an acquisition value of 105 thous. LTL on 31 December 2014 was fully amortized (70 thous. LTL on 31 December 2012), but still in use.

85,976 LTL of depreciation and amortization were attributed to commission, management and servicing expenses. 19,803 LTL of depredation and amortization expenses were attributed to general administrative expenses (in 2013, respectively, 94,900 LTL and 41,820 LTL).

(in Litas)

Name	Vehicles	Other tangible assets	Total tangible assets	Intangible assets
Balance value at the beginning of the previous financial year (31 12 2012)	213,576	83,657	297,233	56,397
Acquisition cost				
At the end of the previous financial year	232,467	277,722	510,189	255,300
Changes, in the reporting year:				
assets acquired	-	34,582	34,582	31,161
assets transferred and written-off (-)	-	-	-	-
transfers from one item to the other +/(-)				
Acquisition cost at the end of the reporting year	232,467	312,304	544,771	286,461
Revaluation	-	-	-	-
At the end of the previous financial year				
Changes in the reporting year:				
increase in value (impairment) + /(-)				
assets transferred to other persons and written-off (-)				
transfers from one item to the other +/(-)				
Revaluation at the end of the reporting year	-	-	-	-
Depreciation (amortization)				
At the end of the previous financial year	18,891	194,065	212,956	198,903
Changes in the reporting year:				
depreciation (amortisation) of the reporting year	37,950	51,502	89,452	47,268
reversals (-)				
assets transferred to other persons and written-off (-)	-	-	-	-
transfers from one item to the other +/(-)				
Depreciation (amortization) at the end of the reporting year	56,841	245,567	302,408	246,171
Impairment	-	-	-	-
At the end of the previous financial year				
Changes in the reporting year:				
impairment the reporting year				
reversals (-)				
assets transferred to other persons and written-off (-)				
transfers from one item to the other +/(-)				
Impairment at the end of the reporting year	-	-	-	-
Balance value at the end of the previous financial year (31 12 2013)	175,626	66,737	242,363	40,290

Part of the Company's non-current intangible assets with an acquisition value of 148 thous. LTL on 31 December 2013 was fully amortized (121 thous. LTL on 31 December 2012), but still in use.

Part of the Company's non-current intangible assets, with an acquisition value of 105 thous. LTL on 31 December 2013, was fully amortized (70 thous. LTL on 31 December 2012), but still in use.

Note 4. Grouping of assets and liabilities by periods. 31 December 2014.

31 December 2014 (in Litas)

Assets	Total by item	Within three months	After three months, but no later than within a year	After a year but no later than within five years	After five years	Termless
1. Cash and cash equivalents	3,191,260	3,191,260	-	-	-	-
2. Loans for clients	3,030,180	1,106,440	886 769	-	-	1,036,971
3. Receivables	1,303,235	640,588	-	-	-	662,647
4. Non-equity securities	41,201	41,201	-	-	-	-
5. Equity securities	2,980,107	-	-	-	-	2,980,107
6. Tangible assets	92,786	-	-	-	-	92,786
7. Intangible assets	67,208	-	-	-	-	67,208
8. Deferred income tax assets	86,325	-	-	-	-	86,325
9. Deferred expenses	70,708	40,934	23,539	6,235	-	-
IN TOTAL:	10,863,010	5,020,423	910,308	6,235	-	4,926,044

On 31 December 2014, receivables were reduced by doubtful receivables, which amounted to 435,021 LTL (on 31 December 2013 – 698,111 LTL).

In 2014, the average interest rate of loans granted was 6% (in 2013 – 6%).

31 December 2014 (in Litas)

Liabilities	Total by item	Within three months	After three months, but no later than within a year	After a year but no later than within five years	After five years	Termless
1. Payables to financial institutions	3,338,768	2,751,792	586,976	-	-	-
2. Payables and liabilities to clients	7,986	7,986	-	-	-	-
3. Income tax payable	-	-	-	-	-	-
4. Liabilities related to employment relations	607,538	519,668	87,870	-	-	-
5. Accrued expenses	175,145	175,145	-	-	-	-
6. Other amounts payable and liabilities	223,721	151,331	-	-	-	72,390
Subordinated liabilities	690,560	-	690,560	-	-	-
IN TOTAL:	5,043,718	3,605,922	1,365,406	-	-	72,390

In 2014, the average interest rate of loans received was 3% (in 2013 - 3%).

Note 5. The authorised capital structure.

	Financial year		Previous financial year	
Indicators	Number of shares issued	Par value (LTL)	Number of shares issued	Par value (LTL)
The authorised capital structure at the end of the reporting year				
1. By type of shares				
1.1. Common shares	78,572	5,500,040	78,572	5,500,040
1.2. Preference shares	-	-	-	-
1.3. Employees’ shares	-	-	-	-
1.4. Special shares	-	-	-	-
1.5. Other shares	-	-	-	-
IN TOTAL:	78,572	5,500,040	78,572	5,500,040
Own shares held by the Company	-	-	-	-
Shares held by subsidiaries	-	-	-	-
Shares held by associates	-	-	-	-

Note 6. Profit (loss) distribution project.

Items	Amount, LTL	Amount, EUR
Retained earnings - profit (loss) - at the end of the previous financial year	-	-
Profit not recognised in the Statement of Comprehensive Income	-	-
Net profit for the year- profit (loss)	45,855	13,281
Distributable earnings - profit (loss)- at the end of the reporting year	45,855	13,281
Transfers from reserves	-	-
Distributable profit (loss)	45,855	13,281
Profit distribution:	45,855	13,281
- to the legal reserve	45,855	13,281
- to other reserves	-	-
- other	-	-
Retained earnings - profit (loss) - at the end of the reporting year	-	-

Note 7. Off-balance sheet liabilities

For its activities, the Company rents premises from a natural person. The lease contract expires on 1 February 2017. The Company pays 15,000 LTL rent every month. Under the contract, the Company cannot terminate it before the deadline.

By 31 12 2014 the Company has entered into 196 CFD contracts with clients; the carrying value thereof amounts to 49,658,622 LTL.

By 31 12 2014 the Company has entered into 9 FOREX contracts with clients; the carrying value thereof amounts to 22,822,844 LTL.

Note 8. Commissions, management, and servicing revenue.

Operating income	Reporting year	Previous financial year
1. Commission income	2,947,728	1,662,789
2. Market making and other services at a fixed fee	322,332	311,415
3. Bond holder protection services	57,034	72,037
4. Management and success fee	67,745	103,147
5. SC accounting and custody	233,311	194,521
6. Assessment and support services	1,588,335	2,330,988
7. Accounting services provided	78,500	65,364
8. Other income	-----	-----
In total	5,294,985	4,740,261

Note 9. Commissions, management, and servicing expenses.

Commissions, management and servicing expenses	Reporting year	Previous financial year
1. Wages, salaries	1,322,863	1,333,269
2. Social insurance expenses	406,354	421,262
3. Fees to intermediaries	397,541	556,563
4. Fees to exchanges, depositories	286,680	240,645
5, Vehicle rental and maintenance	106,246	130,148
6. Connecting to trading platforms and subscription	72,185	65,416
7. Consulting	612,810	303,543
8. Depreciation and amortisation	85,976	94,900
9. Value added tax expenses	44,683	30,215
10. Software support	58,000	57,542
11. Communication expenses	15,963	19,895
12. Other expenses	86,904	70,896
In total	3,496,205	3,324,294

Note 10. Provisions

By the end of 2014, the Company has not generated provisions.
By the end of 2013, the Company has not generated provisions.

Note 11. Administrative expenses.

Administrative expenses	Reporting year	Previous financial year
1. Salaries and social insurance	777,382	635,285
2. Rental expenses	329,413	246,137
3. Legal services	112,909	148,502
4. Value-added lax	181,390	170,839
5. Support	3,000	3,000
6. Employee training	14,325	114,056
7. Audit expenses	19,000	19,000
8. Depreciation and amortisation	19,803	41,820
9. Office expenses	54,416	40,336
10. Communication expenses	43,628	38,547
11. Software support	23,268	19,413
12. Utility fees	46,758	51,417
13. Vehicle rental and maintenance	100,802	97,589
14. Representation expenses	91,019	115,099
15. Advertising expenses	181,388	141,017
16. Accounting services	39,600	39,600
17. Business trip expenses	23,593	47,479
18. Fines and penalties	248	497
19. Banking services	17,507	11,801
20. Other	143,914	64,166
In total	2,223,363	2,045,600

Note 12. Correction of value of loans and prepayments.

In 2014, expenses of correction of value of loans and prepayments emerged from recognition and devaluation of doubtful debts. Doubtful debts undervalued by companies amounted to 227,865 LTL. In 2014, revenue from correction of value of loans and prepayments resulted from reversal of debts, recognised as doubtful and undervalued in previous periods, i.e., 50,194 LTL. In 2014, expenses of correction of value of loans and prepayments amounted to 177,671 LTL.

In 2013, revenue of correction of value of loans and prepayments emerged from recognition and devaluation of doubtful debts. Doubtful debts undervalued by reorganized companies in 2012 were restored and amounted to 75,799 LTL.

Note 13. Financial relations with the Company's executives and other related parties*.

(in Litas)

	Reporting year	Previous financial year	Balance at the end of the reporting year
Accrued employment-related amounts during a year			
Executives	290,186	202,492	64,438
Other related parties	-	-	-
Average number of executives per year	1	1	1
Accrued parent-related amounts during a year			
Loan granted to JSC East Europe Investment Group	-	121,000	-
Services, loans, and goods from JSC East Europe Investment Group	47,916	3,993	7,986
Services provided to Lumiere Holdings BV	-	117,219	-
Transactions with other related parties:			
Services and loans to individuals	-	-	-
Services and loans to group companies	352,617	16,320	155,725
Services interest from related parties	-	-	-
Sale of receivables	-	-	-
Services and loans from group companies	39,600	242,212	7,986

* Executives - managing personnel, responsible for planning, management, and control of the Company's activities. Related parties - close relatives of the executives who directly or indirectly own substantial voting rights (at least 20 percent of votes); close relatives of such persons, companies that control a reporting company, associates, and companies, where the majority of voting rights belongs to executives or their close relatives.

Note 14. Other operating income and expenses.

The Company rents premises for its activities, some of which is subleased.

Other operating income	Reporting year	Previous financial year
1. Resulting sublease fee from tenants	25,818	4,320

2. Non-current asset sales losses	31,078	-
Result, LTL.	(5,260)	4,320

Note 15. Income and expenses from financing and investment activities.

Item	Reporting year	Previous financial year
Profit (loss) from trading in shares	(145,742)	87,861
Income from trading in bonds	--	--
Profit (loss) from trading in securities	**(145,742)**	**87,861**
Bond revaluation income (expenses)	10,441	31,410
Share revaluation income (expenses)	(135,878)	(7,275)
Correction of value of securities	**(125,437)**	**24,135**
Profit (loss) from transactions in foreign currency	**254,381**	**68,615**
Interest income on loans	**133,140**	**123,977**
Interest income from cash held in banks	4,307	59,059
Interest on CFD clients	914,997	660,606
Other interest income	**919,304**	**719,665**
Bond interest income	**8,361**	**835**
Received loan expenses (-)	**(351,141)**	**(307,637)**
Dividend income	**12,323**	**53,962**
Profit from derivatives	44,936	105,566
Loss from derivatives	(155,526)	(127,398)
Other profit (loss) from financing activities	**(110,590)**	**(21,832)**
In total	***594,599***	***749,581***

Note 16. Income tax.

	Reporting year	**Previous financial year**
Income tax expense components		
Income tax expenses for reporting year		15,765
Deferred income tax expenses (income)	(58,770)	16,800
Income tax expenses (income) recognised in the Statement of Comprehensive income	(58,770)	32,565

Calculation of deferred income tax assets:

Components of deferred tax assets	Deferred income tax assets (liabilities)		
	2014		
	Temporary differences	Rate	Fee
Increase in bad and doubtful debt	263,762	15%	39,564
Social insurance expenses	2,603	15%	390
Change in value of investments	125,437	15%	18,816
Total deferred tax assets	391,802	15%	58,770

Changes of the Company's pre-tax impact temporary differences were as follows:

	Balance on 31 December 2013	**Recognized in the Statement of Comprehensive Income**	**Balance on 31 December 2014**
Increase in bad and doubtful debts	-	263,762	(58,770)
Social insurance expenses	35,354	2,603	37,957
Change in value of investments	148,344	125,437	273,781
Temporary differences before impairment	183,698	391,802	575,550
Less: impairment	-	-	-
Total temporary differences	183,698	391,802	575,550
Deferred income tax assets (liabilities), estimated at net value of 15% rate	27,555	58,770	86,325

	Balance on 31 December 2012	**Recognized in the Statement of Comprehensive Income**	**Balance on 31 December 2013**
Increase in bad and doubtful debts	79,799	(79,799)	-
Social insurance expenses	43,420	(8,066)	35,354
Change in value of investments	172,479	(24,135)	148,344
Temporary differences before impairment	295,698	(112,000)	183,698
Less: impairment	-	-	-
Total temporary differences	295,698	(112,000)	183,698
Deferred income tax assets (liabilities), estimated at net value of 15% rate	44,355	(16,800)	27,555

Deferred Income tax assets are recognized to the extent it is possible to sell the assets.

Calculation of Income tax for 2014:

Profit (loss) before tax for the reporting year	(12,915)
Total increase in profit before tax	677,524
Total decrease in profit before tax	(272,702)
(Profit) loss from transfer of securities	288,507
(Profit) loss from transfer of derivatives	52,124
Deductible double amount of support granted	(6,000)
Losses deducted from operating profit for the previous year	-
Taxable profit (loss) for the reporting year	726,538
Take-over tax losses from group units	(726,538)
Income tax for the reporting year	-

Note 17. Tax audit.

Tax authorities have not carried out a detailed company tax audit. At any time within five consecutive years after the reporting year, the tax authorities may examine the accounting books and records and additional taxes and calculate additional tax and penalties. No circumstances are known to the Company's management which may give rise to a potential material liability in this respect.

Note 18. Capital adequacy.

Capital adequacy supervision is carried out in accordance with the Capital Requirements Directive 2013/36/EU and Regulation 575/2013 (CRDIV/CRR) as well as Basel III standards.

The Company must comply with the following requirements for own funds:
- 1st level equity ratio 4.5 %;
- 1st level capital adequacy ratio 6 %;
- total capital adequacy ratio 8 %.

Thousand LTL

	Ratios	Reporting year	Previous financial year
1.	Capital ratios		
1.1.	1st level equity ratio (CET1 Capital ratio)	0.1519	0.1547
1.2.	Surplus (deficit) of 1st level equity	3,810	3,812
1.3.	1st level capital adequacy ratio (T1 Capital ratio)	0.1519	0.1547
1.4.	Surplus (deficit) of 1st level capital	3,275	3,290
1.5.	Total capital adequacy ratio (Total Capital ratio)	0.1519	0.1547
1.6.	Surplus (deficit) of total capital ratio	2,562	2,595
2.	Liquid equity	5,415	5,376
3.	Surplus (deficit) of liquid equity	2,894	2,855
4.	Minimum amount of initial capital required	2,521	2,521

The Company's management controls the capital adequacy ratio to meet the statutory requirements.

The Law on Companies of the Republic of Lithuania requires the Company's equity to consist of at least 50 percent of its share capital, which includes the authorised capital and share premiums. In 2014 and 2013, the Company met all the above-mentioned requirements.

Note 19. Subsequent events.

No subsequent events, affecting the Company's activities, have happened.

Director ______ */Signature/* ______ Alius Jakubėlis

Accountant by attorney ______ */Signature/* ______ Dainius Minelga

JSC FBC ORION SECURITIES

Annual Report for 2014

Vilnius

2015

The Head's Word

Macroeconomic analysts of the leading banks forecast global economic growth from 2.8 to 3.8 percent this year. However, if considering separate regions and countries, we will notice that the paces of economic growth are different. It means that business and investment solutions will depend on regional dynamics and risks, which mostly depend on the direction of local government's fiscal and monetary policy.

The year 2014 can be called as a low-liquidity period with quite stable markets almost till the end of the year. It was resulted mostly by a significant decrease in oil prices. While many oil-business related companies were calculating losses, users were able to enjoy lower expenses for energy resources. Although the feedback on business prospects from managers of other business sectors were positive, however, the late 2014 was mostly characterized by increased uncertainty due to higher geopolitical risks in the region.

In our opinion, the main challenges for 2015 will remain the same as at the end of the previous year: geopolitical risks, significant fluctuations in oil and gas prices, as well as their influence on exporting economies, particularly on Russia; and economic growth factors in Europe, Japan, and USA. We should distinguish another factor of great importance, i.e. the conflict between Russia and Ukraine, as well as the repercussions of such events in Europe and the entire global society, in general. No less important role will be played by the economic development of China, which has significant influence on changes in currency exchange and global trade. We will further observe attempts to stimulate the economy and to move to the direction of banking union and enhancement of their capitalization in the euro-area. The issue of Greece future in the euro-area pose many important issues related to the future of the entire European Economy and euro-area.

We believe that low-interest factor will have a special role in the euro-area and will force investors to look for new investment solutions and products more actively. The trend, that on the one hand strengthening of the requirements for regulation of financial services and enhancement of investors' protection force financial intermediates to refuse more complex financial products, has developed in recent years. On the other hand, however, new solutions based on financial engineering and information technologies, such as P2P (*pier-to-pier*) funding, crowd funding, etc., enter the financial market actively. Moreover, the efforts of the euro-area to propel funding of small and medium businesses through alternative measures of bank loans are visible.

We are sure that new challenges will provide not only our existing clients, but also the entire society of capital markets with new opportunities. We wish successful investing this year!

Sincerely,

Director Alius Jakubėlis /*signature*/

Major Events in 2014

In March, 2014, the clients of Orion Securities were provided with the opportunity of online CFD (Contracts for Differences) trading in the Baltic stock exchanges.

In June, 2014, the merger of companies Agrowill Group AB and Baltic Champs JSC was implemented.

In late 2014, the online trading area for the clients of Orion Securities was updated.

About the Company

JSC FBC Orion Securities is the largest non-banking financial group in Lithuania, engaged in securities brokerage as well as corporate finance, private banking, and finance management services for private and legal persons. We have been operating in the Lithuanian market since 1993 (as financial brokerage JSC FBC Baltijos Vertybiniai Popieriai). Orion Securities is a member of Vilnius, Riga, Tallinn and Warsaw stock exchanges. Orion Securities is a licensed brokerage firm, who is supervised by the Central Bank of the Republic of Lithuania.

The company was established on 12 August 1993 in Vilnius and named Baltijos Vertybiniai Popieriai. On 3 November 1997 the Company was re-incorporated in the Ministry of Economy of the Republic of Lithuania under the legal entity code 122033915.

On 12 January 2007 the joint stock financial brokerage company Baltijos Vertybiniai Popieriai incorporated a new company name JSC FBC Orion Securities (hereinafter - the Company) and registered its new legal address at A.Tumeno str. 4, Vilnius, in the Register of Legal Entities Vilnius branch.

Orion Securities is a joint stock company, holding financial brokerage house A category license No. A106, issued by the Securities Commission of the Republic of Lithuania, entitling the Company to engage in the following activities:

1. Accept and transfer orders on financial instruments (hereinafter - FI);
2. Execute orders on purchasing or selling FI at the expense of clients;
3. Execute orders on purchasing or selling FI at its own expense;
4. Manage clients’ FI portfolios;
5. Offer FI in agreement with the issuer, without the obligation to distribute its stock issue;
6. Offer FI in agreement with the issuer, with the obligation to distribute its stock issue;

7. Distribute units of investment funds;

8. Secure, manage and account for the FI;

9. Grant loan, intended to allow the client to carry out a transaction with FI, if the grantor is associated with the transaction;

10. Advise on investing in FI;

11. Carry out an analysis and evaluation of companies.

The Company is also entitled to engage in the following activities:

1. Safe custody services;

2. Advice to undertakings on capital structure, industrial strategy and related matters, as well as advice and services relating to mergers, restructuring and acquisition;

3. Other services relating to the stock Issue distribution under an agreement with the issuer.

Background:

In December 2014, the Company had 20 employees.

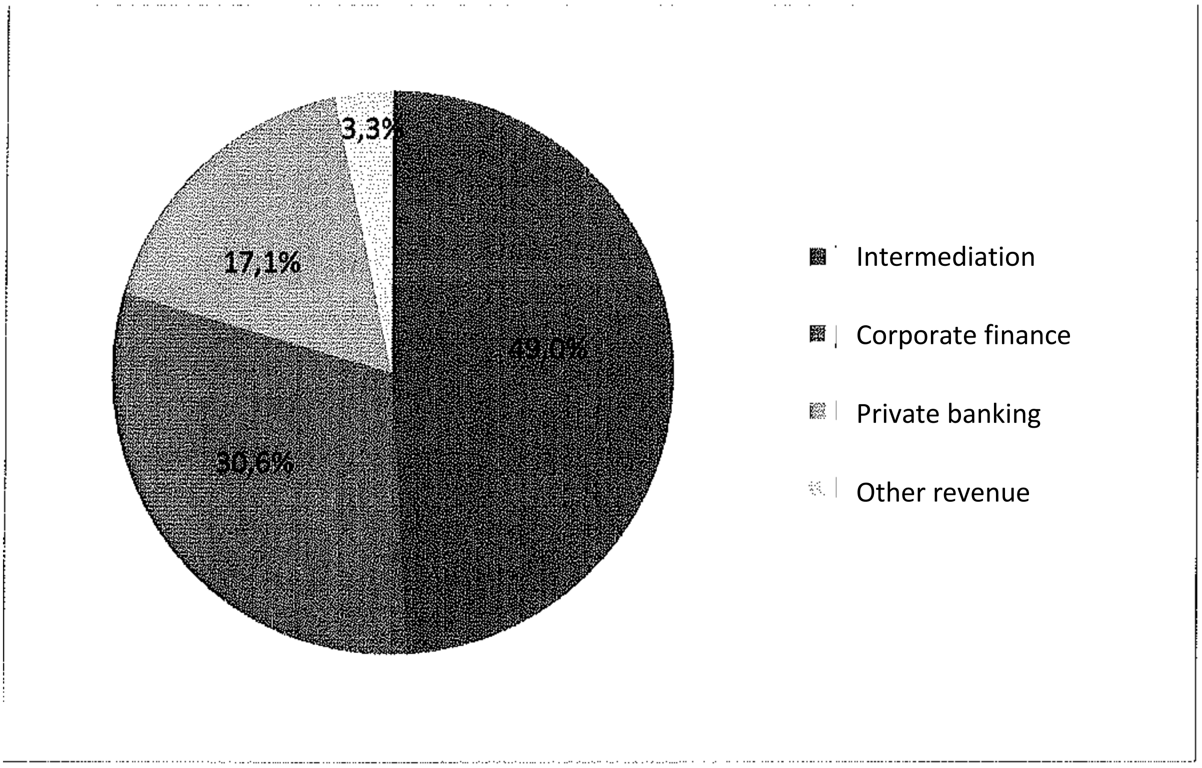
Director of the Company - Alius Jakubėlis

The Board consists of 4 people. Chairman of the Board - Konstantin Morozov, members - Paulius Vazniokas, Linas Garbaravičius, and Maxim Papanov.

The Company has no own shares.

In 2014, the Company's revenues from operating activities were 6.37 million LTL. Client-managed funds and securities amounted to 287.5 million LTL.

Fig 1. Revenue distribution by departments



Services Provided

The Company focuses on three key services:

- intermediation in capital markets;
- asset management and private banking;
- corporate finance.

The other two service groups account for a small share of the income and support activities:

- market making;
- FI custody and accounting.

Intermediation in Capital Markets

Capital markets - instant order management and trading services.

We offer clients the following services:

- intermediation in purchasing and selling FI (on behalf of and at the expense of clients);
- intermediation in purchasing and selling FI (on behalf of and at the expense of the company);
- entering into REPO and RE-REPO transactions;
- trading platforms *OriOnline* and *Orion Trader,*

In 2014, turnover of the capital market part (shares, bonds, and derivatives) amounted to 4.5 billion LTL.

Market share of Orion Securities in the share trading of Nasdaq, OMX Vilnius, Riga and Tallinn stock exchanges has increased slightly and amounted to 5.13 % of the market (in 2013: 3.37 %).

"In 2014, the Capital Market Division focused intermediation activities in USA and Western Europe, as well as in trading derivative financial measures. In comparison with 2013, trading turnover in USA and Western Europe has increased by almost 6 percent; meanwhile trade in currencies and future transactions has increased by almost 70 percent. Moreover, the division was actively working in achieving the goals set for the Company in the Polish market. The Company was intermediating in concluding transactions with the value exceeding 40 million PLN in Poland.

The online trading area for the clients, which was updated at the end of the year, will enable simple and more effective investing solutions. The new area for clients was adapted to computers and mobile devices.

A significant decrease in trading in the Baltic Stock Exchange has also led to the decrease in the turnover of Orion Securities in these markets. Nevertheless, the Company intends to continue its active participation in the activities of the Baltic Stock Exchange and contribute to their development", stated the Head of the Capital Market Division, Mindaugas Strėlis.

Fig. 2. Department turnover by products

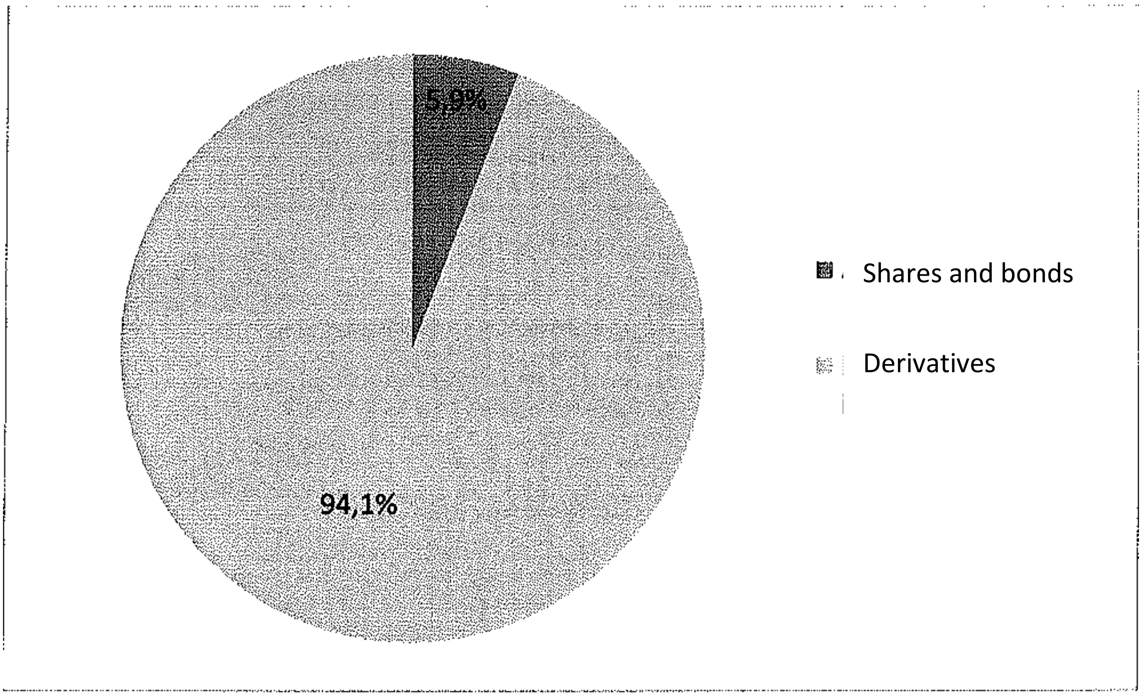
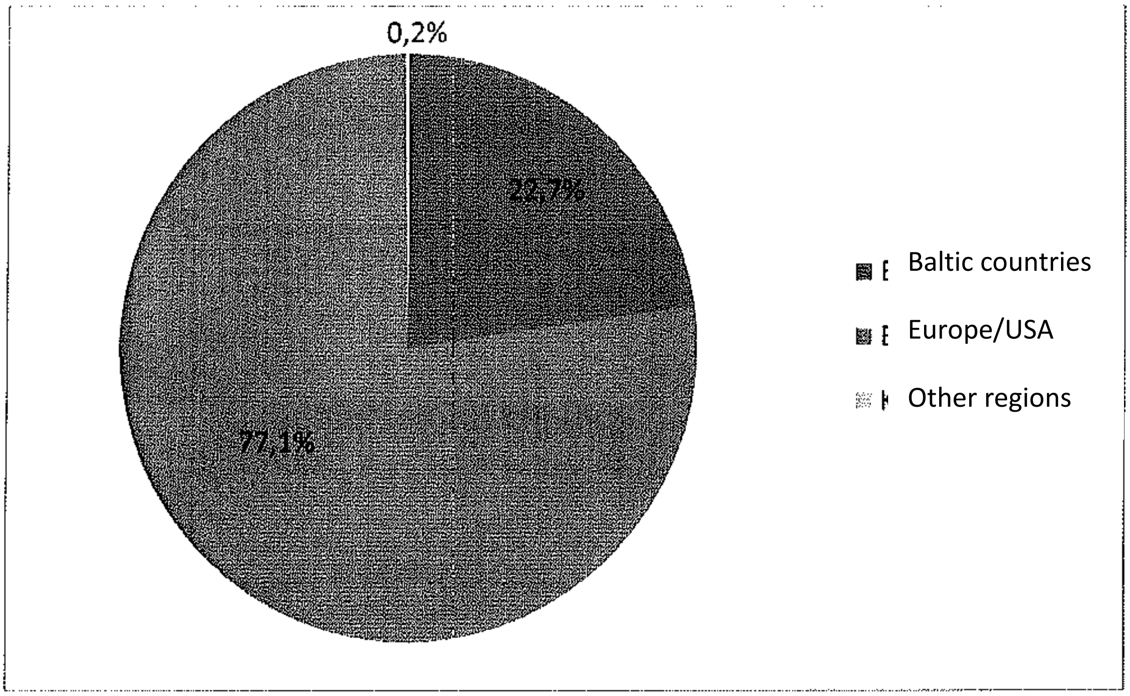


Fig. 3. Department turnover by regions



Asset Management and Private Banking

Orion Securities focuses on active supervision and management of investment portfolios, by investing in viable and profitable financial instruments with a level of risk acceptable to clients. Private Banking Division aims to offer creative solutions to complex problems, to manage current assets and find new ways to augment the assets in the future.

We offer clients the following services:

- Consulting services
- Investment portfolio management

At the end of 2014, the Division managed 8 portfolios with a total value of 15.4 million LTL; while at the end of 2013 - 16 portfolios, with a total value of 14.7 million LTL. At the end of 2014, consulting services were used by 7 clients.

"In 2014, there were no new employees, who joined the Division. It was actively offering optional investment products: algorithmic investment fund, structured products, and alternative energy fund. The service quality was improved, clientele was expanded and attractiveness of products for various investment profile clients was enhanced", stated Karolis Pikūnas, Head of Private Banking Division.

Corporate Finances

The team of Corporate Finance Division advises companies, which enter into purchase and sale, restructuring, business valuation, alternative borrowing transactions, as well provides consulting on corporate financial management. The Division employs 2 people and is headed by Mykantas Urba.

Corporate Finance Division offers the following services:

- consulting on mergers and acquisitions:
- consulting on sale of business;
- valuation of businesses or their divisions;
- share and bond offerings;
- concentration of shareholdings;
- initial public offerings;
- other financial and consulting services.

Projects implemented in 2014:

- Merger of Agrowill Group AB and Baltic Champs JSC. Orion Securities acted as an advisor to Baltic Champs. Value of the transaction: 190 million LTL.
- Attracting share capital to the development of accommodation and SPA service centre. Orion Securities acted as an advisor to the developer.
- Attracting loaned capital to the development of high technology production business. Orion Securities acted as an advisor to the developer. Value of the transaction: 10 million LTL.
- Sale of solar power plant. Orion Securities acted as an advisor to the seller.

"2014 has been successful for the Corporate Finance Division – one of the largest mergers in the market was implemented, i.e. between Agrowill Group AB and Baltic Champs JSC. In addition to this significant project, other smaller projects were also implemented successfully.

The interest of companies in attracting funding in capital markets, observed in early 2015, allow us expecting successful projects related to selling bonds and shares. Moreover, we will be actively developing Lithuanian-Polish merger and acquisition projects, invoking our colleagues from Warsaw office", stated M. Urba.

Other Services

MARKET MAKING

In 2014, the Company participated in the Baltic Market Making Programme. The service was provided to the following issuers: AB City Service, AB Vilkyškių pieninė, AB Grigiškės, AB TEO LT, AB Inter RAO Lietuva, and OMX Baltic Benchmark fund.

Forecasts for 2015

Regardless of unrest in Crimea, which started in 2014, the capital growth has remained stable in 2014. Monetary policies implemented successfully in the major countries were stimulating economic growth. In 2015, the economic growth may be highly influenced by the situation in Russia and geopolitical risks. Decrease in oil prices will influence USA shale gas extraction sector, meanwhile the risk of deflation will grow in the euro-area. Uncertainty related to the future of Greece in the euro-area as well as possible increase in basic interest rates in USA may bring great confusion to global economy.

This year, the Central Bank of USA finished its unconventional incentive monetary policy (purchasing securities in the secondary market), which has led to significant results in labour market. Unemployment rate has decreased more than expected; meanwhile the values of companies went up to the record-breaking heights. In 2015, the Central Bank of USA intends to increase the basic interest rates. Business will have to acclimatize to the new higher interest rates, what should lead to a slower growth in USA share markets and more expensive USA Dollar against other currencies.

In 2015, an expanded asset purchase programme will start in euro-area. It is expected that the programme will contribute to the stabilization of inflation. The implementation of such monetary policy will enhance the economic recovery in Europe. The basic interest rates in euro-area should remain unchanged until significant improvement as regards inflation occurs. The future of Greece remains the issue of great concern. Secession of this country from euro-area would have significant influence on further growth in Europe. The recovery in Europe is also negatively influenced by geopolitical unrest in Ukraine. Meanwhile, Russian embargo will further reduce the profits of some certain companies.

In 2014, the influence of Russian embargo was felt in the Baltic markets: decrease in profits of companies and share values. Businesses are trying to redirect their activities from Russia to other markets, and the first results will be available in 2015. Although, in 2014, the GDP change in the Baltic countries decreased, it is expected that it will become stable in 2015, and increase in 2016. Unemployment rate in the Baltic countries is decreasing; therefore positive changes are expected for the future.

Risk Management

INTERNAL CONTROL

Efficiency of internal control is one of the main conditions to ensure not only effective internal processes and safety of a company, but also is essential for the provision of quality services to clients. Focus on internal control is emphasized in order to successfully implement the European Union MiFID and local legislation. Since national legal acts are also under constant improvement, the Company's staff is cooperating with legal service firms and supervising authorities on a daily basis.

Three following types of internal control are applied for the efficient control process: preliminary, instant, and corrective. The Company's internal controller periodically submits to the chairman of the Board and the head of the company inspection reports, which reflect the observed shortcomings and recommend divisional control improvement methods.

The Company has a strong focus on risk assessment and effective management of it in respect of each product and service group. Particular attention is paid to the dual control system in order to ensure early elimination of hazard to activities and humans.

Activities of the financial brokerage company involve a high amount of information. Advanced prevention of conflicts of interest and information security are the Company's priorities. Organizational structure and internal procedures ensure compliance with the above mentioned priorities.

In order to improve its performance and efficiency, the Company regularly reviews its policies, procedures and contracts.

RISK MANAGEMENT

Risk management is an essential part of a successful company's system. Risk management processes are continuously improved in the company; new solutions are introduced in advance with the financial market and the increasingly sophisticated financial instruments. In 2014, the company updated the risk management system, in order to improve monitoring of different fields, as well as developed monitoring systems to issue new products. New goals were set for 2015 and the company intends to improve risk management processes to keep pace with financial market innovations.

Financial System Risk factors, affecting the Company's operation:

- Economic risk

  In 2014, the growth of global economy was largely influenced by major state financial incentive programmes; meanwhile in 2015 the European Union will launch the quantitative assuagement of monetary policy. Thus, a significant risk of unsustainable global economic growth remains and unstable geopolitical situation in Europe impedes the economic growth.

- Systemic risks

  Over the past few years, the Lithuanian financial market has experienced much shock, significantly affected by systemic risks. In the future the risk, that upon similar systemic risk factors, domestic financial system institutions may experience similar shocks, will remain.

- Operational risk

  The Company constantly reviews internal processes and implements system upgrades. Regular staff training is arranged. This allows minimizing the risks that may occur due to human and systemic errors.

- Reputation risk

  The importance of reputation for a financial institution is especially high. The company regularly carries out training for its employees. All employees are motivated not only for quantitative, but also for qualitative results. This allows managing and maintaining a high level of service quality.