

UAB FMJ Orion Securities

ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015, PREPARED
ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN
UNION PRESENTED TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3
ANNUAL REPORT	4
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CHANGES IN EQUITY	12
CASH FLOW STATEMENT	13
GENERAL INFORMATION	14
ACCOUNTING POLICIES	15
FINANCIAL RISK MANAGEMENT	25
OTHER NOTES TO THE FINANCIAL STATEMENTS	32

Independent auditor's report to the shareholders of UAB FMJ Orion securities

Report on Financial Statements

We have audited the accompanying financial statements of UAB FMJ Orion securities, a limited liability company registered in the Republic of Lithuania (hereinafter the Company), which comprise the statements of financial position as of 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the accompanying Annual Report for the year 2015 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2015.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335



Asta Štreimikienė
Auditor's licence No. 000382

The audit was completed on 5 April 2016.

THE HEAD'S WORD

The following three main reasons might be highlighted as having had the largest effect on the economy development in 2015: Chinese economic model change, decreased prices of commodities and growing divergence between the monetary policy programmes implemented by the United States of America (USA) and the other developed countries. Looking from the economic perspective the development of most powerful states of the world in 2015 have caused dual perception. Even though USA has demonstrated economic stability, and the euro area has shown a minor increase, however, Japan has not eliminated its unclear status, meanwhile China remained under a magnifying-glass due to the continuing shift of the economic model from that based on investment and manufacture to the one focused on consumption and services sector.

In 2015 capital markets experienced considerable fluctuations and testing of new territories, e.g. the prices of crude oil decreased by almost 50 percent and reached the level of 2008, in the end of 2015 in the euro area debt securities that generated negative return for the investor made EUR 1.8 trillion, and central banks continued the experiment with negative interest rates. In the cycle of "cheap money" the year of 2015 distinguished itself by record-breaking number of mergers and acquisitions. During last year the buyers have spent more than 3.8 trillion USD for merger and acquisition transactions, which is the largest amount since 2007. Activity in financial markets was also supported by higher probability of defaults of high yield bonds. This was mainly caused by decreased prices of raw materials.

Looking at this year, political risk might be called the main risk aspect for 2016. In the period when developed economies need strong governments for the implementation of long-term decisions, more often policy "extremist" surnames come in the arena: D. Trump, A. Tsipras, M. Le Pen. Migrants from Syria and Iraq, results of the British referendum and further Russia's role in the world's economy are worth mentioning as major geopolitical risk factors. Looking from a financial point, in 2016 the International Monetary Fund forecasts growth of global economies by 3.4%, which in comparison to 2015, presents an increase of 0.3%. The increase is mostly based on recovering economies of Brazil, Russia and the Middle East. Major highlights of capital markets in 2016 should be reflected by the ability of the USA's Federal Reserve System (FED) to communicate with financial market participants concerning the development of the monetary policy, implementation of reforms in China and recovery of the price level of raw materials as well as the level of national inflation.

Orion Securities has remained the largest company between financial brokerage companies, its assets reached 73% of the system assets (unaudited). In 2015 operating financial brokerage companies (FBC) have earned EUR 0.4 million of unaudited profit, meanwhile in 2014 the companies of this sector have had incurred losses of EUR 0.1 million (unaudited). Last year three out of six operating FBCs have worked at profit. During 2015 assets of the FBCs have decreased by 15 percent, and reached EUR 4.5 million (unaudited) by the end of December. The largest share of assets of FBC consisted of funds at banks (28.5%), financial assets held for sale (36.6%), loans and receivables (27.3%) (unaudited). In the end of December all FBCs were in compliance with applicable capital adequacy ratio.

Globally prevailing low interests are to continue the "pressure" on investors to look for investment products with at least minor return on investment (3-6 percent), that is mainly real estate or bonds with higher return (and higher risk). Recently stricter requirements of regulation of financial services and increased level of investors' security makes financial brokers give up on more complex derivatives. Nevertheless, due to the attempts of the euro area to set in motion the financing of small and medium sized business with the use of alternative instruments for bank loans, market regulators are forced to open up to new solutions based on financial engineering and IT: peer-to-peer and crowdfunding, electronic money (bitcoin), etc.

Competitive environment of our company's sector in Lithuania remain unchanged, which provides us unique development opportunities. We believe that we are able to successfully implement the company's mission and offer you unique investment solutions.

We wish you successful investing this year!

Sincerely,
Director Alius Jakubėlis

MAJOR EVENT IN 2015

In April 2015 bonds of AB Modus Energija has been issued.

In September 2015 clients of Orion Securities were provided an opportunity to trade in contracts for differences (CFD) in the Polish stock exchange.

In the end of 2015 the value of CFD portfolio of Orion Securities' clients reached EUR 30 million.

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.Tumėno 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:

- accept and transfer orders
- execute orders at the expense of clients
- execute orders at its own expense
- manage portfolios of financial instruments (FI)
- provide recommendations on investment
- offer financial instruments with the obligation to distribute them
- offer financial instruments without the obligation to distribute them

The Company is providing the following additional services:

- distribute units of investment funds
- secure, account and manage financial instruments
- grant loans, intended to allow the client to carry out transactions with financial instruments, if the grantor is associated with these transactions
- 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 2015 the Company had 25 employees.

Director of the Company - Alius Jakubėlis.

The Company's Board consists of 4 people. Chairman of the Board - Konstantin Morozov, members - Paulius

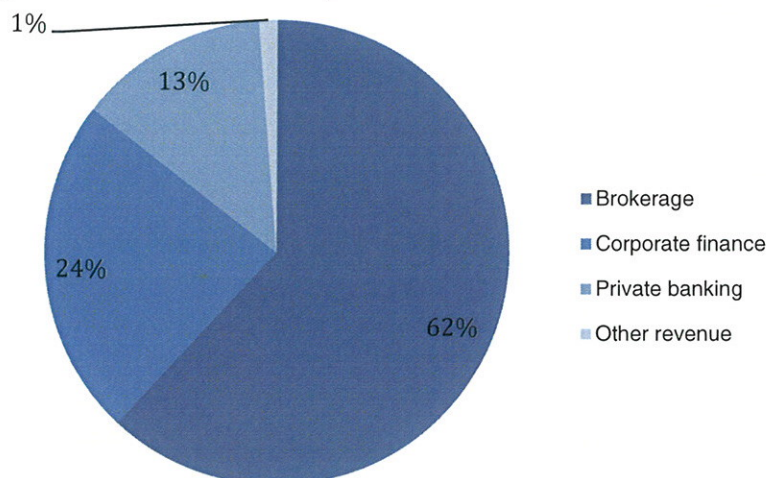
Vazniokas, Linas Garbaravičius and Maxim Papanov.

In 2015, the Company's revenues from operating activities were EUR 2.23 million. Client-managed funds and securities amounted to EUR 116.5 million.

During the current or previous reporting periods the Company have not acquired or transferred own shares.

The Company is not engaged in research and development activity. The Company has a dependent branch in Poland, thus its activity is not individually analysed. All additional information as well as subsequent events are disclosed in notes to the financial statements.

Fig. 1. Revenue distribution by divisions



Services provided:

The Company focuses on three key services:

- ▶ brokerage in capital markets
- ▶ asset management and private banking
- ▶ corporate finance

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

- ▶ market making
- ▶ FI custody and accounting

BROKERAGE IN CAPITAL MARKETS

Capital markets – instant order management and trading services.

We offer clients the following services:

- brokerage in purchasing and selling FI (on behalf of and at the expense of clients)
- brokerage 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 2015 the turnover of the Capital Markets Division (shares, bonds and derivatives) amounted to EUR 1.4 billion.

Market share of Orion Securities in the share trading of Nasdaq, OMX Vilnius, Riga and Tallinn stock exchanges has slightly decreased and amounted to 2.38% of the market (5.13% in 2014).

2015 presented many challenges for investors around the world, which targeted majority asset classes. Some main events might be highlighted, such as: the removal of euro ceiling by the Switzerland's central bank (which stipulated the appreciation of the franc), decline of the annual 2015 Bloomberg commodities index by 24 percent, actions of the China central bank in depreciation of Yuan, the Volkswagen scandal, FED raise of base interest rates for the first time in 9 years, euro area crisis, issues concerning Greece, etc.

The same as in 2014 the division focused on US and Western European markets. A large focus has been made on derivatives and for work with highly experienced investors. The size of CFD portfolio had hit record-breaking heights with over 30 million Euros. The turnover of derivative financial instruments (Forex, Futures) reached EUR 1 billion.

The Capital Markets Division has further engaged in telephone trading with professional, more experienced clients, by directing other clients to independent trade via platforms both in the Baltic States, Poland, and in other financial markets, as stated the Head of the Capital Markets Division, Mindaugas Strėlis.

Fig. 2. Division turnover by products

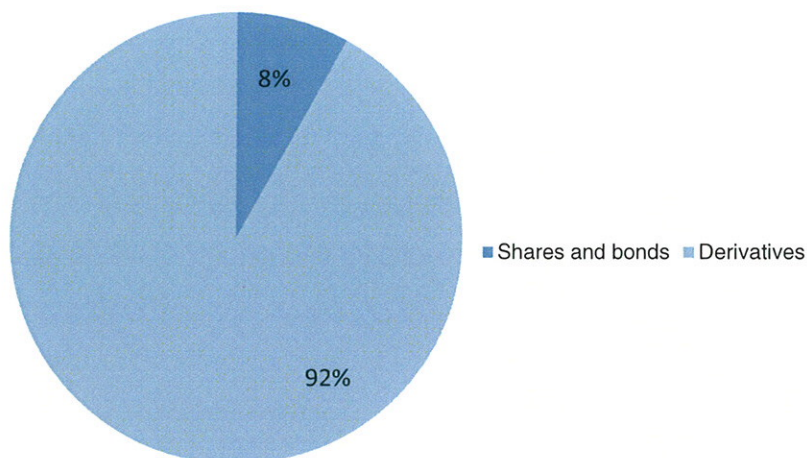
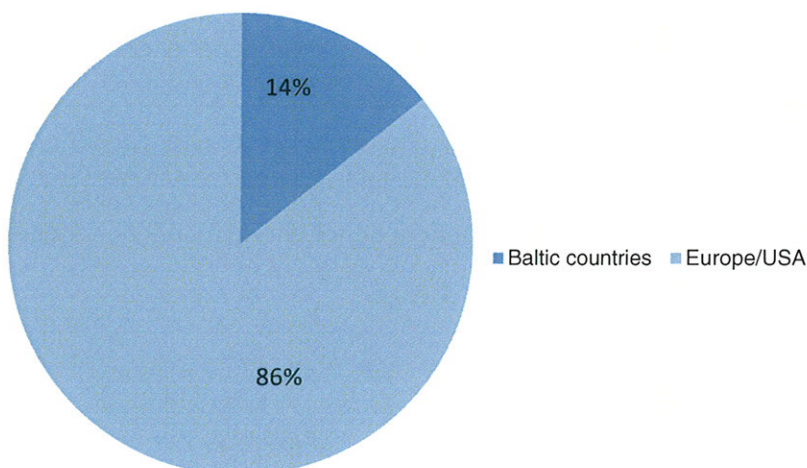


Fig. 3. Division turnover by regions



ASSET MANAGEMENT AND PRIVATE BANKING

Orion Securities focuses on active supervision and management of investment portfolio, by investing in viable and profitable financial instruments with a level of risk acceptable to clients. Private Banking Division aims to offer creative solutions for 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 2015, the Division managed 4 portfolios with a total value of EUR 3.5 million, meanwhile in the end of 2014 - 8 portfolios, with a total value of EUR 4.5 million. At the end of 2014, consulting services were provided to 6 clients.

In 2015 the Division replaced one employee. It was actively offering alternative investment products: algorithmic trading fund, London's real estate fund and corporate bonds. The service quality was improved, clientele was expanded and attractiveness of products for various investment profile clients was enhanced", stated Karolis Pikūnas, Head of the 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 3 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

In 2015 the Corporate Finance Division was mainly engaged in capital attraction projects. In total 4 capital attraction projects by selling bond or share issues were implemented, during which the clients were attracted funding of over EUR 6 million. In 2015 companies were exceptionally interested in bonds – two private bond issues took place within a year, with the largest of bond issue of AB Modus Energija of EUR 2 million. 3 merger and acquisition transactions were implemented in the agricultural sector, stated M. Urba.

OTHER SERVICES - MARKET MAKING

In 2015 the Company participated in the Baltic Market Making Programme. The service was provided to the following issuers: AB City Service, AB Vilkyskių Pieninė, AB Grigiškės, AB TEO LT, AB Inter RAO Lietuva and OMX Baltic Benchmark fund.

FORECASTS FOR 2016

In 2015 the following main events might be emphasized in the global economy: slowdown of China's economy growth, decline of oil prices and finished asset buy-in programme in USA.

Last year was dominated by a large decrease in oil prices, which set back the growth of economies of oil exporting countries. Although such price shift sounds positive to oil importers. Oil price decline encourages consumers to spend larger amounts on other goods, however, at the same time oil price decrease might also cause deflation.

In 2015 the unemployment rate in USA reduced to 5 percent, therefore the central bank has finalised its unconventional monetary policy (buying-in securities in the secondary market), and has raised basic interest rate in the end of the year. Therefore, US dollar increased in value in comparison to other currencies. The US central bank has plans to further increase interest rates in 2016. Business will have to readjust to the environment of higher interest rates, thus causing USA stock markets to slowdown their growth, meanwhile the US dollar should further increase its value in comparison to other currencies.

In 2015, an expanded asset buy-in programme was started in the euro area. The implementation of such monetary policy enhances the economic recovery in Europe. As the programme of asset buying-in was not useful for the increase of inflation level, the basic interest rate was increased. The geopolitical tension in Europe remains, no clear decision is made concerning the growing migrant crisis, and the United Kingdom is considering its exit from the EU. All these factors negatively affect further growth of the European economy.

The slowdown of China's economy growth has brought confusion to global financial markets. China's economy slowdown mostly affects countries exporting to China, therefore decrease in global trade might have a negative impact on the global economy.

In 2015, the influence of Russian embargo was felt in the Baltic markets. The growth of GDP slowed down both in Estonia and Lithuania, and demonstrated a slight increase in Latvia. Due to the decrease of global commodities prices, the inflation in the Baltic countries reduced as well as that of the rest of the euro area, however, analytics forecast that both GDB and inflation in the Baltic countries should go back to stable. In 2016, the same as in 2015, the unemployment rate should decrease.

RISK MANAGEMENT

INTERNAL CONTROL

Efficiency of internal control is one of the main conditions to ensure not only effective internal processes of a company and their safety, 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 inspection reports to the chairman of the Board and the head of the Company, 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 harmful activities and human errors.

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 to correspond demand of the financial market and the increasingly sophisticated financial instruments. In 2015 the Company updated the risk management system, in order to improve monitoring of different fields. New goals were set for 2016 and the Company intends to improve risk management processes to keep pace with financial market innovations.

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

- Economic risk

2015 had been rough in financial markets. The markets had no definite direction, therefore considerable fluctuations in global indices showed that the growth of global economy is not sustainable. Interest rates decreased in euro area confirm that the economy still cripples. Even though the monetary policy of the European Central Bank promotes economic growth, however, the slowdown of China's economic growth as well as great geopolitical tensions poses risks for further stable growth of economy.

- 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.

Director

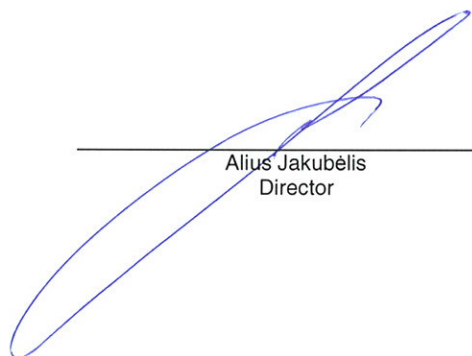
Alius Jakubėlis

STATEMENT OF COMPREHENSIVE INCOME

	NOTES	2015	2014 (restated)
Income from services and commission fees		2.251.712	1.836.647
Costs of services and commission fees		(654.183)	(506.846)
Net income from services and commission fees	1	1.597.529	1.329.801
Interest income		49.290	42.229
Interest expenses		(14.544)	(165)
Net interest income	2	34.746	42.064
Net profit (loss) of trade in securities and derivatives and forex transactions	3	40.188	(71.437)
Impairment and other provisions	4	(70.916)	(51.457)
Personnel expenses	5	(895.077)	(725.962)
Depreciation and amortisation	6	(24.808)	(30.604)
Administrative expenses	7	(477.084)	(494.592)
Other income (expenses)		-	(1.554)
Profit (loss) before tax		204.578	(3.741)
Income tax income (costs)	8	3.005	17.021
Net profit (loss)		207.583	13.280
Other comprehensive income, net of taxes		-	-
Total annual comprehensive income, net of taxes		207.583	13.280

Accounting policies and notes provided in pages 14-41 are an integral part of these financial statements.

These Financial Statements were approved on 5 April 2016.



 Alius Jakubėlis
 Director



 Dainius Minelga
 Authorised accountant

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2015	31 December 2014 (restated)	31 December 2013 (restated)
ASSETS				
Non-current assets				
Intangible assets	14	18.829	19.465	11.669
Property, plant and equipment	14	26.178	26.873	70.193
Deferred income tax asset	8	28.006	25.001	7.980
Other non-current assets		9.329	9.330	6.641
Total non-current assets		82.342	80.669	96.483
Current assets				
Loans	13	673.684	888.011	789.919
Derivative financial instruments	12	419.699	1.116.478	617.689
Securities designated at fair value through profit (loss) in the statement of comprehensive income	11	735.186	875.007	1.462.698
Trade receivables and pre-payments	10	614.946	190.136	155.566
Other current assets		26.045	23.266	46.251
Cash and cash equivalents	9	723.457	924.253	1.348.482
Total current assets		3.193.017	4.017.151	4.420.605
Total assets		3.275.359	4.097.820	4.517.088
LIABILITIES AND EQUITY				
Equity	1, 19	1.592.922	1.592.922	1.592.922
Legal reserve	19	92.461	79.181	30.669
Retained earnings		207.583	13.280	48.512
Total equity		1.892.966	1.685.383	1.672.103
Non-current liabilities				
		-	-	
Current liabilities				
Loans received	15	611.095	1.166.974	1.635.180
Derivative financial instruments	12	189.144	809.885	441.093
Other financial liabilities	16	251.344	23.493	601.886
Trade payables		28.331	172.306	23.781
Salary liabilities	17	236.133	175.955	113.499
Provisions	4	20.000	-	-
Other current liabilities	18	46.346	63.824	29.546
Total current liabilities		1.382.393	2.412.437	2.844.985
Total equity and liabilities		3.275.359	4.097.820	4.517.088

Accounting policies and notes provided in pages 14-41 are an integral part of these financial statements.

These Financial Statements were approved on 5 April 2016.

Alius Jakubėlis
Director

Dainius Minelga
Authorised accountant

STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2014	1.592.922	30.669	48.512	1.672.103
Net profit (loss)	-	-	13.280	13.280
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	13.280	13.280
Transfer to legal reserve	-	48.512	(48.512)	-
Balance at 31 December 2014	1.592.922	79.181	13.280	1.685.383
Net profit (loss)	-	-	207.583	207.583
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	207.583	207.583
Transfer to legal reserve	-	13.280	(13.280)	-
Balance at 31 December 2015	1.592.922	92.461	207.583	1.892.966

Accounting policies and notes provided in pages 14-41 are an integral part of these financial statements.

These Financial Statements were approved on 5 April 2016.

 Alius Jakubelis
 Director

 Dainius Minelga
 Authorised accountant

CASH FLOW STATEMENT

	2015	2014
Cash flows from (to) operating activities		
Net profit	207.583	13.280
Adjustments for non-cash items:		
Depreciation and amortisation	24.808	23.181
Interest expenses	14.544	165
Interest (Income)	(49.290)	(42.229)
Change in allowance for receivables	35.505	(63.716)
(Profit) from disposal of property, plant and equipment and non-current assets	-	15.483
Other non-cash expenses (income)	203.414	(138.374)
	436.564	(192.210)
Changes in working capital:		
Decrease (increase) of trade receivables and pre-payments	(460.315)	29.146
(Decrease) increase of trade payables	(143.974)	148.522
(Decrease) increase of salary related liabilities	60.177	62.456
(Increase) in other assets	(2.778)	20.296
Increase (decrease) in other payables	(17.478)	34.279
Net cash flow from operating activities	(127.804)	102.489
Investing activities		
Acquisition of property, plant, equipment, intangible assets and investment property	(23.477)	(37.886)
Disposal of property, plant, equipment, intangible assets and investment property	-	34.747
Granting of loans	(1.933.491)	(3.006.712)
Recovery of loans	2.127.335	2.915.248
Acquisitions (disposal) of derivative financial instruments	76.039	(129.997)
Acquisition of trade securities	(4.036.518)	(14.109.365)
Disposal of trade securities	4.005.583	14.438.100
Dividends received	4.821	3.569
Interest received	49.289	42.229
Net cash flows from investing activities	269.581	149.933
Cash flows from financial activities		
Loans received	-	101.908
Loans (repaid)	(555.880)	(200.000)
Change in other financial liabilities	227.852	(578.394)
Interest (paid)	(14.545)	(165)
Net cash flow from financing activities	(342.573)	(676.651)
Net increase (decrease) in cash and cash equivalents	(200.796)	(424.229)
Cash and cash equivalents at beginning of the period	924.253	1.348.482
Cash and cash equivalents at end of the period	723.457	924.253

Accounting policies and notes provided in pages 14-41 are an integral part of these financial statements.

These Financial Statements were approved on 5 April 2016.

Alius Jakubėlis
Director

Dainius Minelga
Authorised accountant

GENERAL INFORMATION

UAB FMĮ Orion Securities (hereinafter – the Company) is private limited company registered in the Republic of Lithuania. Legal address of the Company is:

Antano Tumėno str. 4,
 Vilnius, Lithuania

The Company is engaged in financial brokerage, which includes the following four main groups of services: security contract brokerage, corporate finance, market making and asset management services. The Company has started its activity on 12 September 1993.

On 31 December 2014 and 2015 the Company's shareholders were as follows:

	Number of shares held	Percentage
UAB East Europe Investment Group (Registered address: Savanorių ave. 119-3, Kaunas, Lithuania Code of legal entity: 300606588)	40,072	51 %
Lumiere Holding B.V. (registered address: Strawinskylaan 1143, Amsterdam, The Netherlands Code of legal entity: 34366670)	38,500	49 %
Total	78,572	100 %

All shares with nominal par value of EUR 20.2734 are ordinary shares and as of 31 December 2014 and 2015 were fully paid. Authorised share capital remained unchanged in 2014 and 2015. The Company had not owned its shares.

On 31 December 2015 the Company employed 24 employees (on 31 December 2014 – 20 employees).

The management of the Company approved these financial statements on 5 April 2016, the shareholders may approve or not approve these annual financial statements and may ask the management to prepare new financial statements.

UAB FMĮ Orion Securities operates under the license of category A No. A106, issued on 6 September 2007 by the Resolution No 2K-268 of the Securities Commission of the Republic of Lithuania.

Licence of category A grants a right to the Company to provide the following investment services:

- accept and transfer orders;
- execute orders at the expense of clients;
- execute orders at its own expense;
- manage portfolios of financial instruments;
- provide recommendations on investment;
- offer financial instruments with the obligation to distribute them;
- offer financial instruments without the obligation to distribute them.

The Company is also providing the following additional services:

- distribute units of investment funds;
- secure, account and manage financial instruments;
- grant loans, intended to allow the client to carry out transactions with financial instruments, if the grantor is associated with these transactions;
- carry out an analysis and evaluation of companies.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation of financial statements

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards effective as of 31 December 2015 that have been adopted for use in the European Union (hereinafter – IFRS). The financial statements are prepared on a historical cost basis, except for securities designated at fair value through profit or loss in the statement of comprehensive income and derivative financial instruments, which have been measured at fair value.

Amounts shown in these financial statements are presented in the local currency, Euro (EUR). 1 January 2015 was the day of Euro adoption in Lithuania, thus on this day the functional currency of the Company was converted. According to irrevocable decision of the European Council the Litas to Euro conversion rate was 3.45280 LTL for 1 EUR. Accordingly comparative figures were converted using the mentioned conversion rate.

Due to rounding of individual amounts to whole euro the numbers in the tables might not coincide, such errors of rounding in these financial statements are insignificant.

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

Since 1 January 2015 the Group has adopted the following IFRS and/or amendments thereof:

- Annual Improvements to IFRSs 2011 – 2013 Cycle
- IFRIC Interpretation 21: Levies

The Adoption of new and/or amended interpretations of standards had no impact on the financial statements or performance results of the Company.

Standards issued but not yet effective

The Company has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective:

Amendments to IAS 1 Presentation of financial statements: Disclosure Initiative (effective for financial years beginning on or after 1 January 2016 once endorsed by the EU)

The amendments to IAS 1 further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The implementation of this standard will not have any impact on the financial position or performance of the Company, however may result in additional disclosures.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments improve information provided to users of financial statements about an entity's financing activities. Entities are required to disclose changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, for example, by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The implementation of this standard will not have any impact on the financial position or performance of the Company, however may result in additional disclosures.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments clarify how to account for deferred tax assets for unrealized losses on debt instruments measured at fair value. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization (effective for financial years beginning on or after 1 January 2016)

The amendment provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to be an appropriate manifestation of consumption. The implementation of this amendment will have no impact on the financial statements of the Company, as the Company does not use revenue-based depreciation and amortisation methods.

Amendments to IAS 19 Employee Benefits (effective for financial years beginning on or after 1 February 2015)

The amendments address accounting for the employee contributions to a defined benefit plan. Since the Company's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the Company.

ACCOUNTING POLICIES (continued)

Basis of preparation of financial statements (continued)

Amendments to IAS 27 Equity method in separate financial statements (effective for financial years beginning on or after 1 January 2016)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Company has not made investment in subsidiaries or associates, thus the application of these amendments shall not affect entity's financial statements.

IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement, impairment and hedge accounting. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the consolidation exception (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

Finally, the amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The implementation of this standard will have no impact on the Company as it is not an investment company.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (endorsement deferred indefinitely)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business and partial gain or loss is recognised when a transaction involves assets that do not constitute a business. The Company has not made investment in any subsidiaries or associates, thus the application of these amendments shall not affect entity's financial statements.

Amendment to IFRS 11 Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016)

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Company has no joint ventures, thus the implementation of this standard will not have any effect on the financial statements of the Company.

IFRS 14 Regulatory Deferral Accounts (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

IFRS 14 provides first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The implementation of this standard will not have any impact on the Company.

IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019, once endorsed by the EU)

IFRS 16 replaces IAS 17 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting is substantially unchanged. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments clarify how to account for deferred tax assets for unrealized losses on debt instruments measured at fair value. The Company has not yet evaluated the impact of the implementation of this standard.

ACCOUNTING POLICIES (continued)

Basis of preparation of financial statements (continued)

Improvements to IFRSs

In December 2013 IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for financial years beginning on or after 1 February 2015):

- IFRS 2 Share-based Payment;
- IFRS 3 Business Combinations;
- IFRS 8 Operating Segments;
- IFRS 13 Fair value Measurement;
- IAS 16 Property, Plant and Equipment;
- IAS 24 Related Party Disclosures;
- IAS 38 Intangible Assets.

In September 2014 IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*;
- IFRS 7 *Financial Instruments: Disclosures*;
- IAS 19 *Employee Benefits*;
- IAS 34 *Interim Financial Reporting*.

The adoption of these amendments may result in changes to accounting policies or disclosures but will not have any impact on the financial position or performance of the Company.

The Company plans to adopt the above mentioned standards and interpretations on their effective date provided they are endorsed by the EU.

Use of judgements and estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The impact of such changes will be included in financial statements once they appear.

Going concern

The Company's management is fully convinced of stable and balanced performance going forward and based on that prepared these financial statements on the going concern basis.

Impairment losses on loans, trade accounts receivables and prepayments

The Company reviews loans, trade accounts receivables and prepayments to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans, trade accounts receivables and prepayments.

This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for loans with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when assessing its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. For fair value of financial assets and liabilities refer to note on financial risks management.

Deferred tax asset

Deferred tax asset is recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. For carrying amounts of deferred income tax asset see Note 8.

ACCOUNTING POLICIES (continued)

Recognition of income and expenses

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fee and commission income and expense

Income and expense of fees and commissions are generally recognised on an accrual basis when the service has been provided.

Corporate finance services fees arising from negotiating or participating in the negotiation of a transaction for a third party, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Dividend income

Dividends are recognised in the statement of comprehensive income when the entity's right to receive payments is established.

Other expenses

Other expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred. The amount of expenses is usually accounted for as the amount paid or due.

Taxation

Income tax

In accordance with the Lithuanian Law on Corporate Income Tax, the current income tax rate is 15% on taxable income. Expenses related with taxation charges and included in these financial statements are based on calculations made by the management in accordance with Lithuanian tax legislation.

Deferred income tax is provided using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that a taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities. The losses from disposal of securities can be carried forward for 5 consecutive years. Due to uncertainties related to taxable profit to be earned from disposal of securities, in 2014 and 2015 the Company have not recognised the related deferred income tax of EUR 28 thousand. Starting with 1 January 2014 tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%.

Deferred tax related to fair value re-measurement of available-for-sale investments which are charged to other comprehensive income, is also charged to other comprehensive income and subsequently recognised in the profit (loss) together with the deferred gain or loss.

Other taxes

Other taxes are included in other administrative expenses in the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the cash, other valuables, correspondent bank account balances and short-term securities with the original maturity term of less than three months.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ACCOUNTING POLICIES (continued)

Financial assets

According to IAS 39, financial assets are classified as financial assets at fair value through profit or loss in the statement of comprehensive income, granted loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets. Initially these assets are accounted at acquisition value which is equal to fair value of paid price including attributable transaction costs (except for financial assets accounted at fair value through profit or loss). During the reporting year the Company had financial assets classified in the following groups: financial instruments and securities designated at fair value through profit and loss and loans granted and receivables.

Financial asset category is set at acquisition date and when it is allowed and essential it is reviewed in the beginning of every financial year.

All ordinary purchases and sales of financial assets are recognized on the day of payment which is the day when the party is obliged to buy assets. All ordinary purchases and sales of financial assets are such in which assets are required to be delivered within the period set in the agreements.

A. Financial assets designated at fair value through profit (loss) in the statement of comprehensive income

Securities designated at fair value through profit (loss)

Securities classified in this category are designated at fair value through profit or loss on initial recognition when the following criteria are met:

- that type of classification eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on different bases; or
- a group of securities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group of these assets is provided internally to Company's management.

Securities designated at fair value through profit or loss are recognized at settlement date, which is the date that an asset is delivered to or by the Company. They are initially recorded at fair value. Changes in fair value are recorded in net gain (loss) on operations with securities. Most part of the Company's financial assets is attributed to this category.

Trading securities

Trading securities are securities which were acquired either for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at fair value, which is based on quoted bid prices. All related realised and unrealised gains and losses are included in net trading income or expenses. Dividends received are included in dividend income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at settlement date, which is the date that an asset is delivered to or by the Company.

Derivative financial instruments

Derivative financial instruments including foreign exchange forwards, contracts for differences - CFD (Company's issued or acquired) and other derivative financial instruments are initially recognised in the statement of financial position at their fair value. Fair values are determined according to the model, based on market observable inputs. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Contracts for differences 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 based on the stock market price.

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.

Certain derivatives (CFD) even though providing an effective hedging of economic risk according to risk management policy of the Company, are not accounted for as risk management instrument according to particular rules included in IAS 39, and therefore are accounted as derivative financial instruments held for trade purposes, accounting the changes in their fair value as net profit (loss) from transactions in derivative financial instruments of the reporting period.

ACCOUNTING POLICIES (continued)

Financial assets (continued)

A. Financial assets designated at fair value through profit or loss in the statement of comprehensive income (continued)

Derivative financial instruments (continued)

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

Accounting of CFD concluded based on acquired securities. On CFD transaction opening 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 measured at fair value, by recording an increase in the liabilities caption, and a decrease in the asset caption. On the transaction closing and settlement date, the securities are disposed. In this case, the CFD result includes results of revaluations and the amount of a profit or loss from disposal. 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.

Changes in the fair value of derivatives held for trading are included in net trading income (loss) in transactions in derivative financial instruments.

Certain derivatives embedded in other financial instruments, such as index linked options in bond issued, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the reporting period statement of comprehensive income.

Fair values of the derivative financial instruments are disclosed in Note 12.

B. Available for sale financial assets

Available for sale financial assets at fair value through other comprehensive income statement include financial assets that are invested in equity shares. Available for sale financial assets are those intended to be held for an indefinite period of time. In 2015 and 2014 the Company had no such assets.

C. Assets recognized at amortized cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition such assets are carried at amortized cost using the effective interest method less all impairments. Amortised cost is calculated including all acquisition discounts or add-ons and includes taxes inseparable from the effective interest rate and transaction price. Gains and losses are recognized as income (loss) when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Current receivables are accounted considering their impairment.

Loans and receivables are recognised in the statement of financial position on the day of payment thereof, when they are transferred to borrowers. From the day of signing of the loan agreement until the day of loan repayment they are accounted for under off-balance items.

Repurchase (Repo) and reverse repurchase (Reverse repo) agreements

The securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Company retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability, reflecting the transaction's economic substance as a loan to the Company. As of 31 December 2014 and 2015 no such transactions were entered into.

The securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. Reverse repurchase agreements are classified as loans and receivables to banks or customers, and are accounted for using the amortised cost method. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

ACCOUNTING POLICIES (continued)

Impairment of financial assets

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding possible future credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance amount. Allowance amount is included in loss or gain.

At the beginning the Company determines if the objective evidences regarding impairment of individually material asset exist. Examples of individually evidences are like large financial difficulties of debtor, when it is probability that recovery procedures against the debtor will be started, no active market of financial asset, there are significant changes in technological, economical or legal environment and in debtor environment, or in cases when constant changes in fair value of financial asset below its amortized cost. When it is identified, that there is no possibility to recover financial asset, such asset is written-off. The objective evidence of it is bringing lawsuits against the debtor and the fact, that debtor does not have any asset for repaying of debts to creditors, or there is no possibility to find a debtor.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance amount. Any future reversal of impairment is recognised as gain or loss in the amount in which the carrying amount of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, an allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Financial liabilities

Trade and other payables and debts are at first recognised at fair value of received funds less costs of the transaction. Later they are accounted for at amortised value (not including derivative financial instruments, see above), and the difference between receivables and the amount payable during the term of the debt is included in the profit (loss) of the period. Debts are classified as long-term, if evidence is provided in the financial statements until the date of statement of financial position, that the liabilities of the date of statement of financial position are long-term.

Derecognition and offsetting of financial assets and liabilities

Financial assets

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

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

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Financial liabilities

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

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

Net-offs

Financial assets and liabilities can be netted-off against each other and presented at fair value in statement of financial position if there is a legal possibility to net-off recognized amounts and it is planned to pay in fair value or sell assets and cover obligations at the same time, as it is established in IAS 39.

ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Finite life intangible assets are amortised using the straight-line method over their estimated useful life.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives of 3 to 4 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. The Company owns no assets of indefinite useful life.

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:

Furniture	6 years,
Office equipment	3 years,
Vehicles	6 - 10 years,
Other non-current assets	4 - 6 years.

Non-current tangible and intangible assets are constantly reviewed in order to evaluate the reduction of its value, if any changes of events or circumstances show that the accounting value might be non-recoverable. The carrying amount of assets is immediately reduced to recoverable amount in case the carrying amount exceeds the established recoverable amount. Recoverable amount is the fair value of assets less costs of sales, or the value of use, depending on which is higher. Profit or loss from sales of non-current tangible assets is based on its carrying amount and is included in the statement of comprehensive income. On each accounting date the net book value of assets and useful life periods are reviewed and updated respectively, if necessary.

Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company is the lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of lease and included into other administrative expenses.

Company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term.

Off-balance items – entrusted assets/funds and related liabilities (trusteeship)

Assets and income together with related liabilities to return these assets, and/or any related income of the client, are not included in these financial statements in cases when the Company acts as a trustee, proxy or agent. Securities and financial instruments acquired on assignment and using funds of the client, on own behalf and behalf of clients, are accounted for in the clients' accounts in the off-balance sheet statement.

Client funds/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. Value of securities, stored by the clients in the Company's securities accounts, is calculated on the financial reporting date, by multiplying the quantity of the securities by the securities' market price, and, if such is not available - by the nominal value. Bonds, purchased on behalf of clients, are accounted in off-balance accounts at their nominal value.

Contracts for Difference (CFD) are transactions in force on the reporting date, entered into on clients' behalf and account or on own behalf and the clients' account. CFD entered into on own behalf and the clients' account, i.e. derivative financial instruments held at the Company's accounts opened with the third parties (*omnibus* type accounts), any benefits or loss of which solely belongs to clients, and the Company acts as mediator only. The value of CFD on the day of financial statements is calculated by multiplying the amount of financial instruments by the difference between market value of related securities (on the day of transaction and revaluation). CFD acquired on the clients' account are accounted for at fair value as off-balance items, and factual receivables and payables arising from these financial instruments (between the Company and the clients) are included in the statement of financial position.

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 accounts at fair value.

ACCOUNTING POLICIES (continued)

Employee benefit

Social security contributions

The Company pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. The social security contributions are recognised as an expense on an accrual basis and are included within staff costs. Social security contributions each year are allocated by the Fund for pension, health, sickness, maternity and unemployment payments.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The expense relating to any provision is recognised in the income statement. If the effect of the time value of money is material, provisions are discounted using current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest-bearing financial instruments is estimated based on discounted cash flows using the interest rates for items with similar terms and risk characteristics. In the case of inactive markets the establishment of valuation techniques for measuring the fair value is provided.

Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but described in financial statements when an inflow or economic benefits is probable.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

ACCOUNTING POLICIES (continued)

Changes in accounting policies and accounting estimates, correction of errors, reclassifications and other corrections

Changes in accounting policy (principle) or correction of errors in financial statements are retrospectively accounted for, as required by IAS 8, i.e. opening balances of comparative period are corrected and additionally disclosed by describing the circumstances in the separate notes. Change in accounting estimates is implemented prospectively by disclosing the impact of change of accounting estimates for the future periods in the notes, as required by IAS 8. Once the Company decides to change the classification of elements of the financial statements the comparative numbers are corrected to correspond to the disclosure of the reporting year, and in case the amounts are significant they are additionally detailed in the notes.

Seeking to better reflect the actual circumstances in 2015 and to meet the requirements of IAS more precisely, the Company changed the form of the statement of financial position and the statement of comprehensive income by grouping or providing specific items to the extent it is allowed by the IAS.

[A] In 2015 the Company decided to change the presentation of CFD, which are issued based on the acquired analogous financial instruments, and to present these financial instruments in the statement of financial position at gross value (i.e. as individual items of assets and liabilities) in order to reflect more precisely the actual values of assets held and liabilities undertaken. These corrections had no impact on the equity.

[B] In 2015 the Company has also reviewed the composition and classification of commission fees receivable from clients (related to CFD and Forex transactions) and commission fees payable to CFD brokers, and decided that it would be more precise to disclose such income and expenses under income and expenses of commission fees from operating activity, instead of items of interest and financial activity, as previously classified. These corrections had no impact on the equity.

In preparation of these financial statements the Company respectively rearranged comparative numbers and provided additional opening balance of the comparative period in order to keep the principle of comparativeness and disclose the information required by IAS 8 (the impact is disclosed in the tables below).

Statement of financial position	31 December 2014	Correc-tion [A]	31 December 2014 (restated)	31 December 2013	Correc-tion [A]	31 December 2013 (restated)
ASSETS						
Total non-current assets	80.669	-	80.669	96.483	-	96.483
Derivative financial instruments	306.593	809.885	1.116.478	176.596	441.093	617.689
Other current assets	2.900.673	-	2.900.673	3.802.916	-	3.802.916
Total current assets	3.207.266	809.885	4.017.151	3.979.512	441.093	4.420.605
Total assets	3.287.935	809.885	4.097.820	4.075.995	441.093	4.517.088
LIABILITIES AND EQUITY						
Total equity	1.685.383	-	1.685.383	1.672.100	-	1.672.100
Non-current liabilities	-	-	-	-	-	-
Derivative financial instruments	-	809.885	809.885	-	441.093	441.093
Other current liabilities	1.602.552	-	1.602.552	2.403.896	-	2.403.896
Total current liabilities	1.602.552	809.885	2.412.437	2.403.896	441.093	2.844.989
Total liabilities and equity	3.287.935	809.885	4.097.820	4.075.996	441.093	4.517.089

Statement of comprehensive income	31 December 2014	Correc-tion [B]	31 December 2014 (restated)
Income from services and commission fees	1.533.534	303.113	1.836.647
Costs of services and commission fees	(405.314)	(101.532)	(506.846)
Net income from services and commission fees	1.329.801	201.681	1.329.801
Interest income	307.230	(265.001)	42.229
Interest expenses	(101.697)	101.532	(165)
Net interest income	42.064	(163.469)	42.064
Income and expenses of other activities	(1.337.494)	(38.112)	(1.375.606)
Profit (loss) before tax	(3.741)	-	(3.741)
Income tax	17.021	-	17.021
Net profit (loss)	13.280	-	13.280
Other comprehensive income net of taxes	-	-	-
Total annual comprehensive income net of taxes	13.280	-	13.280

FINANCIAL RISK MANAGEMENT

The Company analyses, assesses, takes and manages risks and risk groups in its activity. The purpose of risk management is to ensure acceptable profitability and return on equity by proper management of risks. Key types of risks that the Company faces are credit, foreign currency, interest rate, liquidity and operational risk. Concentration risk is seen as part of the credit risk. The Board and management of the Company, heads of divisions and internal controller are responsible for management of individual risks within their competence.

The Company is a financial institution, and management of its various financial risks is strictly regulated and supervised. For risk management, relevant orders and procedures have been developed: Trading Policy, Trading Risk Management Policy, Internal Capital Adequacy Assessment Process and 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 the Company must meet the capital adequacy ratio requirements, calculated according to Regulation (EU) No 575/2013 of the European Parliament and of the Council;

In trading activities - compliance with and assessment of position limits and additional restrictions;

Internal control performance is carried out by the specially assigned employee.

Credit risk

Credit risk means the risk for the Company to incur losses due to the customers' failure to fulfil their financial obligations towards the Company. Credit exposures arise principally in investing and lending activities and it is the most significant risk in the Company's business. Due to regular statements the management of the Company is constantly informed on the level of risks taken and changes thereof.

Upon assessing impairment losses on loans and financial assets the Company follows the requirements of IAS 39 Financial instruments: recognition and measurement. Impairment losses are recognised for financial reporting purposes only for those losses that have been incurred due to loss events that have taken place before the statement of financial position date based on objective evidence of impairment.

Loans and receivables

Credit risk is managed by carrying out a thorough analysis of the customer before issuing credits and by monitoring thereof after the credit disbursement. The Company manages concentration risk by limiting and controlling concentration of credit risk, it evaluates possibilities of the customer to repay the loan and collaterals.

Maximum credit risk position, irrespective of pledging measures and other liability implementation assurance tools:

	31 December 2015	31 December 2014
Credit risk exposures relating to on-balance sheet assets are as follows:		
Cash and cash equivalents	723.457	924.253
Trade receivables and prepayments	614.946	190.136
Loans	673.684	888.011
Securities designated at fair value through profit (loss)	735.186	875.007
Derivative financial instruments	419.699	1.116.478
Total	3.166.972	3.993.885

The table above represents credit risk exposure at 31 December 2015 and 2014, without taking into account any credit risk mitigation techniques. On-balance sheet assets are reported above based on the net carrying amount as they appear in the statement of financial position.

In managing credit risk of cash the Company diversifies cash keeping places and stores cash, in the opinion of the management, with secure Lithuanian and foreign banks and financial brokerage firms. The management actively monitors ratings of banks and status of financial brokerage firms, therefore the management believes that the parties of the transaction would implement their liabilities.

FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Information on loans granted and trade receivables and advances as of 31 December is provided in the table below:

	2015		2014	
	Loans	Trade receivables and advances to customers	Loans	Trade receivables and advances to customers
Loans and receivables neither past due nor impaired	673.684	557.540	888.011	115.206
Loans and receivables, past due but not impaired	-	57.406	-	74.930
Impaired loans and receivables	10.000	165.133	-	125.991
Gross	683.684	780.079	888.011	316.127
Less: allowance for impairment	(10.000)	(165.133)	-	(125.991)
Net	673.684	614.946	888.011	190.136

Past due but not impaired loans and receivables mean loans and receivables that are past due but have no individual allowances for impairment considering collaterals and other risk mitigating circumstances.

Impaired loans and receivables mean loans and receivables that have individual allowances for impairment by 100 percent, as it is not expected to recover loans and receivables.

Analysis of past due but not impaired loans and receivables for 31 December is as follows:

	2015		2014	
	Loans	Trade receivables and advances to customers	Loans	Trade receivables and advances to customers
Past due 1 -30 days	-	15.999	-	15.505
Past due 31-60 days	-	8.909	-	7.316
Past due 61-90 days	-	20.799	-	582
Past due over 90 days	-	11.699	-	51.527
Total	-	57.406	-	74.930

Having evaluated the financial status of debtors the Company as of 31 December 2014 and 2015 did not impair past due loans and trade receivables as well as advances to customers.

Securities designated at fair value through profit (loss)

Below is the analysis of trading securities per trade geographical zone:

	31 December 2015	31 December 2014
Baltic countries	471.847	394.758
Other EU states	137.813	37.544
USA	117.790	142.668
Other	7.737	300.037
Total	735.186	875.007

FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Derivative financial instruments

The credit risk arising from derivative instruments is managed daily by assessing the potential market value changes. Margining agreements are established with the clients. To manage credit risk of these financial instruments security measures (deposited funds or securities) are granted, therefore, the management believes that credit risk associated to derivative financial instruments is not significant.

General assessment of risk

In the table provided below, low risk transactions are secure transactions, i.e. sound financial status, stable operations, implementation of agreements without major violations, no past due receivables, no past due receivable loans and up to one year maturity. Cash are considered of low risk if they are kept with banks of the EU states and the USA, the parent banks of which have investment ratings and the share of cash at accounts of EU countries and USA brokers' platforms, which are covered by liabilities with the same platform, receivables, which are secured with collaterals from customers.

Transactions that have loss factors and have risk of loan not being repaid, also cash at accounts of EU states and USA brokers platforms, are assessed as those having higher risk.

Unclassified risk concerns such positions which have no credit assessment.

Low risk equity securities are securities traded in regulated stock markets.

Low risk debt securities are securities of rating BBB- and above, securities of higher risk – securities of rating below BBB-.

31 December 2015	Low risk	Higher risk	Not class- ified	Total
Credit risk exposures relating to on-balance sheet assets are as follows:				
Cash and cash equivalents	543.245	180.212	-	723.457
Trade receivables and prepayments	539.544	15.999	59.403	614.946
Loans	393.705	178.285	101.694	673.684
Securities designated at fair value through profit (loss)	725.155	10.031	-	735.186
Derivative financial instruments	419.699	-	-	419.699
Total	2.621.348	384.527	161.097	3.166.972

31 December 2014	Low risk	Higher risk	Not class- ified	Total
Credit risk exposures relating to on-balance sheet assets are as follows:				
Cash and cash equivalents	924.253	-	-	924.253
Trade receivables and prepayments	102.817	15.055	72.264	190.136
Loans	582.863		305.148	888.011
Securities designated at fair value through profit (loss)	863.074	11.933	-	875.007
Derivative financial instruments	1.116.478	-	-	1.116.478
Total	3.589.485	26.988	377.412	3.993.885

FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk

The policy of the Company is to coordinate cash flows from highly probable future sales with purchases in each foreign currency. The Company uses no financial instruments contributing to management of foreign currency risk. As of 31 December 2014 and 2015 cash assets and cash liabilities in different currency were as follows (in equivalent in euros):

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
LTL	-	-	87,054	219,570
EUR	1.477.726	499.016	1.454.294	390.966
USD	848.720	740.359	621.458	699.108
NOK			322	
GBP	18.227	28.196	824.044	813.956
SEK	27.788	4.085	20.697	4.777
RUB	60.304		73	
HUF	-		94.5	
CAD			272.85	
PLN	1.444		397	
Total	2.434.209	1.271.656	3.008.706	2.128.376

The table below provides sensitivity of the Company's profit before tax and equity to possible foreign currency changes, when all other variables are treated as fixed (considering changes of cash assets and fair values of liabilities).

	Change	31 December 2015	31 December 2014
USD	-10 %	(10.836)	(7.765)
NOK	-10 %	(6.030)	(7)
GBP	-10 %	(2.370)	(1.592)
SEK	-10 %	(997)	(1.009)
RUB	-10 %	(144)	(40)
HUF	-10 %	-	(32)
CAD	-10 %	-	(27)
PLN	-10 %	-	(9)
Total	-10 %	(20.377)	(10.481)

Sensitivity of foreign exchange risk is calculated by assessing possible losses from open positions, i.e. open foreign Exchange position is multiplied by expected foreign currency change.

Interest rate risk

Interest rate risk is the risk that the Company will incur losses due to fluctuations of financial assets and liabilities designated at fair value through profit or loss, concerning changes in market interest rate.

Loans granted and received by the Company have fixed interest rates, thus the Company is not subject to interest rate risk.

FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk means the risk that the Company is unable to meet its financial obligations in time. The Company's policy is to maintain a sufficient amount of cash and cash equivalents or ensure financing due to respective number of credit lines to other borrowing instruments in order to implement its liabilities both in everyday and complicated circumstances without unacceptable losses and without risk to loose reputation.

Management of liquidity risk is performed by implementing internal control by establishing procedures limiting incidental risk and performance continuity plans, evaluating the acceptability or non-acceptability of services provided by the Company, performing functions of management of pricing of products and services and reallocation of internal resources, analysing processes and procedures of the Company by identifying risks and sufficiency of control thereof.

Undiscounted cash flows below describe financial liabilities of the Company till 31 December 2015.

	Up to 3 month	3 to 12 months	1 to 5 years	Over 5 years	No term /on demand	Total
Liabilities						
Trade debts	28.332	-	-	-	-	28.332
Other financial liabilities	156.060	-	-	-	95.284	251.344
Derivative financial instruments	-	-	-	-	189.144	189.144
Borrowings	-	208.000	-	-	411.095	611.095
Total liabilities	184.392	208.000	-	-	695.523	1.079.915

Undiscounted cash flows below describe financial liabilities of the Company till 31 December 2014.

	Up to 3 month	3 to 12 months	1 to 5 years	Over 5 years	No term /on demand	Total
Liabilities						
Trade debts	172.307	-	-	-	-	172.307
Other financial liabilities	2.527	-	-	-	20.965	23.492
Derivative financial instruments	-	-	-	-	809.885	809.885
Borrowings	-	1.166.974	-	-	-	1.166.974
Total liabilities	174.834	1.166.974	-	-	830.850	2.172.658

Operational risk

The Company defines the operational risk as a risk to suffer direct or indirect losses due to improper or inefficient internal procedures or processes, technologies, employee actions or external factors.

Management of operation risk is based on internal control, by establishing procedures limiting the possible incidental risks, insuring tangible assets of the Company, assessing acceptability and non-acceptability of services provided by the Company, management of pricing of products and services and reallocation of internal resources, analysing processes and procedures of the Company, identifying risk points and assessing sufficiency of its control.

Internal capital for operational risk is calculated on a basic indication method, following the Rules of Capital Adequacy of Management companies approved by Resolution of the Board of the Bank of Lithuania.

The table below discloses the method of calculation of operational risk according to basic indicator approach in thousand EUR.

31 December 2015	Year -3	Year -2	Last year	Average
1. ALL BUSINESS LINES ACCORDING TO BASIC INDICATOR APPROACH	587	628	701	639
CAPITAL CHARGE, %.	-	-	-	15 %
Exposure value, thousand EUR (Average* coefficient)	-	-	-	96
Capital requirements, thousand EUR (96*12.5)	-	-	-	1.200

FINANCIAL RISK MANAGEMENT (continued)

Operational risk (continued)

31 December 2014	Year -3	Year -2	Last year	Average
1. ALL BUSINESS LINES ACCORDING TO BASIC INDICATOR APPROACH	1.120	583	628	777
CAPITAL CHARGE, %.	-	-	-	15 %
Exposure value, thousand EUR (Average* coefficient)				116.5
Capital requirements, thousand EUR (117*12,5)	-	-	-	1.456

Fair value of financial assets and liabilities

The following items of financial assets and financial liabilities are not disclosed in the statement of financial position at their fair value: cash and cash equivalents, trade receivables and prepayments, loans granted, borrowings, other financial liabilities, trade payables. The management of the Company have evaluated that the fair value of these assets and liabilities as of 31 December 2014 and 2015 approximately are equal to their carrying amount. Fair value of trade receivables and payables, loans and other non-derivative financial assets as well as liabilities was treated as their carrying amount due to relatively short term of instruments concerned.

Next tables below summarize the fair value measurement hierarchy of the Company financial assets and liabilities accounted for at fair value. Financial instruments are categorised by 3 levels of fair value:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of all Company contracted derivatives is defined as level 2. These are mainly contracts for differences (CFD) revaluation of which is based on market observable inputs.

There were no movements of financial instruments between the levels during 2014 and 2015.

Valuation of financial assets and liabilities measured at fair value was performed on the statement of financial position date:

2015	Level 1	Level 2	Level 3	Total
Derivative financial instruments, assets (Note 12)	-	419.699	-	419.699
Derivative financial instruments, liabilities (Note 12)	-	(189.144)	-	(189.144)
Securities designated at fair value through profit or loss (Note 11):				
Debt securities	-	10.031	-	10.031
Equity securities	725.155	-	-	725.155
Total	725.155	240.586	-	965.741

2014	Level 1	Level 2	Level 3	Total
Derivative financial instruments, assets (Note 12)	-	1.116.478	-	1.116.478
Derivative financial instruments, liabilities (Note 12)	-	(809.885)	-	(809.885)
Securities designated at fair value through profit or loss (Note 11):				
Debt securities	-	11.933	-	11.933
Equity securities	863.074	-	-	863.074
Total	863.074	318.526	-	1.181.600

FINANCIAL RISK MANAGEMENT (continued)

Capital management

The Company's capital adequacy is calculated and distributed to risks in accordance with the Capital Requirements Directive 2013/36/EU and Regulation 575/2013 (CRDIV/CRR) as well as Basel III standards and legal acts approved by the Bank of Lithuania. Purposes of the Company's capital management are as follows:

- 1) Follow capital requirements established by the European Union and higher capital ratios to be achieved, which are established by the main shareholder.
- 2) Ensure continuity of the Company's performance, return for shareholders and benefits for other interested parties.
- 3) Promote the development of the Company's business based on stable capital basis.

Every quarter information on capital adequacy is provided to the supervising institution based on the requirements of the European Union and the Bank of Lithuania. The capital of the Company is subdivided in the following 2 levels:

- 1) 1st level equity ratio (CET1 Capital ratio), which consists of registered capital, retained earnings of the previous financial year, other reserves, accrued other comprehensive income, value adjustments according to requirements of valuation based on risk limiting principles, less intangible assets, prepayments and deferred tax assets.
- 2) 2nd level equity ratio consists of other transitional adjustments related to other accrued comprehensive income.

As of 31 December 2014 and 2015 the Company had no capital of 2nd level.

Assets evaluated according risk is calculated based on risk-weighting of assets, which are attributed to classes according to the type of assets and type of party of the transaction, also considering collaterals and guarantees, which are adequate for risk minimisation. Accordingly, with modifications, off-balance sheet items are assessed based on risk.

The table below provides the composition of capital and ratios of the Company as of 31 December for the year ended. Considering requirements of the supervising institutions the Company is subject to 8 % capital adequacy ratio. Moreover, in 2015 new capital requirements were introduced, which must be met by the Company, i.e. in 2015 additional capital conservation buffer of 2.5% was applied to all financial brokerage firms of category A. In 2014 and 2015 the Company met all capital requirements to which it was subject.

Ratios		2015	2014
1.	1st level equity ratio	1.811	1.568
1.1.	Share capital	1.593	1.593
1.2.	Reserves	92	79
1.3.	Total value of additional valuation adjustments (AVA) estimates	(5)	-
1.4.	Earnings of reporting year	208	-
1.5.	Intangible assets	(19)	(19)
1.6.	Deferred income tax assets	(28)	(25)
1.7.	Prepayments and deferred expenses	(30)	(59)
2.	Capital requirements (CR)	5.434	10.328
2.1.	Credit risk	3.071	5.252
2.2.	Position risk	225	1.723
2.3.	Foreign currency risk	588	1.455
2.4.	Operational risk	1.200	1.455
2.5.	Credit valuation adjustment risk	350	442
3.	Capital ratio (1 line/ 2 line)	33.33%	15.19%

OTHER NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 NET INCOME FROM SERVICES AND COMMISSION FEES

	2015	2014
Income from services and commission fees:		
Income from commission fees	1.586.467	1.140.341
Valuation and consulting services	447.681	474.533
Market making and other fixed fee services	91.279	93.354
Accounting for and storage of securities	64.072	67.571
Accounting services	37.184	22.735
Currency exchange income	25.029	38.112
Total income from services and commission fees	2.251.712	1.836.647
Costs of services and commission fees:		
Fees to brokers	(337.827)	(203.156)
Fees to stock exchanges, depositories	(119.710)	(77.870)
Consultations	(97.542)	(129.655)
Fees for access to trading and data platforms	(50.793)	(49.567)
Software maintenance	(27.004)	(23.537)
Other costs	(21.307)	(23.060)
Total costs of services and commission fees	(654.183)	(506.846)
Net income from services and commission fees	1.597.529	1.329.801

NOTE 2 NET INTEREST INCOME

	2015	2014
Interest income		
Interest from loans	34.768	19.599
REPO transaction interests	13.162	18.961
Other	1.360	3.669
Total interest income	49.290	42.229
Interest expenses		
Interest for loans	(14.544)	(165)
Total interest expenses	(14.544)	(165)
Net interest income	34.746	42.064

NOTE 3 NET PROFIT (LOSS) OF TRADE IN SECURITIES, DERIVATIVES AND FOREX TRANSACTIONS

	2015	2014
Realised gains (loss) from trade in shares	16.631	(42.210)
Positive (negative) impact of forex changes	36.846	11.486
Net dividend income	4.821	3.569
Net unrealised revaluation result of financial assets and liabilities designated at fair value through profit or loss	(18.110)	(44.282)
Total	40.188	(71.437)

NOTE 4 IMPAIRMENT AND OTHER PROVISIONS

	2015	2014
Bad debts expenses (Notes 10 and 13)	(50.916)	(51.457)
Fines and penalties expenses	(20.000)	-
Total	(70.916)	(51.457)

On 18 November 2015 the Supervisory Board of the Bank of Lithuania imposed a fine of EUR 20,000 on UAB FMJ Orion Securities for violation of the restriction to directly or indirectly transfer the non-public information to the other person, which was imposed by the Law on Markets in Financial Instruments of the Republic of Lithuania. The Company appealed this decision to Vilnius Regional Court, asking to set aside this decision of the Bank of Lithuania. Based on this order, a provision of EUR 20,000 was accounted for as of 31 December 2015. As of 31 December 2014 the Company had no provisions.

NOTE 5 HUMAN RESOURCES EXPENSES

	2015	2014
Salaries	(683.901)	(551.199)
Social insurance costs	(211.567)	(170.467)
Contributions to guarantee fund	(1.366)	(1.104)
Change in vacation accrual	1.757	(3.192)
Total	(895.077)	(725.962)

NOTE 6 DEPRECIATION AND AMORTISATION

	2015	2014
Amortisation of intangible assets	(12.503)	(11.902)
Depreciation of property, plant and equipment	(12.305)	(18.702)
Total	(24.808)	(30.604)

NOTE 7 ADMINISTRATIVE EXPENSES

	2015	2014
Premises rent and utilities expenses	(91.837)	(108.947)
Legal services	(79.034)	(32.701)
Advertising and marketing costs	(76.962)	(88.455)
Taxes (excluding income tax)	(66.773)	(68.852)
Vehicle lease and maintenance costs	(52.744)	(58.878)
Professional training and business trips costs	(31.364)	(20.512)
Office costs	(19.229)	(15.760)
Insurance costs	(15.388)	(7.550)
Accounting services	(11.470)	(11.469)
Audit costs	(6.000)	(5.503)
Other	(26.283)	(75.965)
Total	(477.084)	(494.592)

NOTE 8 INCOME TAX

	2015	2014
Components of income tax expenses (income)		
Income tax expenses for the reporting year	-	-
Deferred income tax (income) expenses	(3.005)	(17.021)
Income tax (income) expenses, accounted for under the statement of comprehensive income	(3.005)	(17.021)
	31 December 2015	31 December 2014
Deferred income tax assets		
Impairment of assets	173.133	125.991
Vacation accrual	10.578	10.993
Unrealised gain/loss on revaluation of financial assets	89.390	79.292
Deferred income tax assets before valuation allowance	273.101	216.276
Less: valuation allowance	(86.395)	(49.600)
Net deferred income tax assets	186.706	166.676
Deferred income tax liabilities	-	-
Net deferred income tax	28.006	25.001

As of 31 December 2014 and 2015 the deferred income tax assets (liabilities) were estimated at 15% rate. The changes of temporary differences before and after tax effect in the Company were as follows:

	2013	In the statement of comprehensive income	2014	In the statement of comprehensive income	2015
Impairment of assets	-	125.991	125.991	47.142	173.133
Social insurance contributions	10.239	754	10.993	(415)	10.578
Financial assets unrealised revaluation result	42.963	36.329	79.292	10.098	89.390
Total temporary differences	53.202	163.074	216.276	56.825	273.101
Less: valuation allowance	-	(49.600)	(49.600)	(36.795)	(86.395)
Net deferred income tax	7.980	17.021	25.001	3.005	28.006

The amount of income tax expenses may be aligned to income tax expenses, calculated based on income tax rate established by the Law, on the Company's profit before tax:

	2015	2014
Income tax expenses (income), at 15 % rate	30.687	(561)
Permanent differences	(37.906)	42.921
Deferred income tax valuation allowance change	36.795	49.600
Netting with taken over tax losses (from affiliates)	(32.581)	(108.981)
Income tax expenses (income), accounted for under the statement of comprehensive income	(3.005)	(17.021)

NOTE 9 CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash in banks	723.457	924.253
Total	723.457	924.253

On 31 December 2014 and 2015, cash included resources in different currencies in Lithuanian and foreign bank accounts and financial brokerage firms. On 31 December 2014 and 2015 the Company had no short-term fixed maturity deposits.

NOTE 10 TRADE RECEIVABLES AND PRE-PAYMENTS

	31 December 2015	31 December 2014
Trade receivables from contracts for differences	417.658	-
Trade receivables	262.102	244.017
Accrued CFD commission fee	59.962	33.270
Prepayments	40.357	38.840
	780.079	316.127
Less: doubtful trade receivables and prepayments allowances	(165.133)	(125.991)
	614.946	190.136

Trade receivables are non interest bearing and usually employ a 30 day payment term.

Trade receivables and prepayments with nominal value of EUR 161 thousand as of 31 December 2015 (EUR 126 thousand as of 31 December 2014) were impaired by 100%.

Change of receivable allowance in 2015 and 2014 is included under the impairment and other provisions expenses caption.

The aging analysis of trade receivables and prepayments of the Company for 31 December 2014 and 2015 is provided under Liquidity risk section of the Financial Risk Management note.

Movement of receivables and prepayments allowances:

	Trade receivables	Prepayments
Balance at 1 January 2014	(175.607)	(26.580)
Reversal	139.913	-
Charge	(63.717)	-
Balance at 31 December 2014	(99.411)	(26.580)
Reversal	1.603	-
Charge	(40.745)	-
Balance at 31 December 2015	(138.553)	(26.580)

NOTE 11 SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT (LOSS)

	31 December 2015			31 December 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equity securities						
Baltic countries	377.553	-	-	218.605	-	-
Other EU states	123.034	-	-	37.544	-	-
USA	104.830	-	-	124.054	-	-
Other	7.737	-	-	288.104	-	-
Total equity securities	613.153	-	-	668.307	-	-
Collective investment fund units						
Baltic countries	94.293	-	-	176.153	-	-
Other EU states	4.749	-	-	-	-	-
USA	12.960	-	-	18.614	-	-
Total collective investment fund units	112.002			194.767		-
Debt securities						
Other countries	-	10.031	-	-	11.933	-
Total debt securities	-	10.031	-	-	11.933	-
Total trade securities	725.155	10.031	-	863.074	11.933	-

There were no movement between the fair value levels in 2015 and 2014.

Weighted yields of debt securities and their duration are presented in the table:

	2015		2014	
	%	Term (in years)	%	Term (in years)
Structural bonds	7	2,08	-	-
Bonds issued by foreign banks	-	-	8	0,22

NOTE 12 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are financial instruments predominantly used for hedging against risks under the Company's risk management positions. The Company enters into transactions involving contracts for differences seeking to hedge against contracts for differences fair value fluctuation risk.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in share prices considering the terms of transactions entered.

Aggregate amounts of derivative contracts can fluctuate within the risk ratio limits set by the Company. Fair values of derivative financial assets and liabilities may fluctuate significantly subject to market development.

The fair values of derivative financial instruments are set out in the following table.

	Nominal amounts (set out in the agreement)	Fair values	
		Assets	Liabilities
As at 31 December 2015			
Contracts for differences (CFD based on acquired securities)	811.286	189.120	-
Contracts for differences (CFD based on acquired equivalent CFD)	1.133.593	181.129	181.129
Contracts for differences (CFD entered based on borrowed securities)	43.856	49.450	-
Contracts for differences (acquired by the Company)	9.189	-	8.015
Total	1.997.924	419.699	189.144
As at 31 December 2014			
Contracts for differences (CFD based on acquired securities)	1.085.565	306.593	-
Contracts for differences (CFD based on acquired equivalent CFD)	1.313.284	809.885	809.885
Total	2.398.849	1.116.478	809.885

NOTE 13 LOANS

	31 December 2015	31 December 2014
Loans granted to related parties	294,156	82,364
Loans pledged by other collateral than securities*	238,825	304,691
Loans pledged by securities	125,082	494,791
Other loans	25,621	6,165
Total	683,684	888,011
Total impairment loss:	(10,000)	-
Other loans	(10,000)	-
Total loans granted and trade receivables designated at fair value	673,684	888,011
Fair value of collaterals received (unaudited)	547,705	1,185,846

* Collateral received is monetary funds, securities. The circumstances of use thereof are established in agreements with clients.

As of 31 December 2015 the terms of loans granted were from 6 months to 2 years and 3 months (as of 31 December 2014: from 1 month to 1 year). Average interest rate of the loans granted in 2015 was 5% (6% in 2014).

Change in allowances for the loans is accounted for under impairment and other provisions expenses caption.

NOTE 13 LOANS (CONTINUED)

Movement of loan impairment:

	Individual impairment
Balance at 1 January 2013	-
Balance at 31 December 2013	-
Additional allowance	(10.000)
Balance at 31 December 2015	(10.000)

NOTE 14 PROPERTY, PLANT AND EQUIPMENT AND INTAGIBLE ASSETS

	Vehicles	Other property, plant and equipment	Total property, plant and equipment	Intangible assets
Acquisition cost:				
At 1 January 2014	67.327	90.449	157.776	82.965
Acquisitions	-	18.188	18.188	19.698
Disposals and write-offs	(65.947)	(42.736)	(108.683)	(7.467)
At 31 December 2014	1.380	65.901	67.281	95.196
Acquisitions	-	11.610	11.610	11.867
Disposals and write-offs	-	-	-	-
At 31 December 2015	1.380	77.511	78.891	107.063
At 1 January 2014	16.462	71.121	87.583	71.296
Disposals and write-offs	(23.733)	(42.144)	(65.877)	(7.468)
Depreciation and amortisation costs for the year	7.424	11.278	18.702	11.903
At 31 December 2014	153	40.255	40.408	75.731
Disposals and write-offs	-	-	-	-
Depreciation costs for the year	919	11.386	12.305	12.503
At 31 December 2015	1.072	51.641	52.713	88.234
Net book value:				
At 1 January 2014	50.865	19.328	70.193	11.669
At 31 December 2014	1.227	25.646	26.873	19.465
At 31 December 2015	308	25.870	26.178	18.829

Intangible assets include computer software and their licences.

No assets were pledged to a third party as at 31 December 2015 and 31 December 2014.

The Company had ownership title to all of the property and equipment as at 31 December 2015 and 31 December 2014.

Part of property, plant and equipment of the Company, the cost of which at 31 December 2015 was equal to EUR 31 thousand, was fully depreciated (EUR 15 thousand at 31 December 2014), but was still in use. The largest part of depreciated property which was still in use were vehicles.

Part of intangible assets of the Company, the cost of which at 31 December 2015 was equal to EUR 66 thousand, was fully depreciated (EUR 63 thousand at 31 December 2014), but still in use. The largest part of depreciated assets which were still in use was software and licences.

NOTE 15 LOANS RECEIVED

	31 December 2015	31 December 2014
Overdrafts (credit balance of current accounts)	411.095	548.883
Shareholder's loan	200.000	200.000
Loans pledged with securities	-	415.039
Other	-	3.052
Total	611.095	1.166.974

	2015	2014	2015	2014
	Average duration		Average interest rate	
Overdrafts (credit balance of current accounts)	Open-ended	Open-ended	1 – 2 %	1 – 2 %
Shareholder's loan	1 year	1 year	4 %	4 %
Loans pledged with securities	-	1 year	-	4.8 %

NOTE 16 OTHER FINANCIAL LIABILITIES

	31 December 2015	31 December 2014
Collaterals for loans received from clients	137.287	-
Liabilities to return borrowed shares*	37.668	38.766
Liabilities to return borrowed shares	92.823	-
Other	18.774	2.527
Total gross carrying amount of financial liabilities:	286.552	41.293
Net-off amounts *	(35.208)	(17.800)
Total net carrying amount of financial liabilities:	251.344	23.493

*A liability to return borrowed shares occurred according to agreement of market making services, net-off amount reflects a change of fair value of shares to be returned.

NOTE 17 SALARY LIABILITIES

	31 December 2015	31 December 2014
Accrued bonuses payable to employees	167.895	110.506
Accrued vacations	44.792	46.549
Payable social insurance contributions	23.330	18.808
Payable guarantee fund contributions	116	93
Total	236.133	175.955

NOTE 18 OTHER CURRENT LIABILITIES

	31 December 2015	31 December 2014
Accrued expenses	34.493	50.725
Payable VAT	7.273	9.381
Other taxes payable to the budget	3.230	3.377
Debts to accountable persons	1.349	341
Total	46.346	63.824

NOTE 19 EQUITY AND LEGAL RESERVE

Authorised share capital

The Company's authorised share capital consists of 78,572 ordinary shares with a par value of EUR 20.2734 each, and the authorised share capital in amount of EUR 1,592,922.

By managing capital the management of the Company constantly monitors that the Company's equity would be not lower than 1/2 of its share capital, as it is required by the Law on Companies of the Republic of Lithuania. As of 31 December 2015 and 2014 the Company met all the above-mentioned requirements.

Capital adequacy ratio is disclosed under Capital Management section of the Financial Risk Management note.

Legal reserve

According to legal acts of the Republic of Lithuania, legal reserve is compulsory. At least 5% of net accounting profit must be annually allocated to legal reserve until it reaches at least 10% of the authorised share capital. At 31 December 2014 and 2015 the Company's legal reserve was not fully formed. Legal reserve may not be allocated as dividends, but may be used to cover future loss.

NOTE 20 ASSETS ASSIGNED FOR MANAGEMENT (UNAUDITED)

Assets managed on trustee basis and liabilities accounted for in the off-balance sheet accounts.

	31 December 2015	31 December 2014
I. Guarantees and sureties granted	-	-
II. Managed assets of clients	327.946.852	226.987.087
II.1.1. Clients' cash and cash equivalents	24.506.843	15.538.927
II.1.2. Securities purchased on behalf of clients	92.003.675	67.737.945
II.1.3. Accounted securities of clients, represented at the Central Securities Depository of Lithuania	211.172.525	143.581.386
II.1.4. Pledged securities of clients		(757.018)
II.1.5. Securities purchased from clients under reverse repurchase agreements	263.809	885.847
III. Other off-balance sheet liabilities	56.476	108.608
IV. Amount of clients' transactions with a third party concluded on derivative financial instruments	2.204.366	6.609.953
V. Financial instruments, based on which clients concluded CFD with a third party	29.361.596	13.036.562
VI. Financial instruments, based on which clients concluded CFD with the company	1.480.726	1.345.569
VI.1. Financial instruments, based on which the company purchased securities as CFD leverage	623.580	778.971
VI.2. Financial instruments, based on which the company concluded CFD with a third party	857.146	566.598
Total	361.050.016	248.087.779

NOTE 21 CONTINGENT LIABILITIES

State Tax Inspectorate has not performed any comprehensive tax inspection in the Company. Tax Inspectorate is allowed to inspect accounting books and accounting records and calculate additional taxes and fines, at any time in five years proceeding the reporting financial year. The management of the Company is not aware of any circumstances, which might cause potentially significant liability in this regard.

NOTE 22 RELATED PARTY TRANSACTIONS

The parties are considered as related when one party is allowed to control the other party or may significantly affect the other party in making financial and operating decisions. Related parties of the Company are its shareholders and other companies, which are controlled by shareholders of the Company.

In 2015 transactions of the Company with related parties and balances as of 31 December 2015 were as follows:

	Purchase	Sales	Receivables	Payables
Shareholders	11.470	967	88	201.157
Other related entities	-	71.732	19.326	-
Total	11.470	72.699	19.414	201.157

In 2014 transactions of the Company with related parties and balances as of 31 December 2014 were as follows:

	Purchase	Sales	Receivables	Payables
Shareholders	13.877			202.313
Other related entities	11.469	102.125	45.101	2.313
Total	25.346	102.125	45.101	204.626

The Company has no guarantees from related parties concerning receivables or payables to related parties. As of 31 December 2015 and 2014 the Company did not account for any impairment on doubtful debts related to receivables from related parties.

Salary of the management and other payments

In 2015 the salary of the management was EUR 159 thousand (EUR 84 thousand in 2014). In 2015 the Company's management consisted of 2 employees (1 employee in 2014). In 2015 and 2014 the Company's management was not provided any guarantees, neither paid nor calculated any amounts or asset transfers.

NOTE 23 SUBSEQUENT EVENTS

There were no significant events in the Company after the balance sheet date.