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**Kazakhstan Ijara Company JSC**

Financial Statements  
for the year ended  
31 December 2017

## Independent Auditors' Report

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## Independent Auditors' Report

To the Shareholders and the Board of Directors of Kazakhstan Ijara Company JSC

### Opinion

We have audited the financial statements of Kazakhstan Ijara Company JSC (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.





### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.






The engagement partner on the audit resulting in this independent auditors' report is:

  
Assel Urdabayeva  
Certified Auditor  
of the Republic of Kazakhstan,  
Auditor's Qualification Certificate  
No. МФ-0000096 of 27 August 2012


**KPMG Audit LLC**


State Licence to conduct audit # 0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan

  
Assel Khairova  
General Director of KPMG Audit LLC  
acting on the basis of the Charter

30 March 2018

  
Yusef Baki  
General Director

  
Assel Urdabayeva  
Chief Accountant

  
Algorin Byassov  
Chief Financial Officer

**Kazakhstan Ijara Company JSC**  
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017

|  | Note | 2017<br>'000 KZT | 2016<br>'000 KZT |
|--|------|------------------|------------------|
| Profit income on finance lease receivables                                   |      | 737,671          | 452,517          |
| Profit income on placements with banks                                       |      | 1,352            | 12,110           |
| Financial expenses   |      | (11,856)         | -                |
| <b>Net profit income</b>   |      | <b>727,167</b>   | <b>464,627</b>   |
| Net gain on financial instruments at fair value through profit or loss       |      | -                | 14,299           |
| Net foreign exchange loss  |      | (30,379)         | (20,132)         |
| Loss from investment in joint venture  | 10   | (8,724)          | (63,078)         |
| Other income   |      | 31,790           | 8,847            |
| <b>Operating income</b>  |      | <b>719,854</b>   | <b>404,563</b>   |
| Impairment losses  | 4    | (120,546)        | (39,553)         |
| General administrative expenses  | 5    | (369,348)        | (359,453)        |
| <b>Profit before income tax</b>  |      | <b>229,960</b>   | <b>5,557</b>     |
| Income tax benefit   | 6    | 5,591            | 1,399            |
| <b>Profit for the year</b>   |      | <b>235,551</b>   | <b>6,956</b>     |
| <b>Other comprehensive income, net of income tax</b>                         |      |                  |                  |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> |      |                  |                  |
| Foreign currency exchange differences on translation                         |      | 2,728            | 38,506           |
| <b>Other comprehensive income for the year, net of income tax</b>            |      | <b>2,728</b>     | <b>38,506</b>    |
| <b>Total comprehensive income for the year</b>                               |      | <b>238,279</b>   | <b>45,462</b>    |

The financial statements as set out on pages 6 to 48 were approved by Management on 30 March 2018.

Yusuf Karsi  
General Director



Aigerim Ilyassova  
Chief Financial Officer

Janat Aubakirova  
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 48.



**Kazakhstan Ijara Company JSC**  
Statement of Financial Position as at 31 December 2017

|   |      | 31 December 2017 | 31 December 2016 |
|---|------|------------------|------------------|
|   | Note | '000 KZT         | '000 KZT         |
| <b>ASSETS</b>   |      |                  |                  |
| Cash and cash equivalents                                   | 7    | 315,673          | 1,018,229        |
| Financial instruments at fair value through profit and loss |      | -                | 840,966          |
| Finance lease receivables                                   | 8    | 5,645,894        | 3,045,997        |
| Advances paid under finance lease agreements                |      | 112,326          | 183,798          |
| Assets to be transferred under finance lease agreements     | 9    | 41,054           | 173,971          |
| Investment in joint venture                                 | 10   | 430,474          | 436,470          |
| Equipment and intangible assets                             | 11   | 49,679           | 78,242           |
| Current tax asset   |      | 43,502           | 35,366           |
| Other assets  |      | 33,041           | 24,708           |
| <b>Total assets</b>   |      | <b>6,671,643</b> | <b>5,837,747</b> |
| <b>LIABILITIES</b>  |      |                  |                  |
| Advances received for finance leases                        |      | 101,676          | 151,814          |
| Accounts payable to suppliers                               |      | 7,300            | 6,800            |
| Deferred tax liabilities                                    | 6    | -                | 5,591            |
| Financial arrangements                                      | 12   | 628,648          | -                |
| Other liabilities   |      | 47,748           | 25,550           |
| <b>Total liabilities</b>                                    |      | <b>785,372</b>   | <b>189,755</b>   |
| <b>EQUITY</b>   |      |                  |                  |
| Share capital   | 14   | 4,224,362        | 4,224,362        |
| Foreign currency translation reserve                        |      | 148,230          | 145,502          |
| Reserve for pre-operational expenses                        | 13   | (110,670)        | (110,670)        |
| Retained earnings   |      | 1,624,349        | 1,388,798        |
| <b>Total equity</b>   |      | <b>5,886,271</b> | <b>5,647,992</b> |
| <b>Total liabilities and equity</b>                         |      | <b>6,671,643</b> | <b>5,837,747</b> |

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 48.

**Kazakhstan Ijara Company JSC**  
Statement of Cash Flows for the year ended 31 December 2017

|   | 2017<br>'000 KZT   | 2016<br>'000 KZT |
|---|--------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                    |                  |
| Profit for the year   | 235,551            | 6,956            |
| Adjustments for:  |                    |                  |
| Profit income on finance lease receivables  | (737,671)          | (452,517)        |
| Profit income on placement with banks   | (1,352)            | (12,110)         |
| Unrealised gain on financial instruments at fair value through profit or loss                     | -                  | (14,299)         |
| Impairment loss on finance lease receivables  | 120,546            | 39,553           |
| Depreciation and amortisation expense   | 30,178             | 31,714           |
| Loss from investment in joint venture   | 8,724              | 63,078           |
| Financial expenses  | 11,856             | -                |
| Net foreign exchange loss   | 30,379             | 20,132           |
| Income tax benefit  | (5,591)            | (1,399)          |
| <b>Cash flows used in operating activities before changes in operating assets and liabilities</b> | <b>(307,380)</b>   | <b>(318,892)</b> |
| <b>(Increase)/decrease in operating assets</b>  |                    |                  |
| Financial instruments at fair value through profit or loss  | 840,966            | -                |
| Finance lease receivables   | (2,695,527)        | (50,804)         |
| Assets to be transferred under finance lease agreements   | 132,917            | (86,285)         |
| Advances paid to suppliers of equipment for finance lease   | 71,472             | (183,798)        |
| Other assets  | (20,971)           | 19,304           |
| <b>Increase/(decrease) in operating liabilities</b>   |                    |                  |
| Advances received for finance leases  | (50,138)           | 131,311          |
| Accounts payable to suppliers   | 500                | 300              |
| Other liabilities   | 22,198             | 22,531           |
| <b>Net cash used in operating activities before taxes paid</b>                                    | <b>(2,005,963)</b> | <b>(466,333)</b> |
| Profit income received  | 726,745            | 458,169          |
| Mark-up paid  | (10,570)           | -                |
| Income tax paid   | (8,136)            | (205,040)        |
| <b>Cash flows used in operations</b>  | <b>(1,297,924)</b> | <b>(213,204)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                    |                  |
| Sales of equipment and intangible assets  | 20                 | -                |
| Purchases of equipment and intangible assets  | (1,635)            | (535)            |
| <b>Cash flows used in investing activities</b>  | <b>(1,615)</b>     | <b>(535)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                    |                  |
| Receipts of financial arrangements  | 627,362            | -                |
| <b>Cash flows used in financing activities</b>  | <b>627,362</b>     | <b>-</b>         |
| <b>Net decrease in cash and cash equivalents</b>  | <b>(672,177)</b>   | <b>(213,739)</b> |
| Cash and cash equivalents at the beginning of the year  | 1,018,229          | 1,252,100        |
| Effect of changes in foreign exchange rates   | (30,379)           | (20,132)         |
| <b>Cash and cash equivalents at the end of the year (Note 7)</b>                                  | <b>315,673</b>     | <b>1,018,229</b> |

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 48.



**Kazakhstan Ijara Company JSC**  
Statement of Changes in Equity for the year ended 31 December 2017

| '000 KZT   | Share capital    | Foreign currency translation reserve | Reserve for pre-operational expenses | Retained earnings | Total equity     |
|--|------------------|--------------------------------------|--------------------------------------|-------------------|------------------|
| Balance as at 1 January 2016   | 4,224,362        | 106,996                              | (110,670)                            | 1,381,842         | 5,602,530        |
| Profit for the year  | -                | -                                    | -                                    | 6,956             | 6,956            |
| <b>Other comprehensive income</b>  |                  |                                      |                                      |                   |                  |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> |                  |                                      |                                      |                   |                  |
| Foreign currency exchange differences on translation                         | -                | 38,506                               | -                                    | -                 | 38,506           |
| <b>Total comprehensive income for the year</b>                               | -                | <b>38,506</b>                        | -                                    | <b>6,956</b>      | <b>45,462</b>    |
| <b>Balance as at 31 December 2016</b>  | <b>4,224,362</b> | <b>145,502</b>                       | <b>(110,670)</b>                     | <b>1,388,798</b>  | <b>5,647,992</b> |
| Profit for the year  | -                | -                                    | -                                    | 235,551           | 235,551          |
| <b>Other comprehensive income</b>  |                  |                                      |                                      |                   |                  |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> |                  |                                      |                                      |                   |                  |
| Foreign currency exchange differences on translation                         | -                | 2,728                                | -                                    | -                 | 2,728            |
| <b>Total comprehensive income for the year</b>                               | -                | <b>2,728</b>                         | -                                    | <b>235,551</b>    | <b>238,279</b>   |
| <b>Balance as at 31 December 2017</b>  | <b>4,224,362</b> | <b>148,230</b>                       | <b>(110,670)</b>                     | <b>1,624,349</b>  | <b>5,886,271</b> |

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 10 to 48.

## 1 Reporting entity

### (a) Principal activities

Kazakhstan Ijara Company JSC (the "Company") was established in the Republic of Kazakhstan as a joint stock company on 5 April 2013 (registration number 4291-1910-01-AO). On 24 September 2013 the Company was re-registered in connection with the approval of the adoption of a new shareholder, Al Hilal Leasing LLC, acceptance of the rights and powers under the New Memorandum and the statement of refusal to participate in the Company shareholders Murad-Mi Holding and Zerde, termination of their rights and authority on the Initial Memorandum.

The principal activities of the Company are:

- financial leasing operations; and
- professional activities on the Shariah complaint securities market, as well as other activities on financial market allowed by Kazakh Law and Shariah.

The Company performs lease financing of mid-term (3-5 years) leasing projects. The Company primarily leases machinery, equipment and transport vehicles that act as collateral.

The registered address of the Company's head office is 51/78 Kabanbay batyr street, Almaty, 050010, Republic of Kazakhstan. The majority of the Company's assets and liabilities are located in the Republic of Kazakhstan.

### (b) Shareholders

As at 31 December 2017 and 2016, the following shareholders own the outstanding common shares:

| <b>Shareholders</b>   | <b>31 December 2017</b> | <b>31 December 2016</b> |
|---|-------------------------|-------------------------|
|   | <b>%</b>                | <b>%</b>                |
| Islamic Corporation for the Development of the Private Sector | 35.77                   | 35.77                   |
| Zaman Leasing LLC   | 17.85                   | 17.85                   |
| Aktif Yatirim Bankasi AS                                      | 14.32                   | 14.32                   |
| Al Hilal Leasing Company LLC                                  | 14.18                   | 14.18                   |
| Kolon World Investment Co., Limited                           | 10.73                   | 10.73                   |
| Eurasia Group AG  | 7.15                    | 7.15                    |
|   | <b>100.00</b>           | <b>100.00</b>           |

Related party transactions are detailed in Note 19.

### (c) Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. In addition, the depreciation of the Kazakhstan tenge which took place during 2015, and a reduction in the global price of oil, have increased the level of uncertainty in the business environment.

The financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and financial position of the Company. The future business environment may differ from management's assessment.



## 2 Basis of accounting

### (a) Statement of compliance

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

### (b) Basis of measurement

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss are stated at fair value.

### (c) Functional and presentation currency

The functional currency of the Company is the Kazakhstan tenge ("KZT") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Company.

The KZT is also the presentation currency for the purposes of these financial statements.

Financial information presented in KZT is rounded to the nearest thousand.

Market exchange rates as at 31 December 2017 and 2016 were as follows:

|                  | 31 December 2017 | 31 December 2016 |
|------------------|------------------|------------------|
| US dollar (USD)  | 332.33           | 333.29           |
| Euro (EUR)       | 398.23           | 352.42           |
| Kyrgyz som (KGS) | 4.83             | 5.43             |

The Company uses foreign currency exchange rates from official source - the National Bank of Republic of Kazakhstan.

### (d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in the following notes:

- Finance lease receivable impairment estimates - Note 8;
- Fair value of financial assets and liabilities— Note 20.

### (e) Changes in accounting policies

The Company has adopted the following amendments to standards with a date of initial application of 1 January 2017:

*Disclosure Initiative (Amendments to IAS 7).* IAS 7 *Statement of Cash Flows* has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities. However, the objective could also be achieved in other ways.



### **3 Significant accounting policies**

The accounting policies set out below are applied consistently to all periods presented in these financial statements, except as explained in note 2 (e), which addresses changes in accounting policies.

#### **(a) Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective profit and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments unless the difference is due to impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss; a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in other comprehensive income.

#### **Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the presentation currency at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such item form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

#### **(b) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, unrestricted current bank accounts and short-term deposits in banks with original maturity of less than three months. Cash and cash equivalents are carried at amortised cost in the statement of financial position.



### **3 Significant accounting policies, continued**

#### **(c) Financial instruments**

##### **(i) Classification**

*Financial instruments at fair value through profit or loss* are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- derivative financial instruments (except for a derivative that is a financial guarantee contract or a designated and effective hedging instruments) or,
- upon initial recognition, designated as at fair value through profit or loss.

The Company may designate financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or,
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as liabilities.

Management determines the appropriate classification of financial instruments in this category at the time of the initial recognition. Derivative financial instruments and financial instruments designated as at fair value through profit or loss upon initial recognition are not reclassified out of at fair value through profit or loss category. Financial assets that would have met the definition of loans and receivables may be reclassified out of the fair value through profit or loss or available-for-sale category if the Company has an intention and ability to hold them for the foreseeable future or until maturity. Other financial instruments may be reclassified out of at fair value through profit or loss category only in rare circumstances. Rare circumstances arise from a single event that is unusual and highly unlikely to recur in the near term.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company:

- intends to sell immediately or in the near term;
- upon initial recognition designates as at fair value through profit or loss;
- upon initial recognition designates as available-for-sale or,
- may not recover substantially all of its initial investment, other than because of credit deterioration.



### **3 Significant accounting policies, continued**

#### **(c) Financial instruments, continued**

##### **(ii) Recognition**

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

##### **(iii) Measurement**

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on their sale or other disposal, except for:

- loans and receivables which are measured at amortised cost using the effective profit rate method.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost.

##### **(iv) Amortised cost**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective profit rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective profit rate of the instrument.

##### **(v) Fair value measurement principles**

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in these circumstances.



### **3 Significant accounting policies, continued**

#### **(c) Financial instruments, continued**

##### **(v) Fair value measurement principles, continued**

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell the net-long position (or paid to transfer the net-short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

##### **(vi) Gains and losses on subsequent measurement**

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.

##### **(vii) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any profit in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability in the statement of financial position. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company writes off assets deemed to be uncollectible.

##### **(viii) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Company and all counterparties.



### **3 Significant accounting policies, continued**

#### **(d) Leases**

The Company's lease transactions are classified as either financing or operating leases at inception in accordance with IAS 17 *Leases*.

Finance leases are leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The indicators for finance lease classification are:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception of the lease, that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, or;
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications being made.

The Company as a lessor initially measures finance leases at an amount equal to the net investment in the lease. Subsequently, the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the finance lease.

Leasing of identified assets ending with ownership transfer (also known as Ijara Muntahia Bitamleek) is an agreement whereby the Company buys an asset according to the customer's intention, presented in intent notice and then leases it, in its capacity as a lessor, to the customer as lessee for a specified rental over a specific period. The duration of the lease term, as well as the basis for rental, are set and agreed in the lease agreement. The Company possesses ownership of the asset throughout the lease term. The arrangement could end by transferring the ownership of the asset to the lessee upon completion by the lessee of its obligation during or at the end of lease term.

The Company recognises ijara assets at a value equal to the net investment in the lease, starting from the date of commencement of the lease term. Rental income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the financing under ijara agreements.

#### **(e) Equipment**

##### **(i) Owned assets**

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.



### **3 Significant accounting policies, continued**

#### **(e) Equipment, continued**

##### **(ii) Depreciation**

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

|                  |              |
|------------------|--------------|
| Computers        | 3 years      |
| Office furniture | 5 to 7 years |
| Motor vehicles   | 5 years      |

##### **(f) Intangible assets**

Acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life of intangible assets is 5 years.

##### **(g) Impairment**

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the Company determines the amount of any impairment loss.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a loss event) and that event (or events) has had an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of covenants or conditions, restructuring of financial asset or group of financial assets that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data related to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

##### **(i) Financial assets carried at amortised cost**

Financial assets carried at amortised cost consist principally of loans and other receivables (loans and receivables). The Company reviews its loans and receivables to assess impairment on a regular basis.

The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.



### **3 Significant accounting policies, continued**

#### **(g) Impairment, continued**

##### **(i) Financial assets carried at amortised cost, continued**

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective profit rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data related to similar borrowers. In such cases, the Company uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When a loan or receivable is uncollectable, it is written off against the related allowance for impairment. The Company writes off a loan or receivable balance (and any related allowances for impairment losses) when management determines that the loans or receivables are uncollectible and when all necessary steps to collect the loan or receivable are completed.

##### **(ii) Non financial assets**

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **(h) Provisions**

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

*Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they related to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.*



### **3 Significant accounting policies, continued**

#### **(h) Provisions, continued**

#### **(i) Credit related commitments**

In the normal course of business, the Company enters into credit related commitments, comprising undrawn finance lease commitments. Finance lease commitments are not recognised by the Company.

#### **(j) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **(i) Dividends**

The ability of the Company to declare and pay dividends is subject to the rules and regulations of Kazakhstan legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

#### **(k) Taxation**

Income tax comprises of current tax for the year and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

##### **Current tax**

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from dividends.

##### **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



### 3 Significant accounting policies, continued

#### (l) Income and expense recognition

Profit income and expense are recognised in profit or loss using the effective profit rate method.

Finance lease origination fees, lease servicing fees and other fees that are considered to be integral to the overall profitability of a finance lease, together with the related transaction costs, are deferred and amortised to profit income over the estimated life of the financial instrument using the effective profit rate method.

Other fees, commissions and other income and expense items are recognised in profit or loss when the corresponding service is provided.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

#### (m) Investment in joint venture

Joint ventures are arrangements over which the Company together with one or more other parties has joint control over the financial and operating policies. The financial statements include the Company's share of the total recognised gains and losses of joint ventures on an equity-accounted basis, from the date that significant influence and joint control effectively commences until the date that significant influence and joint control effectively ceases. When the Company's share of losses exceeds the Company's interest (including long-term financial arrangement) in the joint venture, that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Company has incurred obligations in respect of the joint venture.

#### (n) Presentation of the comparatives

Comparative information is reclassified to conform to changes in presentation in the current year.

*Reclassifications in the financial statements for the previous year*

During the preparation of the Company's financial statements for the year ended 31 December 2017, management made certain reclassifications affecting the corresponding figures to conform to the presentation of financial statements for the year ended 31 December 2017.

The effects from reclassifications on the corresponding figures may be as follows:

|  | As previously<br>reported | Effect of<br>reclassifications | As<br>reclassified |
|--|---------------------------|--------------------------------|--------------------|
| <b>Statement of financial position as at<br/>31 December 2016</b>      |                           |                                |                    |
| <b>ASSETS</b>  |                           |                                |                    |
| Current tax asset  | -                         | 35,366                         | 35,366             |
| Other assets   | 60,074                    | (35,366)                       | 24,708             |
| <b>Statement of cash flows for the year ended<br/>31 December 2016</b> |                           |                                |                    |
| (Increase)/decrease in operating assets                                |                           |                                |                    |
| Other assets   | (16,062)                  | 35,366                         | 19,304             |
| Net cash used in operating activities before<br>taxes paid             | (501,699)                 | 35,366                         | (466,333)          |
| Income tax paid  | (169,674)                 | (35,366)                       | (205,040)          |
| Cash flows used in operations  | (213,204)                 | -                              | (213,204)          |



### **3 Significant accounting policies, continued**

#### **(o) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective as at 31 December 2017, and are not applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the financial position and performance. The Company plans to adopt these pronouncements when they become effective.

##### **IFRS 9 Financial instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. It replaces IAS 39 Financial Instruments: Recognition and Measurement.

In October 2017, the IASB issued Prepayment Features with Negative Compensation (Amendments to IFRS 9). The amendments are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Company will apply IFRS 9 as issued in July 2014 initially on 1 January 2018 and will early adopt the amendments to IFRS 9 on the same date. Based on the assessment made up to date, the total estimated effect of the adoption of IFRS 9 (less tax) to be recorded in the opening balance of the Company's equity at 1 January 2018, will not exceed 1% of the equity.

The above assessment is preliminary as transition to the new standard has not been finalised yet. The actual impact of adopting IFRS 9 on 1 January 2018 may change because:

- IFRS 9 will require the Company to revise its accounting processes and internal controls and these changes are not yet complete;
- Though in the second half of 2017 the parallel accounting was maintained, the new systems and controls related to it were not functioning during a more extended period;
- the Company has not finalised the testing and assessment of controls over its new IT systems and changes to its governance framework;
- the Company is refining and finalising its models for ECL calculations; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.

#### **(i) Classification and measurement**

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



### **3 Significant accounting policies, continued**

#### **(o) New standards and interpretations not yet adopted, continued**

##### **IFRS 9 Financial Instruments, continued**

##### **(i) Classification and measurement, continued**

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

##### **Business model assessment**

The Company will make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information that will be considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.



### **3 Significant accounting policies, continued**

#### **(o) New standards and interpretations not yet adopted, continued**

##### **IFRS 9 Financial Instruments, continued**

#### **(i) Classification and measurement, continued**

##### **Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest ("SPPI criterion"), the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company will consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

features that modify consideration for the time value of money – e.g. periodic reset of profit rates.

##### **Impact assessment**

The standard will affect the classification and measurement of financial assets held as at 1 January 2018 as follows.

- Cash and cash equivalents that are measured at amortised cost under IAS 39 will in general also be measured at amortised cost under IFRS 9.

#### **(ii) Impairment – Financial assets, loan commitments and financial guarantee contracts**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- finance lease receivables;
- placements in banks;
- other financial receivables.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.



### **3 Significant accounting policies, continued**

#### **(o) New standards and interpretations not yet adopted, continued**

##### **IFRS 9 Financial Instruments, continued**

#### **(ii) Impairment – Financial assets, loan commitments and financial guarantee contracts, continued**

The Company will recognise loss allowances at an amount equal to lifetime ECLs.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- incorporating forward-looking information into the measurement of ECLs.

##### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive;
- *financial assets that are credit-impaired at the reporting date*: the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- *financial guarantee contracts*: the present value of the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Financial assets that are credit-impaired are defined by IFRS 9 in a similar way to financial assets that are impaired under IAS 39.

#### **(iii) Classification – Financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

#### **(iv) Disclosures**

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.



### 3 Significant accounting policies, continued

#### (o) New standards and interpretations not yet adopted, continued

##### **IFRS 16 Leases**

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the Company's lease portfolio at that date, the Company's latest assessment of whether it will exercise any lease renewal options and the extent to which the Company chooses to use practical expedients and recognition exemptions.

##### **Other amendments**

The following new or amended standards are not expected to have a significant impact of the Company's financial statements.

- IFRS 15 *Revenue from Contracts with Customers*.
- *Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28*.
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2).
- *Transfers of Investment Property* (Amendments to IAS 40).
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28).
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.
- IFRIC 23 *Uncertainty over Income Tax Treatments*.

|   | 2017      | 2016   | 2017     | 2016    |
|---|-----------|--------|----------|---------|
| Profit before income tax                                | 2,276,000 | 100.0  | 5,557    | 100.0   |
| Income tax at the applicable tax rate                   | 43,992    | 20.0   | 1,311    | 28.9    |
| Non-deductible business-related expenses                | 1,745     | 0.8    | 12,616   | 227.8   |
| Non-deductible income from finance lease                | (77,490)  | (33.7) | (27,339) | (490.5) |
| Finance lease receivables                               | 24,108    | 10.5   | 7,911    | 142.4   |
| Other non-deductible expenses / non-deductible expenses | (3,867)   | (1.7)  | 4,232    | 76.0    |
| Change in unrecognized deferred tax assets              | 2,922     | 1.3    | -        | -       |
| Income tax benefit                                      | (5,391)   | (2.4)  | (3,397)  | (61.1)  |



#### 4 Impairment losses

|                                    | 2017<br>KZT'000 | 2016<br>KZT'000 |
|------------------------------------|-----------------|-----------------|
| Finance lease receivables (Note 8) | 107,908         | 39,553          |
| Other assets                       | 12,638          | -               |
|                                    | <b>120,546</b>  | <b>39,553</b>   |

#### 5 General administrative expenses

|   | 2017<br>'000 KZT | 2016<br>'000 KZT |
|---|------------------|------------------|
| Wages, salary, and related taxes          | 236,163          | 209,706          |
| Amortisation and depreciation             | 30,178           | 31,714           |
| Management services fees                  | 21,041           | 21,767           |
| Business trip and representative expenses | 17,946           | 21,731           |
| Rental expenses                           | 15,059           | 19,639           |
| Professional services                     | 13,297           | 14,535           |
| Taxes other than on income                | 9,718            | 16,272           |
| IT expenses                               | 6,169            | 5,974            |
| Insurance                                 | 5,835            | 4,714            |
| Office expenses                           | 4,175            | 3,408            |
| Marketing and advertising                 | 2,833            | 3,139            |
| Bank charges                              | 2,145            | 1,750            |
| Vehicle expenses                          | 1,630            | 1,623            |
| Communications                            | 1,549            | 1,683            |
| Other                                     | 1,610            | 1,798            |
|   | <b>369,348</b>   | <b>359,453</b>   |

#### 6 Income tax benefit

|  | 2017<br>'000 KZT | 2016<br>'000 KZT |
|--|------------------|------------------|
| Current year tax charge  | -                | -                |
| Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences and movement in valuation allowance | 5,591            | 1,399            |
| <b>Total income tax benefit</b>  | <b>5,591</b>     | <b>1,399</b>     |

In 2017, the applicable tax rate for current and deferred tax is 20% (2016: 20%).

##### Reconciliation of effective tax rate:

|   | 2017<br>'000 KZT | %            | 2016<br>'000 KZT | %             |
|---|------------------|--------------|------------------|---------------|
| <b>Profit before income tax</b>   | <b>229,960</b>   | <b>100.0</b> | <b>5,557</b>     | <b>100.0</b>  |
| Income tax at the applicable tax rate                                   | 45,992           | 20.0         | 1,111            | 20.0          |
| Non-deductible loss/non-taxable income from investment in joint venture | 1,745            | 0.8          | 12,616           | 227.0         |
| Non-taxable income from finance lease receivables                       | (77,490)         | (33.7)       | (27,259)         | (490.5)       |
| Non-deductible impairment loss on finance lease receivables             | 24,109           | 10.5         | 7,911            | 142.4         |
| Other non-taxable income / non-deductible expenses                      | (3,869)          | (1.7)        | 4,222            | 76.0          |
| Change in unrecognised deferred tax assets                              | 3,922            | 1.7          | -                | -             |
| <b>Income tax benefit</b>   | <b>(5,591)</b>   | <b>(2.4)</b> | <b>(1,399)</b>   | <b>(25.1)</b> |



## 6 Income tax benefit, continued

### Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as at 31 December 2017 and 2016.

As at 31 December 2017 deferred tax asset at the amount of KZT 5,121 thousand (including of KZT 1,199 thousand in respect of investment in joint venture) (31 December 2016: deferred tax asset at the amount of KZT 4,914 thousand) is not recognised as:

- the Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not be reversed in foreseeable future.

Movements in temporary differences during the years ended 31 December 2017 and 2016 are presented as follows.

| 2017<br>'000 KZT                | Balance at<br>1 January 2017 | Recognised in<br>profit or loss | Balance at<br>31 December 2017 |
|---------------------------------|------------------------------|---------------------------------|--------------------------------|
| Equipment and intangible assets | (7,810)                      | 3,427                           | (4,383)                        |
| Reserve on unused vacation      | 1,555                        | 949                             | 2,504                          |
| Accruals                        | 430                          | 1,782                           | 2,212                          |
| Other                           | 234                          | 3,355                           | 3,589                          |
| <b>Net deferred tax assets</b>  | <b>(5,591)</b>               | <b>9,513</b>                    | <b>3,922</b>                   |
| Unrecognised deferred tax asset | -                            | (3,922)                         | (3,922)                        |
| <b>Net deferred tax assets</b>  | <b>(5,591)</b>               | <b>5,591</b>                    | <b>-</b>                       |

| 2016<br>'000 KZT                    | Balance at<br>1 January 2016 | Recognised in<br>profit or loss | Balance at<br>31 December 2016 |
|-------------------------------------|------------------------------|---------------------------------|--------------------------------|
| Equipment and intangible assets     | (10,136)                     | 2,326                           | (7,810)                        |
| Reserve on unused vacation          | 442                          | 1,113                           | 1,555                          |
| Accruals                            | 2,704                        | (2,274)                         | 430                            |
| Other                               | -                            | 234                             | 234                            |
| <b>Net deferred tax liabilities</b> | <b>(6,990)</b>               | <b>1,399</b>                    | <b>(5,591)</b>                 |

## 7 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year are composed of the following items:

|  | 2017<br>'000 KZT | 2016<br>'000 KZT |
|--|------------------|------------------|
| <b>Current accounts and demand deposits in banks</b>       |                  |                  |
| Islamic Bank "Al Hilal" JSC – not rated                    | 126,804          | 190,017          |
| KZI Bank – not rated                                       | 188,869          | 2,907            |
| Zaman Bank - non rated                                     | -                | 2                |
| <b>Total current accounts and demand deposits in banks</b> | <b>315,673</b>   | <b>192,926</b>   |
| <b>Term deposits with banks</b>                            |                  |                  |
| Islamic Bank "Al Hilal" JSC – not rated                    | -                | 825,303          |
| <b>Total term deposits with banks</b>                      | <b>-</b>         | <b>825,303</b>   |
| <b>Total cash and cash equivalents</b>                     | <b>315,673</b>   | <b>1,018,229</b> |

No cash and cash equivalents are impaired or past due.



## 7 Cash and cash equivalents, continued

### Concentration of cash and cash equivalents

As at 31 December 2017 the Company had no banks whose balances exceeded 10% of equity (31 December 2016: one bank. The gross value of these balances as at 31 December 2016 is KZT 1,015,320 thousand).

## 8 Finance lease receivables

The components of net investments in finance lease as at 31 December 2017 and 31 December 2016 are as follows:

|  | 2017<br>'000 KZT   | 2016<br>'000 KZT |
|--|--------------------|------------------|
| Within one year                              | 2,895,121          | 1,665,287        |
| More than one year, but less than five years | 4,244,773          | 2,309,061        |
| <b>Minimum lease payments</b>                | <b>7,139,894</b>   | <b>3,974,348</b> |
| Less: unearned finance income                |                    |                  |
| Within one year                              | (717,271)          | (443,668)        |
| More than one year, but less than five years | (572,219)          | (388,081)        |
|  | <b>(1,289,490)</b> | <b>(831,749)</b> |
|  | <b>5,850,404</b>   | <b>3,142,599</b> |
| Less: impairment allowance                   | (204,510)          | (96,602)         |
| <b>Net investment in finance lease</b>       | <b>5,645,894</b>   | <b>3,045,997</b> |

|   | 2017<br>'000 KZT | 2016<br>'000 KZT |
|---|------------------|------------------|
| Leases to large corporates                | 1,390,827        | 831,807          |
| Leases to small and medium size companies | 4,459,577        | 2,310,792        |
| Less: impairment allowance                | (204,510)        | (96,602)         |
| <b>Net investment in finance lease</b>    | <b>5,645,894</b> | <b>3,045,997</b> |

Movements in the lease impairment allowance for the years ended 31 December 2017 and 31 December 2016 are as follows:

|                                       | 2017<br>'000 KZT | 2016<br>'000 KZT |
|---------------------------------------|------------------|------------------|
| Balance at the beginning of the year  | 96,602           | 57,049           |
| Net charge for the year               | 107,908          | 39,553           |
| <b>Balance at the end of the year</b> | <b>204,510</b>   | <b>96,602</b>    |

### Profit income on finance lease receivables

Included in profit income on finance lease receivables for the year ended 31 December 2017 is a total of KZT 52,117 thousand (2016: KZT 34,121 thousand) accrued on impaired financial assets.



## 8 Finance lease receivables, continued

### Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2017:

|  | Gross finance<br>leases<br>'000 KZT | Impairment<br>allowance<br>'000 KZT | Net finance<br>leases<br>'000 KZT | Impairment as<br>a percentage of<br>gross finance<br>lease<br>% |
|--|-------------------------------------|-------------------------------------|-----------------------------------|---|
| <b>Leases to large corporates</b>                      |                                     |                                     |                                   |   |
| Leases for which no impairment has been identified:    |                                     |                                     |                                   |   |
| - not overdue  | 1,390,827                           | (28,286)                            | 1,362,541                         | 2.03  |
| <b>Total leases to large corporates</b>                | <b>1,390,827</b>                    | <b>(28,286)</b>                     | <b>1,362,541</b>                  | <b>2.03</b>   |
| <b>Leases to small and medium size companies</b>       |                                     |                                     |                                   |   |
| Leases for which no impairment has been identified:    |                                     |                                     |                                   |   |
| - not overdue  | 3,417,408                           | (71,476)                            | 3,345,932                         | 2.09  |
| Impaired or overdue leases:                            |                                     |                                     |                                   |   |
| - overdue less than 30 days                            | 119,025                             | (2,392)                             | 116,633                           | 2.01  |
| - overdue 30-89 days                                   | 232,018                             | (4,677)                             | 227,341                           | 2.02  |
| - overdue 90-179 days                                  | 94,685                              | (3,511)                             | 91,174                            | 3.71  |
| - overdue 180+ days                                    | 596,441                             | (94,168)                            | 502,273                           | 15.79   |
| <b>Total leases to small and medium size companies</b> | <b>4,459,577</b>                    | <b>(176,224)</b>                    | <b>4,283,353</b>                  | <b>3.95</b>   |
| <b>Total finance leases</b>                            | <b>5,850,404</b>                    | <b>(204,510)</b>                    | <b>5,645,894</b>                  | <b>3.50</b>   |

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2016:

|  | Gross finance<br>leases<br>'000 KZT | Impairment<br>allowance<br>'000 KZT | Net finance<br>leases<br>'000 KZT | Impairment as<br>a percentage of<br>gross finance<br>lease<br>% |
|--|-------------------------------------|-------------------------------------|-----------------------------------|---|
| <b>Leases to large corporates</b>                      |                                     |                                     |                                   |   |
| Leases for which no impairment has been identified:    |                                     |                                     |                                   |   |
| - not overdue  | 831,807                             | (16,683)                            | 815,124                           | 2.01  |
| <b>Total leases to large corporates</b>                | <b>831,807</b>                      | <b>(16,683)</b>                     | <b>815,124</b>                    | <b>2.01</b>   |
| <b>Leases to small and medium size companies</b>       |                                     |                                     |                                   |   |
| Leases for which no impairment has been identified:    |                                     |                                     |                                   |   |
| - not overdue  | 1,345,293                           | (31,644)                            | 1,313,649                         | 2.35  |
| Impaired or overdue leases:                            |                                     |                                     |                                   |   |
| - overdue less than 30 days                            | 290,894                             | (5,861)                             | 285,033                           | 2.02  |
| - overdue 90-179 days                                  | 674,605                             | (42,414)                            | 632,191                           | 6.29  |
| <b>Total leases to small and medium size companies</b> | <b>2,310,792</b>                    | <b>(79,919)</b>                     | <b>2,230,873</b>                  | <b>3.46</b>   |
| <b>Total finance leases</b>                            | <b>3,142,599</b>                    | <b>(96,602)</b>                     | <b>3,045,997</b>                  | <b>3.07</b>   |



## 8 Finance lease receivables, continued

### Credit quality of finance lease portfolio, continued

The Company has estimated impairment for finance leases based on an analysis of the future cash flows for impaired lease receivables and based on current economic conditions for portfolios of finance leases for which no indications of impairment has been identified. For impaired or overdue finance leases, the present value of cash flows based on realisable value of underlying collateral, fully covers the amount of gross finance lease, thus impairment allowance for such leases is based on annual loss rate.

In determining the collective impairment allowance for finance lease receivables, management has assumed an annual loss rate of 2% (2016: 2%) for finance lease receivables, which is based on industry experience adjusted for current economic conditions. Management also assumes a loss identification period of one year.

Changes in estimates could affect the lease impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the impairment provision on finance leases as at 31 December 2017 would be KZT 56,459 thousand lower/higher (31 December 2016: KZT 30,460 thousand lower/higher).

### Analysis of collateral and other credit enhancements

The following tables provides information on collateral and other credit enhancements securing financial leases, net of impairment, by types of collateral:

| 31 December 2017<br>'000 KZT                                    | Finance lease<br>receivable, carrying<br>amount | Fair value of<br>collateral -<br>for collateral<br>assessed as of lease<br>reporting date | Fair value of<br>collateral -<br>for collateral<br>assessed as of lease<br>inception date |
|---|---|---|---|
| Leases for which no impairment has been identified              |   |   |   |
| Plant and machinery   | 2,000,223                                       | -   | 2,000,223   |
| Motor vehicles  | 1,929,806                                       | -   | 1,929,806   |
| Real estate   | 415,834   | -   | 415,834   |
| Equipment   | 246,398   | -   | 246,398   |
| Medical equipment   | 116,212   | -   | 116,212   |
| <b>Total leases for which no impairment has been identified</b> | <b>4,708,473</b>                                | <b>-</b>  | <b>4,708,473</b>  |
| Overdue or impaired leases                                      |   |   |   |
| Motor vehicles  | 503,854   | 503,854   | -   |
| Equipment   | 311,903   | 311,903   | -   |
| Plant and machinery   | 91,174  | 91,174  | -   |
| Real estate   | 30,490  | 30,490  | -   |
| <b>Total overdue or impaired leases</b>                         | <b>937,421</b>                                  | <b>937,421</b>  | <b>-</b>  |
| <b>Total finance leases</b>                                     | <b>5,645,894</b>                                | <b>937,421</b>  | <b>4,708,473</b>  |

For leases secured by multiple types of collateral, collateral that is more relevant for impairment assessment is disclosed.

#### Collateral obtained

During the year ended 31 December 2017, the Company has not obtained assets by taking control of collateral securing leases (2016: KZT 10,976 thousand).



## 8 Finance lease receivables, continued

### Analysis of collateral and other credit enhancements, continued

The following table provides information on collateral and other credit enhancements securing financial leases net of impairment, by types of collateral as at 31 December 2016:

| 31 December 2016<br>'000 KZT                                    | Finance lease<br>receivable, carrying<br>amount | Fair value of<br>collateral -<br>for collateral<br>assessed as of lease<br>reporting date | Fair value of<br>collateral -<br>for collateral<br>assessed as of lease<br>inception date |
|---|---|---|---|
| Leases for which no impairment has been identified              |   |   |   |
| Motor vehicles  | 953,573   | -   | 953,573   |
| Plant and machinery   | 908,118   | -   | 908,118   |
| Equipment   | 119,230   | -   | 119,230   |
| Medical equipment   | 96,933  | -   | 96,933  |
| Real estate   | 47,967  | -   | 47,967  |
| Others  | 2,952   | -   | 2,952   |
| <b>Total leases for which no impairment has been identified</b> | <b>2,128,773</b>                                | <b>-</b>  | <b>2,128,773</b>  |
| Overdue or impaired leases                                      |   |   |   |
| Motor vehicles  | 518,598   | 518,598   | -   |
| Equipment   | 349,508   | 349,508   | -   |
| Real estate   | 44,255  | 44,255  | -   |
| Plant and machinery   | 4,863   | 4,863   | -   |
| <b>Total overdue or impaired leases</b>                         | <b>917,224</b>                                  | <b>917,224</b>  | <b>-</b>  |
| <b>Total finance leases</b>                                     | <b>3,045,997</b>                                | <b>917,224</b>  | <b>2,128,773</b>  |

The table above excludes the effect of overcollateralisation, which means that the collateral amount exceeds carrying amount of finance lease receivable. The collateral value includes tangible assets only.

Based on risk exposure evaluation, the Company practices obtaining additional collateral. The table above excludes the effect of this additional collateral.

In accordance with Company's classification of collateral, motor vehicles and machinery group includes the following types of transport: automobiles or cars, buses, motorcycles, off highway vehicles, light trucks or light duty trucks, and trucks or lorries, combines, dumpers, tractors, diggers, auto-loaders, rollers, pavers and cranes.

The recoverability of leases which are neither past due nor impaired is primarily dependent on the creditworthiness of the borrowers rather than the value of collateral, and the Company does not necessarily update the valuation of collateral as at each reporting date.

The Company has leases, for which fair value of collateral was assessed at the leases inception date and it was not updated for further changes, and leases for which fair value of collateral is not determined. Information on valuation of collateral is based on when this estimate was made, if any.

For leases secured by multiple types of collateral, collateral that is most relevant for impairment assessment is disclosed.

#### Collateral obtained

During the year ended 31 December 2017, the Company has not obtained assets by taking control of collateral securing leases (2016: KZT 10,976 thousand).



## 9 Assets to be transferred under finance lease agreements

As at 31 December 2017, assets to be transferred under finance lease agreements in the amount of KZT 41,054 thousand (31 December 2016: 173,971 thousand) represents equipment to be transferred under these agreements. As at 31 December 2017 and 2016 no impairment allowance was recognised in respect of these assets.

## 10 Investment in joint venture

During 2014, the Company invested KZT 273,123 thousand in a newly established company, "Ijara Company Kyrgyzstan" CJSC which is incorporated in Kyrgyz Republic on 29 September 2014. As at 31 December 2017 and 2016, the Company controlled 36.6% of the total shares of the joint venture. During 2017 the Company bear a loss from investment in joint venture at the amount of KZT 8,724 thousand (2016: loss of KZT 63,078 thousand) which is a share in loss of this joint venture. The main operating activity of the joint venture is finance leasing. When assessing the existence of the joint control the Company used the following key judgment:

- the decisions about the relevant activities which significantly affect the returns of the arrangement require the unanimous consent of two third (66.7%) of the parties sharing the control of the arrangement.

The other three investors hold 36.6%, 14.6% and 12.2% of the total shares of the joint venture, respectively.

The following table summarises the financial information of "Ijara Company Kyrgyzstan" CJSC as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in "Ijara Company Kyrgyzstan" CJSC.

| '000 KZT  | 2017           | 2016            |
|---|----------------|-----------------|
| <b>Percentage ownership interest</b>  | <b>36.6%</b>   | <b>36.6%</b>    |
| Non-current assets (including net investment in finance lease 2017: KZT 999,201 thousand, 2016: KZT 745,195 thousand) | 1,109,968      | 840,566         |
| Current assets (including cash and cash equivalents 2017: KZT 48,682 thousand, 2016: KZT 200,098 thousand)            | 122,518        | 394,526         |
| Current liabilities   | (56,327)       | (42,552)        |
| Net assets (100%)   | 1,176,159      | 1,192,540       |
| <b>Carrying amount of interest in joint venture</b>   | <b>430,474</b> | <b>436,470</b>  |
| <b>'000 KZT</b>   | <b>2017</b>    | <b>2016</b>     |
| Profit income   | 117,871        | 69,878          |
| Net foreign exchange loss   | (6,786)        | (109,954)       |
| Other operating expenses  | (136,022)      | (132,269)       |
| Income tax benefit  | 1,101          | -               |
| Loss for the year   | (23,836)       | (172,345)       |
| <b>Company's share of loss for the year</b>   | <b>(8,724)</b> | <b>(63,078)</b> |



## 11 Equipment and intangible assets

| '000 KZT                                   | Computers    | Office furniture | Motor vehicles | Intangible assets (software) | Total          |
|--|--------------|------------------|----------------|------------------------------|----------------|
| <b>Cost</b>                                |              |                  |                |                              |                |
| Balance at 1 January 2017                  | 8,008        | 20,563           | 11,663         | 113,936                      | 154,170        |
| Additions                                  | 222          | 1,413            | -              | -                            | 1,635          |
| Disposals                                  | (19)         | (296)            | -              | -                            | (315)          |
| <b>Balance at 31 December 2017</b>         | <b>8,211</b> | <b>21,680</b>    | <b>11,663</b>  | <b>113,936</b>               | <b>155,490</b> |
| <b>Depreciation and amortisation</b>       |              |                  |                |                              |                |
| Balance at 1 January 2017                  | 6,570        | 9,200            | 6,754          | 53,404                       | 75,928         |
| Depreciation and amortisation for the year | 1,296        | 3,764            | 2,333          | 22,785                       | 30,178         |
| Disposals                                  | (19)         | (276)            | -              | -                            | (295)          |
| <b>Balance at 31 December 2017</b>         | <b>7,847</b> | <b>12,688</b>    | <b>9,087</b>   | <b>76,189</b>                | <b>105,811</b> |
| <b>Carrying amount</b>                     |              |                  |                |                              |                |
| At 31 December 2017                        | <b>364</b>   | <b>8,992</b>     | <b>2,576</b>   | <b>37,747</b>                | <b>49,679</b>  |
| <b>Cost</b>                                |              |                  |                |                              |                |
| Balance at 1 January 2016                  | 7,743        | 20,293           | 11,663         | 113,936                      | 153,635        |
| Additions                                  | 265          | 270              | -              | -                            | 535            |
| <b>Balance at 31 December 2016</b>         | <b>8,008</b> | <b>20,563</b>    | <b>11,663</b>  | <b>113,936</b>               | <b>154,170</b> |
| <b>Depreciation and amortisation</b>       |              |                  |                |                              |                |
| Balance at 1 January 2016                  | 4,184        | 5,665            | 4,469          | 29,896                       | 44,214         |
| Depreciation and amortisation for the year | 2,386        | 3,535            | 2,285          | 23,508                       | 31,714         |
| <b>Balance at 31 December 2016</b>         | <b>6,570</b> | <b>9,200</b>     | <b>6,754</b>   | <b>53,404</b>                | <b>75,928</b>  |
| <b>Carrying amount</b>                     |              |                  |                |                              |                |
| At 31 December 2016                        | <b>1,438</b> | <b>11,363</b>    | <b>4,909</b>   | <b>60,532</b>                | <b>78,242</b>  |

## 12 Financial arrangements

|                        | 2017<br>KZT'000 | 2016<br>KZT'000 |
|------------------------|-----------------|-----------------|
| Financial arrangements | 628,648         | -               |
|                        | <b>628,648</b>  | <b>-</b>        |

As at 31 December 2017, financial arrangements include a long-term Commodity Murabaha financing facility from Islamic Corporation for the Development of the Private Sector (ICD) in the total amount of USD 4,000 thousand. The first tranche of USD 2,000 thousand was received in September 2017 at 5.6745% p.a. maturing in 2021. Remaining USD 2,000 thousand of the facility can be received within availability period of 12 months.

The Company is obligated to comply with financial covenants in relation to funds received from ICD. These covenants include debt to equity ratios and various other financial performance ratios. As at 31 December 2017 the Company has not breached any of these covenants.

As at 31 December 2017 included in financial arrangements is accrued mark-up expense of KZT 11,856 thousand on the first tranche of facilities received from ICD.



## 12 Financial arrangements, continued

Reconciliation of movements of liabilities to cash flows arising from financing activities during the year ended 31 December 2017:

| '000 KZT                                | Liabilities            |          |
|---|------------------------|----------|
|   | Financial arrangements | Total    |
| Balance at 1 January 2017               | -                      | -        |
| Changes from financing cash flows       |                        |          |
| Proceeds from financial arrangements    | 627,362                | 627,362  |
| Total changes from financing cash flows | 627,362                | 627,362  |
| Mark-up expense                         | 11,856                 | 11,856   |
| Mark-up paid                            | (10,570)               | (10,570) |
| Balance at 31 December 2017             | 628,648                | 628,648  |

## 13 Reserve for pre-operational expenses

In 2013 the Company has recognised the amount of KZT 120,345 thousand that the Company needed to reimburse to the shareholders, based on the estimate of the pre-operational expenses incurred by the shareholders and amounts paid to an individual that was elected as responsible person for the implementation of the financial and economic activities and responsible for the representation of shareholders before third parties prior to the establishment of the Company. This decision was included in the minutes of the shareholders meeting. As at 31 December 2014, the amount was partially recognised as a reserve for pre-operational expenses, as a debit in equity in the amount of KZT 110,670 thousand and KZT 9,675 thousand as equipment that was transferred to the Company.

As at 31 December 2017 the amount of reserve for pre-operational expenses was in the amount of KZT 110,670 thousand (31 December 2016: KZT 110,670 thousand).

## 14 Share capital

As at 31 December 2017 the authorised share capital comprised 6,040,000 shares (2016: 6,040,000 ordinary shares) issued and fully paid share capital comprised 4,224,362 ordinary shares (2016: 4,224,362 ordinary shares). All shares have a nominal value of KZT 1,000.

The holders of ordinary shares are entitled to receive dividends on the basis of equal distribution and on the basis of the financial results reflected in accordance with IFRS.



## **15 Risk management**

Management of risk is fundamental to the business of leasing and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, which includes price, profit rate and currency risk, credit risk and liquidity risk.

### **(a) Risk management policies and procedures**

The Company's risk management internal documents aim to identify, analyse and manage the risks faced by the Company. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, leasing products and services offered and emerging best practice.

The risk management strategy is reflected in the Company's internal documents.

The objectives of the risk management policy are:

- Timely risk identification within internal business processes;
- Appropriate performance of leasing transactions;
- Control over compliance with legislation, regulations as well as ethical and professional standards;
- loss minimisation and decrease of current expense related to possible losses from leasing operations.

The Board of Directors of the Company has overall responsibility for the oversight of the risk management framework with usage of risk management limits and key indicators, overseeing the management of key risks and approving its risk management documents and procedures as well as approving significant large exposures.

The Executive Committee, as a sub-committee of the Board of Directors (BoD), has a duty to assess and control credit risks and oversees the optimal structure for assets and liabilities and risk management measures relating to assets placement.

The Board of Directors determines sectors for finance lease operations and monitors the quality of the finance lease portfolio.

The General Director is responsible for monitoring, management and implementation of risk mitigation measures.

The optimal structure of the Company's assets and liabilities is set in the budget and business plans of the Company, which are approved by the Board of Directors. The risk management system is set under the supervision of the Board of Directors and includes internal policies, procedures, risk limits and key risk indicators, which are regularly reported to the Board of Directors by the management and/or Board of Directors' and Management Committees. The financial risk, liquidity risk as well as balance sheet management is performed by the Assets and Liabilities Committee (ALCO) on a monthly basis. The Executive Committee of the Board of Directors manages the credit risk of the Company.

### **(b) Market risk**

Market risk is the risk that movements in market prices, including foreign exchange rates, profit rates, credit spreads and equity prices will affect the Company's income or the value of its portfolios. Market risks comprise currency risk, profit rate risk and other price risk. Market risk arises from open positions in profit rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.



## 15 Risk management, continued

### (b) Market risk, continued

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The market risk is managed by the Assets and Liabilities Committee.

The Company manages its market risk through the limits and key risk indicators, which are set and approved by the Board of Directors, and include currency position limits, limits for the repricing risk based on the defined time buckets. These are monitored on a regular basis by the management and the Assets and Liabilities Committee and reported to the Board of Directors.

### (i) Profit rate risk

Profit rate risk is the risk that movements in profit rates will affect the Company's income or the value of its portfolios of financial instruments.

The Company is exposed to the effects of fluctuations in the prevailing levels of market profit rates on its financial position and cash flows. Net income may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Profit rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

#### Profit rate gap analysis

Profit rate risk is managed principally through monitoring profit rate gaps. A summary of the profit gap position for major financial instruments as at 31 December 2017 and 31 December 2016 is as follows:

| '000 KZT                  | Less than<br>3 months | 3-6<br>months  | 6-12<br>months   | 1-5<br>years     | Non-profit<br>rate<br>bearing | Carrying<br>amount |
|---------------------------|-----------------------|----------------|------------------|------------------|-------------------------------|--------------------|
| <b>31 December 2017</b>   |                       |                |                  |                  |                               |                    |
| <b>ASSETS</b>             |                       |                |                  |                  |                               |                    |
| Cash and cash equivalents | -                     | -              | -                | -                | 315,673                       | 315,673            |
| Finance lease receivables | 368,724               | 621,885        | 1,053,212        | 3,602,073        | -                             | 5,645,894          |
|                           | <b>368,724</b>        | <b>621,885</b> | <b>1,053,212</b> | <b>3,602,073</b> | <b>315,673</b>                | <b>5,961,567</b>   |

| '000 KZT  | Less than<br>3 months | 3-6<br>months  | 6-12<br>months | 1-5<br>years     | Non-profit<br>rate<br>bearing | Carrying<br>amount |
|---|-----------------------|----------------|----------------|------------------|-------------------------------|--------------------|
| <b>31 December 2016</b>                                     |                       |                |                |                  |                               |                    |
| <b>ASSETS</b>   |                       |                |                |                  |                               |                    |
| Cash and cash equivalents                                   | 825,303               | -              | -              | -                | 192,926                       | 1,018,229          |
| Financial instruments at fair value through profit and loss | 840,966               | -              | -              | -                | -                             | 840,966            |
| Finance lease receivables                                   | 226,354               | 277,242        | 650,615        | 1,891,786        | -                             | 3,045,997          |
|   | <b>1,892,623</b>      | <b>277,242</b> | <b>650,615</b> | <b>1,891,786</b> | <b>192,926</b>                | <b>4,905,192</b>   |



## 15 Risk management, continued

### (b) Market risk, continued

#### (i) Profit rate risk, continued

##### *Cash flow profit rate sensitivity analysis*

An analysis of sensitivity of profit or loss and equity (net of taxes) to changes in profit rates (repricing risk) based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of profit-bearing assets and liabilities existing as at 31 December 2017 and 2016 is as follows:

|                          | 31 December 2017 |         | 31 December 2016 |          |
|--------------------------|------------------|---------|------------------|----------|
|                          | Profit           | Equity  | Profit           | Equity   |
| 100 bp parallel increase | 7,796            | 7,796   | 15,936           | 15,936   |
| 100 bp parallel decrease | (7,796)          | (7,796) | (15,936)         | (15,936) |

#### (ii) Currency risk

The Company has assets and liabilities denominated in several foreign currencies or in tenge adjusted for changes in foreign exchange rates. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Company's exposure to currency risk at the year-end refer to Note 23.

The management and the ALCO manage currency risk by monitoring the open currency position based on assumed tenge devaluation and other macroeconomic indicators and approving mechanism of protection against the currency risks that enables the Company to minimise losses from significant foreign currency exchange rates fluctuations.

A weakening (strengthening) of the KZT, as indicated below, against the following currencies at 31 December 2017 and 2016 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is on net of tax basis and is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular profit rates, remain constant.

|   | 2017     |          | 2016     |          |
|---|----------|----------|----------|----------|
|   | Profit   | Equity   | Profit   | Equity   |
| 20% appreciation of USD against KZT (2016: 20%) | 182,770  | 182,770  | 296,169  | 296,169  |
| 5% depreciation of USD against KZT (2016: 5%)   | (45,692) | (45,692) | (74,042) | (74,042) |
| 20% appreciation of EUR against KZT (2016: 20%) | 20       | 20       | 18       | 18       |
| 5% depreciation of EUR against KZT (2016: 5%)   | (5)      | (5)      | (4)      | (4)      |



## 15 Risk management, continued

### (c) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Company.

The basis for the credit risk management system is the organisation of the Company's leasing operations in accordance with the Company's internal documents.

To minimise credit risk while carrying out leasing operations the Company performs the following:

- monitors lessees' financial position and safety of leased equipment and collateral to identify on a timely basis conditions or events that could negatively affect financial solvency of lessees;
- monitor the proper use of leased equipment;
- ensure the finance lease portfolio is diversified by distribution of investments among lessees from different geographical regions, business sectors and types of entities.

The credit risk management and control is performed by the General Director and the Executive Committee set by the Board of Directors.

The Company continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial and other information submitted by the customer, or otherwise obtained by the Company. Apart from individual customer analysis, the whole credit portfolio is assessed by the Board of Directors with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognised contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

|   | 2017<br>'000 KZT | 2016<br>'000 KZT |
|---|------------------|------------------|
| <b>ASSETS</b>   |                  |                  |
| Cash and cash equivalents                                     | 315,673          | 1,018,229        |
| Financial instruments at fair value through profit or loss    | -                | 840,966          |
| Finance lease receivables                                     | 5,645,894        | 3,045,997        |
| Advances paid under finance lease agreements                  | 112,326          | 183,798          |
| <b>Total maximum exposure to credit risk on balance sheet</b> | <b>6,073,893</b> | <b>5,088,990</b> |

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 17.

### (d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and profit rates of assets and liabilities is fundamental to the management of financial institutions, including the Company. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due.



## 15 Risk management, continued

### (d) Liquidity risk, continued

The ALCO monitors and controls liquidity risk on a regular basis by analysis of liquidity risk level and takes measures to reduce the risk. Current liquidity management is performed by the Finance Department, which is responsible for operations in the financial markets with the purpose of maintaining current liquidity and optimising cash flows.

The liquidity management policy of the Company requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining debt financing plans; and
- maintaining liquidity and funding contingency plans.

The weekly liquidity position is monitored by the ALCO and decisions are taken on the Company's liquidity management in line with the Company's business strategy needs, market conditions and internal policies the Company.

As at 31 December 2017 and 31 December 2016 the Company was not exposed to significant liquidity risk.

## 16 Capital management

The Company's objective when managing capital is to maintain the financial stability of the Company for further development of its activities by optimisation of share capital. The Company is not exposed to any external capital requirements.

## 17 Commitments

At any time the Company has outstanding commitments to transfer lease equipment to lessees. These commitments take the form of approved lease contracts.

The contractual amounts of commitments are set out in the following table. The amounts reflected in the table for commitments assume that amounts are fully advanced.

|                              | 2017<br>'000 KZT | 2016<br>'000 KZT |
|------------------------------|------------------|------------------|
| <b>Contracted amount</b>     |                  |                  |
| Finance lease to be provided | 209,279          | 418,174          |

## 18 Contingencies

### (a) Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company has a full coverage of a mandatory insurance as declared by the Laws of Kazakhstan as well as voluntary insurance for property and leased assets covering risks of damage, loss and third party liability. The Company does not have full coverage for business interruption.

Until the Company obtains adequate insurance coverage when become available in the Republic of Kazakhstan, there is a risk that the loss or destruction of certain assets resulting from business interruption could have a material adverse effect on the Company's operations and financial position.



## 18 Contingencies, continued

### (b) Litigation

In the ordinary course of business, the Company is subject to legal actions and complaints.

Management believes that the ultimate liability arising from such legal proceedings, if any, will not have a material adverse effect on the financial condition of the Company or the results of future operations.

### (c) Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Republic of Kazakhstan that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

## 19 Related party transactions

### (a) Control relationships

The Company is owned by the shareholders presented in Note 1. There is no ultimate controlling party.

#### *Management remuneration*

Key management's remuneration during the period included wages, salary and related taxes (see Note 5):

|            | 2017<br>'000 KZT | 2016<br>'000 KZT |
|------------|------------------|------------------|
| Management | 67,568           | 59,862           |



## 19 Related party transactions, continued

### (b) Transactions and balances with other related parties

Other related parties include shareholders, other entities under control of the shareholders and joint venture. The outstanding balances and the related average effective profit rates as at 31 December 2017 and related profit or loss amounts of transactions for the year ended 31 December 2017 with other related parties are as follows:

| Statement of financial position                      | Shareholders |                                  | Other entities under control of the shareholders |                                  | Joint venture |                |
|--|--------------|----------------------------------|--|----------------------------------|---------------|----------------|
|  | '000 KZT     | Average effective profit rate, % | '000 KZT   | Average effective profit rate, % | '000 KZT      | Total '000 KZT |
| <b>ASSETS</b>  |              |                                  |  |                                  |               |                |
| Finance lease receivables                            | -            | -                                | 580,448  | 9.16                             | -             | 580,448        |
| Investment in joint venture                          | -            | -                                | -  | -                                | 430,474       | 430,474        |
| <b>LIABILITIES</b>                                   |              |                                  |  |                                  |               |                |
| Financial arrangements                               | 628,648      | 5.67                             | -  | -                                | -             | 628,648        |
| <b>Profit or loss</b>                                |              |                                  |  |                                  |               |                |
| Finance lease income                                 | -            | -                                | 16,474   | -                                | -             | 16,474         |
| Financial expenses                                   | (11,856)     | -                                | -  | -                                | -             | (11,856)       |
| Other income   | -            | -                                | (14,971)   | -                                | -             | (14,971)       |
| Impairment loss on finance lease receivables         | -            | -                                | (12,250)   | -                                | -             | (12,250)       |
| Loss from investment in joint venture                | -            | -                                | -  | -                                | (8,724)       | (8,724)        |
| General administrative expenses                      | -            | -                                | (40,202)   | -                                | -             | (40,202)       |
| <b>Other comprehensive income</b>                    |              |                                  |  |                                  |               |                |
| Foreign currency exchange differences on translation | -            | -                                | -  | -                                | 2,728         | 2,728          |



## 19 Related party transactions, continued

### (b) Transactions and balances with other related parties, continued

Other related parties include shareholders, other entities under control of the shareholders and joint venture. The outstanding balances and the related average effective profit rates as at 31 December 2016 and related profit or loss amounts of transactions for the year ended 31 December 2016 with other related parties are as follows.

|  | Shareholders |                                  | Other entities under control of the shareholders |                                  | Joint venture |                |
|--|--------------|----------------------------------|--|----------------------------------|---------------|----------------|
|  | '000 KZT     | Average effective profit rate, % | '000 KZT   | Average effective profit rate, % | '000 KZT      | Total '000 KZT |
| <b>Statement of financial position</b>               |              |                                  |  |                                  |               |                |
| <b>ASSETS</b>  |              |                                  |  |                                  |               |                |
| Investment in joint venture                          | -            | -                                | -  | -                                | 436,470       | 436,470        |
| <b>Profit or loss</b>                                |              |                                  |  |                                  |               |                |
| Loss from investment in joint venture                | -            | -                                | -  | -                                | (63,078)      | (63,078)       |
| General administrative expenses                      | -            | -                                | (45,238)   | -                                | -             | (45,238)       |
| <b>Other comprehensive income</b>                    |              |                                  |  |                                  |               |                |
| Foreign currency exchange differences on translation | -            | -                                | -  | -                                | 38,507        | 38,507         |

Investments included in the financial instruments at fair value through profit or loss in the amount of KZT 840,966 thousand are managed by an entity controlled by a shareholder of the Company (Islamic Corporation for the Development of the Private Sector).



## 20 Financial assets and liabilities: fair values and accounting classifications

### (a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2017:

| '000 KZT                      | Designated at fair value | Loans and receivables | Other amortised cost | Total carrying amount | Fair value |
|-------------------------------|--------------------------|-----------------------|----------------------|-----------------------|------------|
| Cash and cash equivalents     | -                        | 315,673               | -                    | 315,673               | 315,673    |
| Finance lease receivables     | -                        | 5,645,894             | -                    | 5,645,894             | 5,322,916  |
|                               | -                        | 5,961,567             | -                    | 5,961,567             | 5,638,589  |
| Accounts payable to suppliers | -                        | -                     | 7,300                | 7,300                 | 7,300      |
| Financial arrangements        | -                        | 628,648               | -                    | 628,648               | 611,985    |
|                               | -                        | 628,648               | 7,300                | 635,948               | 619,285    |

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2016:

| '000 KZT  | Designated at fair value | Loans and receivables | Other amortised cost | Total carrying amount | Fair value |
|---|--------------------------|-----------------------|----------------------|-----------------------|------------|
| Cash and cash equivalents                                   | -                        | 1,018,229             | -                    | 1,018,229             | 1,018,229  |
| Financial instruments at fair value through profit and loss | 840,966                  | -                     | -                    | 840,966               | 840,966    |
| Finance lease receivables                                   | -                        | 3,045,997             | -                    | 3,045,997             | 2,845,631  |
|   | 840,966                  | 4,064,226             | -                    | 4,905,192             | 4,704,826  |
| Accounts payable to suppliers                               | -                        | -                     | 6,800                | 6,800                 | 6,800      |
|   | -                        | -                     | 6,800                | 6,800                 | 6,800      |



## 20 Financial assets and liabilities: fair values and accounting classifications, continued

### (a) Accounting classifications and fair values, continued

The estimates of fair value are intended to approximate 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. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models for determining the fair values of financial instruments. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length

### (b) Fair value hierarchy

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements:

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



## 20 Financial assets and liabilities: fair values and accounting classifications, continued

### (b) Fair value hierarchy, continued

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2017:

| '000 KZT                      | Level 2          | Level 3        | Total fair values | Total carrying amount |
|-------------------------------|------------------|----------------|-------------------|-----------------------|
| <b>Assets</b>                 |                  |                |                   |                       |
| Cash and cash equivalents     | 315,673          | -              | 315,673           | 315,673               |
| Finance lease receivables     | 4,905,949        | 416,967        | 5,322,916         | 5,645,894             |
|                               | <b>5,221,622</b> | <b>416,967</b> | <b>5,638,589</b>  | <b>5,961,567</b>      |
| <b>Liabilities</b>            |                  |                |                   |                       |
| Accounts payable to suppliers | 7,300            | -              | 7,300             | 7,300                 |
| Financial arrangements        | 611,985          | -              | 611,985           | 628,648               |
|                               | <b>619,285</b>   | <b>-</b>       | <b>619,285</b>    | <b>635,948</b>        |

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2016:

| '000 KZT                      | Level 2          | Level 3        | Total fair values | Total carrying amount |
|-------------------------------|------------------|----------------|-------------------|-----------------------|
| <b>Assets</b>                 |                  |                |                   |                       |
| Cash and cash equivalents     | 1,018,229        | -              | 1,018,229         | 1,018,229             |
| Finance lease receivables     | 2,287,889        | 557,742        | 2,845,631         | 3,045,997             |
|                               | <b>3,306,118</b> | <b>557,742</b> | <b>3,863,860</b>  | <b>4,064,226</b>      |
| <b>Liabilities</b>            |                  |                |                   |                       |
| Accounts payable to suppliers | 6,800            | -              | 6,800             | 6,800                 |
|                               | <b>6,800</b>     | <b>-</b>       | <b>6,800</b>      | <b>6,800</b>          |

As at 31 December 2017, the fair value of finance lease receivables was determined using an observable market discount rate of 15.12%.

## 21 Average effective profit rates

The table below sets out the Company's profit bearing assets and liabilities as at 31 December 2017 and 2016 and their corresponding average effective profit rates as at that date. These profit rates are an approximation of the yields to maturity of these assets and liabilities.

|   | 2017                             |       | 2016                             |       |
|---|----------------------------------|-------|----------------------------------|-------|
|   | Average effective profit rate, % |       | Average effective profit rate, % |       |
|   | KZT                              | USD   | KZT                              | USD   |
| <b>Profit bearing assets</b>                                |                                  |       |                                  |       |
| Cash and cash equivalents                                   | -                                | -     | -                                | 1.00  |
| Financial instruments at fair value through profit or loss* | -                                | -     | -                                | 3.55  |
| Finance lease receivables                                   | 17.33                            | 10.13 | 16.96                            | 11.68 |
| <b>Profit bearing liabilities</b>                           |                                  |       |                                  |       |
| Financial arrangements                                      | -                                | 5.67  | -                                | -     |

\*The rates represent net return rate from investment in Shariah compliant fund.



## 22 Maturity analysis

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2017.

| Assets  | Less than 1 month<br>'000 KZT | 1 to 3 months<br>'000 KZT | 3 months to 1 year<br>'000 KZT | 1 to 5 years<br>'000 KZT | No maturity<br>'000 KZT | Total<br>'000 KZT |
|---|-------------------------------|---------------------------|--------------------------------|--------------------------|-------------------------|-------------------|
| Cash and cash equivalents                               | 315,673                       | -                         | -                              | -                        | -                       | 315,673           |
| Finance lease receivables                               | 129,166                       | 239,558                   | 1,675,097                      | 3,602,073                | -                       | 5,645,894         |
| Advances paid under finance lease agreements            | -                             | 70                        | 112,256                        | -                        | -                       | 112,326           |
| Assets to be transferred under finance lease agreements | 41,054                        | -                         | -                              | -                        | -                       | 41,054            |
| Investments in joint venture                            | -                             | -                         | -                              | -                        | 430,474                 | 430,474           |
| Equipment and intangible assets                         | -                             | -                         | -                              | -                        | 49,679                  | 49,679            |
| Current tax asset                                       | -                             | 43,502                    | -                              | -                        | -                       | 43,502            |
| Other assets  | 5,149                         | 490                       | 15,472                         | 11,930                   | -                       | 33,041            |
| <b>Total assets</b>                                     | <b>491,042</b>                | <b>283,620</b>            | <b>1,802,825</b>               | <b>3,614,003</b>         | <b>480,153</b>          | <b>6,671,643</b>  |
| <b>Liabilities</b>                                      |                               |                           |                                |                          |                         |                   |
| Advances received for finance leases                    | 17,494                        | -                         | 84,182                         | -                        | -                       | 101,676           |
| Accounts payable to suppliers                           | -                             | -                         | 7,300                          | -                        | -                       | 7,300             |
| Financial arrangements                                  | -                             | 39,112                    | 116,731                        | 472,805                  | -                       | 628,648           |
| Other liabilities                                       | -                             | 22,851                    | 24,897                         | -                        | -                       | 47,748            |
| <b>Total liabilities</b>                                | <b>17,494</b>                 | <b>61,963</b>             | <b>233,110</b>                 | <b>472,805</b>           | <b>-</b>                | <b>785,372</b>    |
| <b>Net position as at 31 December 2017</b>              | <b>473,548</b>                | <b>221,657</b>            | <b>1,569,715</b>               | <b>3,141,198</b>         | <b>480,153</b>          | <b>5,886,271</b>  |



## 22 Maturity analysis, continued

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 December 2016.

| Assets  | Less than 1 month<br>'000 KZT | 1 to 3 months<br>'000 KZT | 3 months to 1 year<br>'000 KZT | 1 to 5 years<br>'000 KZT | No maturity<br>'000 KZT | Total<br>'000 KZT |
|---|-------------------------------|---------------------------|--------------------------------|--------------------------|-------------------------|-------------------|
| Cash and cash equivalents                                       | 192,926                       | 825,303                   | -                              | -                        | -                       | 1,018,229         |
| Financial assets measured at fair value through profit and loss | -                             | -                         | -                              | -                        | -                       | -                 |
| Finance lease receivables                                       | 99,772                        | 126,582                   | 927,857                        | 1,891,786                | 840,966                 | 840,966           |
| Advances paid under finance lease agreements                    | 2,341                         | 181,457                   | -                              | -                        | -                       | 3,045,997         |
| Assets to be transferred under finance lease agreements         | -                             | 173,971                   | -                              | -                        | -                       | 183,798           |
| Investments in joint venture                                    | -                             | -                         | -                              | -                        | -                       | 173,971           |
| Equipment and intangible assets                                 | -                             | -                         | -                              | -                        | 436,470                 | 436,470           |
| Current tax asset   | -                             | -                         | -                              | -                        | 78,242                  | 78,242            |
| Other assets  | 10,857                        | 35,366                    | -                              | -                        | -                       | 35,366            |
| <b>Total assets</b>   | <b>305,896</b>                | <b>1,350,464</b>          | <b>933,923</b>                 | <b>1,891,786</b>         | <b>1,355,678</b>        | <b>5,837,747</b>  |
| <b>Liabilities</b>  |                               |                           |                                |                          |                         |                   |
| Advances received for finance leases                            | 420                           | 151,394                   | -                              | -                        | -                       | 151,814           |
| Accounts payable to suppliers                                   | -                             | -                         | 6,800                          | -                        | -                       | 6,800             |
| Deferred tax liabilities  | -                             | -                         | 5,591                          | -                        | -                       | 5,591             |
| Other liabilities   | -                             | 7,770                     | 17,780                         | -                        | -                       | 25,550            |
| <b>Total liabilities</b>  | <b>420</b>                    | <b>159,164</b>            | <b>30,171</b>                  | <b>-</b>                 | <b>-</b>                | <b>189,755</b>    |
| <b>Net position as at 31 December 2016</b>                      | <b>305,476</b>                | <b>1,191,300</b>          | <b>903,752</b>                 | <b>1,891,786</b>         | <b>1,355,678</b>        | <b>5,647,992</b>  |

Due to the fact that substantially all the financial instruments of the Company are fixed rated contracts, these remaining contractual maturity dates also represent the contractual profit rate repricing dates.

The amounts in the tables above represent carrying amounts of the assets and liabilities as at the reporting date and do not include future profit payments.



## 23 Currency analysis

The following table shows the currency structure of assets and liabilities denominated in foreign currencies at 31 December 2017:

|   | USD<br>'000 KZT  | EUR<br>'000 KZT | Total<br>'000 KZT |
|---|------------------|-----------------|-------------------|
| <b>Assets</b>   |                  |                 |                   |
| Cash and cash equivalents                                   | -                | 126             | 126               |
| Financial instruments at fair value through profit and loss | -                | -               | -                 |
| Finance lease receivables*                                  | 1,771,581        | -               | 1,771,581         |
| <b>Total assets</b>   | <b>1,771,581</b> | <b>126</b>      | <b>1,771,707</b>  |
| <b>Liabilities</b>  |                  |                 |                   |
| Financial arrangements                                      | 628,648          | -               | 628,648           |
| Other liabilities   | 623              | -               | 623               |
| <b>Total liabilities</b>                                    | <b>629,271</b>   | <b>-</b>        | <b>629,271</b>    |
| <b>Net position</b>   | <b>1,142,310</b> | <b>126</b>      | <b>1,142,436</b>  |

The following table shows the currency structure of assets and liabilities denominated in foreign currencies at 31 December 2016:

|   | USD<br>'000 KZT  | EUR<br>'000 KZT | Total<br>'000 KZT |
|---|------------------|-----------------|-------------------|
| <b>Assets</b>   |                  |                 |                   |
| Cash and cash equivalents                                   | 895,366          | 112             | 895,478           |
| Financial instruments at fair value through profit and loss | 840,966          | -               | 840,966           |
| Finance lease receivables*                                  | 114,722          | -               | 114,722           |
| <b>Net position</b>   | <b>1,851,054</b> | <b>112</b>      | <b>1,851,166</b>  |

\*During 2017 and 2016, the Company has entered into finance lease receivable contracts that are indexed to changes in US dollar exchange rate and are denominated in tenge.