

**SkyBridge Invest JSC**

**Financial statements**

*Year ended 31 December 2015  
with independent auditors' report*

Ernst & Young  
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**160244** 

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## Independent auditors' report

To the Shareholders and Board of Directors of  
SkyBridge Invest JSC

We have audited the accompanying financial statements of SkyBridge Invest Joint Stock Company (“the Company”), which comprise the statement of financial position as at 31 December 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

### **Auditors' responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of SkyBridge Invest JSC as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Ernst & Young LLP*



Evgeniy Zhemaletdinov  
Auditor / General Director  
Ernst and Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

22 April 2016



Auditor Qualification Certificate  
No. 0000553 dated 24 December 2003

**STATEMENT OF FINANCIAL POSITION****As at 31 December 2015***(In thousands of tenge)*

	<i>Notes</i>	<i>2015</i>	<i>2014</i>
<b>Assets</b>			
Cash and cash equivalents	5	364,160	149,975
Amounts due from credit institutions	6	238,737	338,334
Commission receivable	7	190,526	103,262
Trading securities	8	6,633	165,906
Property and equipment	9	44,736	26,539
Intangible assets	10	7,667	9,150
Deferred corporate income tax assets	11	7,643	12,759
Current corporate income tax assets		9,282	—
Other assets	12	19,890	6,347
<b>Total assets</b>		<b>889,274</b>	<b>812,272</b>
<b>Liabilities</b>			
Current corporate income tax liabilities		—	94,141
Other liabilities	13	358,449	231,807
<b>Total liabilities</b>		<b>358,449</b>	<b>325,948</b>
<b>Equity</b>			
Charter capital	14	744,798	744,798
Accumulated deficit		(213,973)	(258,474)
<b>Total equity</b>		<b>530,825</b>	<b>486,324</b>
<b>Total equity and liabilities</b>		<b>889,274</b>	<b>812,272</b>

Signed and authorized on behalf of the Management Board of the Company:

Ainabayeva S.B.



Tsikunova O.B.

Chairman of the Management Board

Chief accountant

22 April 2016

*The accompanying notes on pages 5 to 28 are an integral part of these financial statements.*

**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2015***(In thousands of tenge)*

	<i>Notes</i>	<i>2015</i>	<i>2014</i>
Fee and commission income from asset management	16	859,456	776,119
Income from consulting and underwriting services	17	7,855	128,862
Interest income		21,614	19,198
Income from brokerage and nominal holder services	18	61,907	10,709
Net income from foreign currencies operations		612,934	35,394
Other income	19	6,458	504
<b>Operating income</b>		<b>1,570,224</b>	<b>970,786</b>
Personnel expenses	20	(575,195)	(362,640)
General and administrative expenses	21	(77,803)	(124,065)
Expenses on brokerage services		(12,018)	(8,360)
Depreciation of property and equipment and amortization of intangible assets	9, 10	(8,946)	(7,459)
Net gain/(loss) from dealing with trading securities	8	12,204	(21,537)
<b>Operating expenses</b>		<b>(661,758)</b>	<b>(524,061)</b>
<b>Profit before corporate income tax expense</b>		<b>908,466</b>	<b>446,725</b>
Corporate income tax expense	11	(177,860)	(95,234)
<b>Profit for the year</b>		<b>730,606</b>	<b>351,491</b>
Other comprehensive income		—	—
<b>Total comprehensive income for the year</b>		<b>730,606</b>	<b>351,491</b>

*The accompanying notes on pages 5 to 28 are an integral part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2015***(In thousands of tenge)*

	<i>Share capital</i>	<i>Accumulated deficit</i>	<i>Total</i>
<b>At 31 December 2013</b>	744,798	(60,062)	(684,736)
Profit for the year	—	351,491	351,491
Other comprehensive income for the year	—	—	—
<b>Total comprehensive income for the year</b>	—	351,491	351,491
Dividends <i>(Note 14)</i>	—	(549,903)	(549,903)
<b>At 31 December 2014</b>	744,798	(258,474)	486,324
Profit for the year	—	730,606	730,606
Other comprehensive income for the year	—	—	—
<b>Total comprehensive income for the year</b>	—	730,606	730,606
Dividends <i>(Note 14)</i>	—	(686,105)	(686,105)
<b>At 31 December 2015</b>	<b>744,798</b>	<b>(213,973)</b>	<b>530,825</b>

*The accompanying notes on pages 5 to 28 are an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS****For the year ended 31 December 2015***(In thousands of tenge)*

	<i>Notes</i>	<i>2015</i>	<i>2014</i>
<b>Operating activities</b>			
Profit before tax		908,466	446,725
<b>Adjustments to reconcile profit before tax to net cash flows</b>			
Interest income		(1,810)	(17,591)
Depreciation and amortisation		8,946	7,459
Income from changes in fair value of securities		(444)	—
Unused vacation reserve		16,708	—
Provision for fine		1,061	—
Net income from foreign currencies operations		(614,698)	—
<b>Changes in working capital</b>			
(Increase)/decrease in fee and commission receivable		(87,264)	113,929
Increase in other assets		(11,119)	(410)
Increase in other liabilities		108,873	195,322
<b>Cash flows from operating activities</b>		<u>328,719</u>	<u>745,434</u>
Interest received		20,062	20,566
Corporate income tax paid		(275,329)	(84,199)
<b>Net cash flows from operating activities</b>		<u>73,452</u>	<u>681,801</u>
<b>Investing activities</b>			
Purchase of property and equipment	9	(25,602)	(3,159)
Purchase of intangible assets		(58)	(2,535)
Proceedings from sale of securities		283,464	—
Purchase of securities		—	(165,906)
Withdrawal of deposits		534,763	116,736
<b>Net cash flows from / (used in) investing activities</b>		<u>792,567</u>	<u>(54,864)</u>
<b>Financing activities</b>			
Dividends paid	14	(686,105)	(549,903)
<b>Net cash flows used in financing activities</b>		<u>(686,105)</u>	<u>(549,903)</u>
<b>Net increase in cash and cash equivalents</b>		179,914	77,034
Effect of changes in exchange rates on cash and cash equivalents		34,271	—
Cash and cash equivalents as at 1 January		149,975	72,941
<b>Cash and cash equivalents as at 31 December</b>	5	<u>364,160</u>	<u>149,975</u>
<b>Non-monetary operations</b>			
Withholding corporate income tax		838	—

*The accompanying notes on pages 5 to 28 are an integral part of these financial statements.*



(In thousands of tenge unless otherwise indicated)

## 1. Corporate information

SkyBridge Invest JSC (“the Company”) was registered in accordance with the legislation of the Republic of Kazakhstan in 2003. The Company’s activities are regulated by the National Bank of the Republic of Kazakhstan (hereinafter, the “NBRK”) and are performed based on the license for investment portfolio management activities No. 0403200173 issued on 22 July 2004. On 18 September 2014, the Company obtained a license for carrying out transactions and activities on securities’ market No. 4.2.192/113 including the right for brokerage and dealing activities at the securities market with the right to keep clients’ accounts as a nominal holder and the right for investment portfolio management activities.

The Company’s main activities include management of investment portfolios of joint stock investment and mutual funds, investment of clients’ assets in fiduciary management as well as brokerage and dealing activities with the right to keep clients’ accounts as a nominal holder.

As at 31 December 2015 and 2014, the participants of the Company were as follows:

	<i>31 December 2015</i>	<i>31 December 2014</i>
Yeskindirov Adl Makhmudovich	91.0%	91.0%
Sky Securities LLP	9.0%	9.0%
	<b>100.0%</b>	<b>100.0%</b>

The address of the Company’s registered office is: 201 office, 2 floor, Nurly Tau Business Center, 5 Al-Farabi ave., 050059, Republic of Kazakhstan.

These financial statements were approved by the management of the Company on 22 April 2016.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these financial statements. The financial statements are presented in tenge and all amounts are rounded to the nearest thousand, except when otherwise indicated.

## 3. Summary of significant accounting policies

### Changes in accounting policy

The Company applied the following revised IFRS’s and interpretations effective for annual reporting periods starting on 1 January 2015.

#### *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not relevant to the Company, since the Company does not have defined benefit plans with contributions from employees or third parties.

(In thousands of tenge unless otherwise indicated)

### 3. Summary of accounting policies (continued)

#### Changes in accounting policies (continued)

##### *Annual improvements 2010-2012 cycle*

These improvements are effective from 1 July 2014. They include:

##### *IFRS 2 Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- a performance condition must contain a service condition;
- a performance target must be met while the counterparty is rendering service;
- a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- a performance condition may be a market or non-market condition;
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment did not impact the Company's financial statements.

##### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Company's current accounting policy, and thus this amendment does not impact the Company's accounting policy. This amendment to IFRS 3 did not impact the Company's financial statements.

##### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar".
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Company has not applied the aggregation criteria in IFRS 8.12. This amendment to IFRS 8 did not impact the Company's financial statements.

##### *IFRS 13 Short-term Receivables and Payables – Amendments to IFRS 13*

This amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 did not impact the Company's financial statements.

##### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company did not record any revaluation adjustments during the current period. This amendment to IAS 16 and IAS 38 did not impact the Company's financial statements.

##### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

*(In thousands of tenge unless otherwise indicated)*

### 3. Summary of accounting policies (continued)

#### *Annual improvements 2011-2013 cycle*

These improvements are effective from 1 July 2014. They include:

##### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Company is not a joint arrangement, and thus this amendment is not relevant for the Company.

##### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13. This amendment to IFRS 13 did not impact the Company's financial statements.

##### *IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. Thus, this amendment does not impact the accounting policy of the Company.

##### *Meaning of "Effective IFRSs" – Amendments to IFRS 1*

The amendment clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 had no impact on the Company, since the Company is an existing IFRS preparer.

#### **Fair value measurement**

The Company measures such financial instrument as available-for-sale securities, derivatives at fair value at each reporting date. Information on fair value of financial instruments measured at amortized cost is disclosed in *Note 23*.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

*(In thousands of tenge unless otherwise indicated)*

### 3. Summary of accounting policies (continued)

#### Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

In the event of assets and liabilities recognized in the financial statements on a regular basis, the Company determines the fact of transfer between levels of hierarchy sources by analysing the classification once again (based on initial data of the lowest level that are significant for fair value evaluation in whole) at the end of each reporting period.

#### Financial assets

##### *Initial recognition*

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, receivables, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

##### *Date of recognition*

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

##### *Accounts receivable*

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available-for-sale. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

##### *Trading securities*

Trading securities are included in the category 'financial assets at fair value through profit or loss'. Securities are classified as trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss.

##### *Reclassification of financial assets*

A financial asset classified as available for sale that would have met the definition of receivables may be reclassified to receivables category if the Company has the intention and ability to hold it for the foreseeable future or until maturity.

Financial assets are reclassified at their fair value on the date of reclassification. Any gain or loss previously recognized in profit or loss is not reversed. The fair value of the financial asset as at the date of reclassification becomes its new cost or amortised cost.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank accounts and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

*(In thousands of tenge unless otherwise indicated)*

### 3. Summary of accounting policies (continued)

#### Amounts due from credit institutions

In the normal course of business, the Company maintains current accounts or places deposits for various periods of time with different banks. Amounts from credit institutions with fixed maturity are subsequently measured at amortized cost using an effective interest rate. Amounts without fixed maturity are stated at cost. Amounts due from credit institutions are recorded less any allowances for impairment.

#### Leases

##### *Operating – Company as lessee*

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term and included into other operating expenses.

#### Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Company determines that the fair value at initial recognition differs from the transaction price, then:

- If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- In all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises the deferred difference as a gain or loss only when the inputs become observable, or when the instrument is derecognized.

#### Offsetting of financial instruments

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

#### Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### *Amounts due from credit institutions and receivables*

For amounts due from credit institutions carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment of impairment.

*(In thousands of tenge unless otherwise indicated)*

### 3. Summary of accounting policies (continued)

#### Impairment of financial assets (continued)

##### *Amounts due from credit institutions and receivables (continued)*

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' current amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Amounts due from credit institutions together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred by the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If the amounts due from credit institutions have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company or their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

##### *Available-for-sale financial investments*

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is reclassified from other comprehensive income to statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised in other comprehensive income.

#### Derecognition of financial assets and liabilities

##### *Financial assets*

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

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

(In thousands of tenge unless otherwise indicated)

### 3. Summary of accounting policies (continued)

#### Derecognition of financial assets and liabilities (continued)

##### Financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Financial liabilities

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

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

#### Taxation

The current corporate income tax charge is calculated in accordance with the regulations of the Republic of Kazakhstan.

Deferred corporate income tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred corporate income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred corporate income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. A deferred corporate income tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred corporate income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The Republic of Kazakhstan also has various operating taxes that are assessed on the Company's activities. These taxes, exclusive of income tax, are included in the statement of comprehensive income as operating expenses.

#### Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Capital improvements at the rented office	4-5
Machinery and equipment	3-10
Motor vehicles	10
Furniture	5-10

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to running repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

#### Intangible assets

Intangible assets consist of software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over the useful economic lives of 2-7 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

*(In thousands of tenge unless otherwise indicated)*

### 3. Summary of accounting policies (continued)

#### Allowances

Allowances are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

#### Retirement and other employee benefit obligations

The Company does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments. These expenses are charged in the period the related salaries are earned. The Company has no post-retirement benefits requiring accrual.

#### Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

#### Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

#### Fiduciary assets

Assets held in a fiduciary capacity are not reported in the financial statements, as they are not the assets of the Company.

#### Contingencies

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

#### Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

##### *Interest and similar income and expense*

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as trading and available-for-sale instruments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

##### *Revenue*

The Company earns income from a diverse range of services it provides to its customers.

##### *Fee and commission income*

Fee and commission income obtained for rendering the services during a certain period of time are accrued during this period. These items include commission income and fees.



(In thousands of tenge unless otherwise indicated)

### 3. Summary of accounting policies (continued)

#### Revenue and expense recognition (continued)

##### *Income from advisory services*

Income received by the Company during a certain period of time for rendering different advisory services are accrued during this period based on the amount of works performed.

##### *Expenses*

Expenses are recognised on an accrual basis when the services are provided.

#### Foreign currency translation

The financial statements are presented in Kazakh tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency market rate at the date of the transaction established by the National Bank of the Republic of Kazakhstan (NBRK). Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency at the official exchange rate established by the Kazakhstan Stock Exchange (hereinafter – the "KASE") and valid at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the statement of comprehensive income as gains less losses from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the official exchange rates established by KASE as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the official exchange rates established by KASE at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the market exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies. The market exchange rates as at 31 December 2015 and 2014 were KZT 340.01 and KZT 182.35 to 1 USD, respectively.

#### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt those standards when they become effective.

##### *IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements to classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The standard is applied retrospectively but provision of comparative information is not mandatory. Early application of previous versions of IFRS 9 (2009, 2010 and 2014) is permitted if the date of initial application is before 1 February 2015. The Company is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

##### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Revenue arising from lease contracts within the scope of IAS 17 *Leases*, insurance contracts within the scope of IFRS 4 *Insurance Contracts* and financial instruments and other contractual rights and obligations within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* (or IFRS 9 *Financial Instruments*, if early adopted) is out of IFRS 15 scope and is dealt by respective standards.

Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

(In thousands of tenge unless otherwise indicated)

### 3. Summary of accounting policies (continued)

#### Standards issued but not yet effective (continued)

##### *IFRS 14 Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income.

The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company already prepares its financial statements in accordance with IFRS, this standard is not applicable to its financial statements.

##### *Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

##### *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

##### *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

##### *Amendments to IAS 27 Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

(In thousands of tenge unless otherwise indicated)

### 3. Summary of accounting policies (continued)

#### Standards issued but not yet effective (continued)

##### *Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. The amendments clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The amendments are applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

##### *Amendments to IAS 1 Disclosure Initiative*

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

##### *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

#### **Annual improvements 2012-2014 cycle**

These improvements are effective on or after 1 January 2016 and are not expected to have a material impact on the Company. They include:

##### *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal*

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(In thousands of tenge unless otherwise indicated)

### 3. Summary of accounting policies (continued)

#### Standards issued but not yet effective (continued)

##### *Annual improvements 2012-2014 cycle (continued)*

##### *IFRS 7 Financial Instruments: Disclosures – servicing contracts*

IFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

##### *IFRS 7 Financial Instruments: Disclosures – applicability of the offsetting disclosures to condensed interim financial statements*

In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment IFRS 7 states that “[A]n entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report.

The amendment removes the phrase “and interim periods within those annual periods”, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. The amendment must be applied retrospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

##### *IAS 19 Employee Benefits – regional market issue regarding discount rate*

The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted.

##### *IAS 34 Interim Financial Reporting – disclosure of information “elsewhere in the interim financial report”*

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

### 4. Significant accounting judgements and estimates

In the process of applying the Company’s accounting policies, management has used its judgment and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

#### **Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. More details are provided in *Note 23*.

(In thousands of tenge unless otherwise indicated)

#### 4. Significant accounting judgements and estimates (continued)

##### Taxation

Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include value added tax, corporate income tax, social and other taxes. Implementing regulations are often unclear or nonexistent and insignificant amount of precedents has been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Company is in compliance with the tax laws of the Republic of Kazakhstan regulating its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretive tax issues.

#### 5. Cash and cash equivalents

As at 31 December, cash and cash equivalents comprised the following:

	2015	2014
Current accounts in Kazakh banks in USD	355,259	108,586
Current accounts in Kazakh banks in KZT	7,887	41,379
Cash on hand	1,014	10
	<u>364,160</u>	<u>149,975</u>

#### 6. Amounts due from credit institutions

As at 31 December 2015, the Company had a short-term deposits with Halyk Bank Kazakhstan JSC in the total amount of KZT 238,007 thousand (or equivalent to USD 700 thousand) with an interest rate of 1.6% per annum. As at 31 December 2015, the amount of accrued and not paid interest was KZT 730 thousand.

As at 31 December 2014, the Company had short-term deposit with Halyk Bank of Kazakhstan JSC in the total amount of KZT 338,259 thousand or equivalent to USD 1,855 thousand with interest rate of 0.5% per annum. As at 31 December 2014, the amount of accrued and not paid interest was KZT 75 thousand.

#### 7. Commission receivable

As at 31 December 2015, fee and commission receivable comprised fee and commission receivable for asset management services from SB Trust Management LLP in the amount of KZT 190,526 thousand (2014: KZT 98,262 thousand). Also as at 31 December 2014, the Company had receivables from Development Bank of Kazakhstan JSC in the amount of KZT 5,000 thousand for provision of brokerage services.

As at 31 December 2015 and 2014, fee and commissions receivable were denominated in tenge and were neither overdue nor impaired.

#### 8. Trading securities

As at 31 December, trading securities comprised the following:

	2015	2014
Corporate bonds	—	159,958
Corporate bonds of Kazakhstani financial institutions	6,633	5,948
	<u>6,633</u>	<u>165,906</u>

In 2015, the Company recognized income from operations with securities in the amount of KZT 12,204 thousand, mainly due to increase in price of NC KazMunayGas JSC bonds from USD 0.87 per a bond to USD 0.90 per a bond.

In July 2015, the Company received income in the amount of KZT 4,681 thousand for early vote on corporate action announced by NC KazMunaiGas JSC. This income was recognized in the statement of comprehensive income as "Other income" (Note 19).

In November 2015, the Company sold all NC KazMunaiGas JSC eurobonds due to early redemption of eurobonds, announced by the emitter.

During 2014, the Company recognized loss from operations with trading securities in the amount of KZT 21,537 thousand due to decrease in price of NC KazMunayGas JSC bonds from USD 0.99 per a bond to USD 0.87 per a bond.

(In thousands of tenge unless otherwise indicated)

## 9. Property and equipment

As at 31 December 2015 and 2014, property and equipment were presented as follows:

	<i>Other PPE</i>	<i>Machinery and equipment</i>	<i>Vehicles</i>	<i>Total</i>
<b>Cost</b>				
At 31 December 2013	16,064	11,053	21,193	48,310
Additions	1,421	1,738	—	3,159
Disposals	(9,824)	(2,250)	—	(12,074)
At 31 December 2014	7,661	10,541	21,193	39,395
Additions	619	2,147	22,836	25,602
Disposals	(85)	(763)	—	(848)
At 31 December 2015	8,195	11,925	44,029	64,149
<b>Accumulated depreciation</b>				
At 31 December 2013	(10,797)	(5,894)	(2,351)	(19,042)
Accrual for the year	(1,770)	(1,999)	(2,119)	(5,888)
Disposals	9,824	2,250	—	12,074
At 31 December 2014	(2,743)	(5,643)	(4,470)	(12,856)
Accrual for the year	(2,104)	(2,230)	(3,071)	(7,405)
Disposals	85	763	—	848
At 31 December 2015	(4,762)	(7,110)	(7,541)	(19,413)
<b>Net book value</b>				
At 31 December 2013	5,267	5,159	18,842	29,268
At 31 December 2014	4,918	4,898	16,723	26,539
At 31 December 2015	3,433	4,815	36,488	44,736

## 10. Intangible assets

As at 31 December 2015 and 2014, intangible assets were presented as follows:

	<i>Licenses</i>	<i>Software</i>	<i>Other intangibles</i>	<i>Total</i>
<b>Cost</b>				
At 31 December 2013	7,802	—	5,275	13,077
Additions	2,535	—	—	2,535
Disposals	(647)	—	—	(647)
Transfers	—	5,275	(5,275)	—
At 31 December 2014	9,690	5,275	—	14,965
Additions	—	58	—	58
Disposals	—	—	—	—
At 31 December 2015	9,690	5,333	—	15,023
<b>Accumulated depreciation</b>				
At 31 December 2013	(4,891)	—	—	(4,891)
Accrual for the year	(1,317)	(254)	—	(1,571)
Disposals	647	—	—	647
At 31 December 2014	(5,561)	(254)	—	(5,815)
Accrual for the year	(467)	(1,074)	—	(1,541)
Disposals	—	—	—	—
At 31 December 2015	(6,028)	(1,328)	—	(7,356)
<b>Net book value</b>				
At 31 December 2013	2,911	—	5,275	8,186
At 31 December 2014	4,129	5,021	—	9,150
At 31 December 2015	3,662	4,005	—	7,667

(In thousands of tenge unless otherwise indicated)

## 11. Taxation

The corporate income tax expenses comprise:

	<b>2015</b>	<b>2014</b>
Current income tax charge	172,744	97,226
Deferred tax expense/(benefit) – origination and reversal of temporary differences	5,116	(1,992)
Corporate income tax expense	<b>177,860</b>	<b>95,234</b>
	<b>2015</b>	<b>2014</b>
<b>Profit before corporate income tax expense</b>	<b>908,466</b>	<b>446,725</b>
Statutory tax rate	20%	20%
<b>Theoretical income tax expenses at the statutory rate</b>	<b>181,693</b>	<b>89,345</b>
<i>Non-taxable income</i>		
Non-taxable income from securities listed on KASE at the date of such income accrual	(5,759)	–
<i>Non-deductible expenses</i>		
Other non-deductible expenses	1,926	5,889
	<b>177,860</b>	<b>95,234</b>

Kazakhstan legal entities are obliged to submit tax declarations. In accordance with the tax legislation of the Republic of Kazakhstan, corporate income tax rate for 2015 and 2014 was 20%.

Deferred corporate income tax assets and liabilities as of 31 December and their movements for the respective years comprise:

	<i>Origination and reversal of temporary differences in the income statement</i>		<i>Origination and reversal of temporary differences in the income statement</i>		
	<i>2013</i>	<i>2014</i>	<i>2014</i>	<i>2015</i>	<i>2015</i>
<b>Tax effect of deductible temporary differences</b>					
Property and equipment and intangible assets	5,335	(1,419)	3,916	(1,685)	2,231
Impairment of available-for-sale securities	2,000	–	2,000	–	2,000
Provision for unused vacations	1,314	336	1,650	306	1,956
Consulting services	76	695	771	(28)	743
Taxes other than income tax	2,042	2,380	4,422	(3,709)	713
<b>Total deferred corporate income tax assets</b>	<b>10,767</b>	<b>1,992</b>	<b>12,759</b>	<b>(5,116)</b>	<b>7,643</b>

Kazakhstan currently has a Tax Code that relates to various taxes imposed by governmental authorities. Applicable taxes include income tax, social taxes, and others. Implementing regulations are often unclear or nonexistent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and interest charges.

These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems.

Management believes that the Company is in substantial compliance with the tax laws affecting its operations; however, the risk remains that relevant authorities could take different positions with regard to interpretive issues.

(In thousands of tenge unless otherwise indicated)

## 12. Other assets

As at 31 December, other assets were presented as follows:

	<i>2015</i>	<i>2014</i>
Advances paid for goods and services	15,276	1,939
Deferred expenses	3,405	2,697
Office rental guarantee payments	1,018	1,018
Advance payments to employees	158	591
Other assets	33	102
	<u>19,890</u>	<u>6,347</u>

## 13. Other liabilities

As at 31 December, other liabilities were presented as follows:

	<i>2015</i>	<i>2014</i>
Amounts due to employees	304,350	173,185
Taxes payable other than corporate income tax	39,000	45,482
Provision for unused vacations	9,781	8,249
Fines and penalties	1,061	–
Accounts payable	389	1,036
Other liabilities	3,868	3,855
	<u>358,449</u>	<u>231,807</u>

## 14. Share capital

As at 31 December 2015 and 2014, the Company has 800,000 issued common shares, 729,798 of which are fully paid by the shareholders.

	<i>2015</i>			<i>2014</i>		
	<i>Placement quantity</i>	<i>Placement price in KZT</i>	<i>Placement amount, in thousands of tenge</i>	<i>Placement quantity</i>	<i>Placement price in KZT</i>	<i>Placement amount, in thousands of tenge</i>
Number of authorised, issued and paid common shares at 1 January	704,798	1,000	704,798	704,798	1,000	704,798
Number of authorised, issued and paid common shares at 1 January	25,000	1,600	40,000	25,000	1,600	40,000
<b>Total number of authorised, issued and paid common shares at 1 January</b>	<b>729,798</b>		<b>744,798</b>	729,798		744,798
Common shares authorised, issued and paid during the year	–		–	–		–
<b>Number of authorised, issued and paid common shares at 31 December</b>	<b>729,798</b>		<b>744,798</b>	729,798		744,798

Each common share is entitled to one vote and shares rank equally for dividends.

In 2015, the Company declared dividends in the amount of KZT 686,105 thousand. On 20 May 2015, the Company paid dividends in the amount KZT 181,442 thousand and on 9 October 2015 – in the amount of KZT 504,663 thousand. In 2014, the Company declared dividends in the amount of KZT 379,860 thousand for 2013 and KZT 170,043 thousand for the first half of 2014. On 6 June 2014, the Company paid dividends for 2013 in the amount of KZT 379,860 thousand. On 16 October 2014, the Company paid dividends for the first half of 2014 in the amount of KZT 170,043 thousand.



(In thousands of tenge unless otherwise indicated)

## 15. Commitments and contingencies

### Political and economic environment

Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

In 2015, the Kazakhstan economy continued to be negatively impacted by a significant decline in crude oil prices and a significant KZT devaluation. These factors resulted in a reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding further economic growth, which could negatively affect the Company's future financial position, results of operations and business prospects. The management of the Company believes that it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances.

### Legal actions and claims

In the ordinary course of business, the Company is subject to legal actions and complaints. The Company believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or results of operations of the Company.

The Company assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated.

### Operating lease commitments

Operating lease liabilities that could not be unilaterally cancelled, as at 31 December could be presented as follows:

	<i>2015</i>	<i>2014</i>
Not later than 1 year	<u>2,432</u>	<u>2,158</u>
	<u>2,432</u>	<u>2,158</u>

## 16. Fee and commission income from asset management

Fee and commission income for the year ended 31 December comprised the following:

	<i>2015</i>	<i>2014</i>
Fee and commission income from individual investors asset management	<u>859,456</u>	<u>776,119</u>
	<u>859,456</u>	<u>776,119</u>

In September 2013, the Company entered into agreement for asset management with SB Trust Management LLP under which the Company receives success fee at the rate from 50% to 90% of actually generated income/client's interest from financial instruments depending on type of income receivable. In 2014, the Company placed assets that were under fiduciary management in short-term deposits in Halyk Bank of Kazakhstan JSC with interest rate of 0.15%-1% per annum. In 2015, the Company placed assets that were under fiduciary management in short-term deposits in SB Sberbank JSC with interest rate of 5.5%-6% per annum, securities, and loans issued to KazAzot LLP with interest of 7%-12% per annum.

## 17. Income from consulting and underwriting services

Income from advisory and underwriting services for the year ended 31 December comprised the following:

	<i>2015</i>	<i>2014</i>
Fee and commission income from consulting and underwriting services	<u>7,855</u>	<u>128,862</u>
	<u>7,855</u>	<u>128,862</u>

## 18. Income from brokerage and nominal holder services

Income from brokerage for the year ended 31 December comprised the following:

	<i>2015</i>	<i>2014</i>
Fee and commission income from brokerage services	<u>61,907</u>	<u>10,709</u>
	<u>61,907</u>	<u>10,709</u>

(In thousands of tenge unless otherwise indicated)

## 19. Other income

During 2015, other income was mainly presented by the income received by the Company in the amount of KZT 4,681 thousand from NC KazMunayGas JSC as a result of early voting on corporate action announced by NC KazMunayGas JSC (Note 8).

## 20. Personnel expenses

Personnel expenses for the year ended 31 December comprised the following:

	<u>2015</u>	<u>2014</u>
Salaries and other benefits	520,340	328,572
Social security costs	54,855	34,068
	<u>575,195</u>	<u>362,640</u>

## 21. General and administrative expenses

General and administrative expenses for the year ended 31 December comprised the following:

	<u>2015</u>	<u>2014</u>
Professional services	16,934	78,941
Rent expenses	15,606	15,744
Informational services	11,333	6,960
Office maintenance	10,700	6,689
Taxes other than income tax	6,230	4,198
Representative expenses	5,145	2,452
Communication	3,238	2,651
Bank charges	1,557	694
Security and insurance	1,542	1,024
Provision for fine	1,365	-
Advertisement	959	-
Stationary and other supplies	779	2,298
Travel expenses	742	1,003
Membership fee	595	827
Personnel training and recruiting	210	136
Charity	120	-
Other	748	448
	<u>77,803</u>	<u>124,065</u>

## 22. Risk management

### Introduction

Risk is inherent in the Company's activities. The Company manages these risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into currency and interest rate risks and equity price risk. It also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company's strategic planning process.

### Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

### Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

*(In thousands of tenge unless otherwise indicated)*

## 22. Risk management (continued)

### Introduction (continued)

#### *Management Board*

The Management Board has the responsibility to monitor the overall risk process within the Company.

#### *Risk management*

The Risk Management Unit has the overall responsibility for the development of the risk strategy, implementing and maintaining risk related procedures to ensure an independent control process. This unit is also responsible for monitoring risks associated with the Company's compliance with risk principles, frameworks, policies and limits.

#### *Internal audit*

Risk management processes throughout the Company are audited annually by the internal audit function that examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

#### *Risk measurement and reporting systems*

The Company's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Company also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept. In addition the Company monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks types and activities.

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

#### *Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents, amount due from credit institutions and commission receivable. While the Company may be subject to losses in the event of non-performance by its counterparties, the management of the Company does not expect such losses to occur in the selection of counterparties.

At the year end, leading international rating agencies lowered their long-term counterparty ratings for a large number of Kazakhstani banks and corporations. In the management's view, the maximum exposure to the credit risk arising from the cash and cash equivalents, amount due from credit institutions held with local banks is equal to the carrying amounts of these assets.

Where financial instruments are recorded at fair value, the amounts in the table represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

(In thousands of tenge unless otherwise indicated)

## 22. Risk management (continued)

### Credit risk (continued)

#### Impairment assessment

The main considerations for the loan and advance paid impairment assessment comprise: whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Company addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

#### Individually assessed allowances

The Company determines the allowances appropriate for each individually significant loan on an individual basis. Items considered when determining allowance amounts include: the sustainability of the counterparty's business plan; its ability to improve performance once a financial difficulty has arisen; projected receipts and the expected dividend payout should bankruptcy ensue; the availability of other financial support and the realisable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Financial assets are graded according to the current credit rating they have been issued by an internationally regarded agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

Below is the classification of the Company's financial assets based on credit ratings as at 31 December:

	<i>BBB</i>	<i>BB</i>	<i>No credit rating</i>	<i>31 December 2015 Total</i>
Cash and cash equivalents (except for cash on hand)	—	363,146	—	363,146
Amounts due from credit institutions	—	238,737	—	238,737
Commission receivable	—	—	190,526	190,526

Below is the classification of the Company's financial assets based on credit ratings as at 31 December 2014:

	<i>BBB</i>	<i>BB</i>	<i>No credit rating</i>	<i>31 December 2014 Total</i>
Cash and cash equivalents (except for cash on hand)	—	149,965	—	149,965
Amounts due from credit institutions	—	338,334	—	338,334
Commission receivable	—	—	103,262	103,262

### Geographical concentration

There is an Investment Committee in the Company that exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Company's activity. Investment Committee is an advisory body of the Company created and approved by the Management Board, which makes investment decisions in respect of own assets and assets under trust management. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan. The financial assets and financial liabilities of the Company are concentrated in the Republic of Kazakhstan.

### Liquidity risk and funding management

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. Also, it manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

(In thousands of tenge unless otherwise indicated)

## 22. Risk management (continued)

### Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The tables below indicate the currencies to which the Company had significant exposure at 31 December on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the tenge, with all other variables held constant on the statement of comprehensive income. The negative amount in the table reflects a potential net reduction in the income, while a positive amount reflects a net potential increase.

<i>Currency</i>	<i>Change in exchange rates in % 2015</i>	<i>Effect on profit before tax 2015</i>	<i>Change in exchange rates in % 2014</i>	<i>Effect on profit before tax 2014</i>
US dollar	+60.00%	355,960	+17.37%	77,630
	-20.00%	(118,653)	-17.37%	(77,630)

### Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual shares. The non-trading equity price risk exposure arises from the Company's investment portfolio.

### Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls include effective segregation of duties, access rights, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

## 23. Fair value of financial instruments

### Procedures of fair value measurement

The Company determines the policies and procedures for both recurring fair value measurement, such as unquoted trading and available-for-sale securities, unquoted derivatives, investment property and for non-recurring measurement, such as assets held for sale.

External valuers are involved for valuation of significant assets, such as properties, trading and available-for-sale securities and derivatives. Involvement of external valuers is decided upon annually after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the investment committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Together with the external appraisers, the Company also compares each change in fair value of each asset and liability with relevant external sources to determine whether this change is reasonable. The Company and its external appraisers provide the assessment results on a periodic basis to the audit committee and independent auditors of the Company. In addition, main assumptions used during the appraisal are discussed.

(In thousands of tenge unless otherwise indicated)

## 23. Fair value of financial instruments (continued)

### Fair value sources hierarchy

For the purpose of disclosing the fair values, the Company determined classes of assets and liabilities based on the assets and liabilities nature, characteristics and risks as well as the hierarchy of fair value sources.

<i>As at 31 December 2015</i>	<i>Date of valuation</i>	<i>Fair value measurement with the use of</i>			<i>Total</i>
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
<b>Assets measured at fair value</b>					
Trading securities	31 December 2015	6,633	—	—	6,633
<b>Assets and liabilities for which fair value is disclosed</b>					
Cash and cash equivalents	31 December 2015	364,160	—	—	364,160
Amounts due from credit institutions	31 December 2015	—	—	238,737	238,737
Commission receivable	31 December 2015	—	—	190,526	190,526
Other liabilities	31 December 2015	—	—	(357,387)	(357,387)

<i>As at 31 December 2014</i>	<i>Date of valuation</i>	<i>Fair value measurement with the use of</i>			<i>Total</i>
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
<b>Assets measured at fair value</b>					
Trading securities	31 December 2014	165,906	—	—	165,906
<b>Assets and liabilities for which fair value is disclosed</b>					
Cash and cash equivalents	31 December 2014	149,975	—	—	149,975
Due from credit institutions	31 December 2014	—	—	338,334	338,334
Commission receivable	31 December 2014	—	—	103,262	103,262
Other liabilities	31 December 2014	—	—	(231,807)	(231,807)

*Fair value of financial assets and liabilities not carried at fair value*

Fair value of financial assets and liabilities not carried at fair value approximates to their carrying value.

### Valuation methods and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

*Assets for which fair value approximates carrying value*

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

(In thousands of tenge unless otherwise indicated)

## 24. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled:

	2015			2014		
	Within one year	More than one year	Total	Within one year	More than one year	Total
<b>Assets</b>						
Cash and cash equivalents	364,160	—	364,160	149,975	—	149,975
Amounts due from credit institutions	238,737	—	238,737	338,334	—	338,334
Commission receivable	190,526	—	190,526	103,262	—	103,262
Trading securities	6,633	—	6,633	165,906	—	165,906
Property and equipment	—	44,736	44,736	—	26,539	26,539
Intangible assets	—	7,667	7,667	—	9,150	9,150
Deferred corporate income tax assets	—	7,643	7,643	—	12,759	12,759
Current corporate income tax assets	9,282	—	9,282	—	—	—
Other assets	19,890	—	19,890	6,347	—	6,347
<b>Total</b>	<b>829,228</b>	<b>60,046</b>	<b>889,274</b>	<b>763,825</b>	<b>48,448</b>	<b>812,272</b>
<b>Liabilities</b>						
Other liabilities	358,449	—	358,449	231,807	—	231,807
Current income tax liabilities	—	—	—	94,141	—	94,141
<b>Total</b>	<b>358,449</b>	<b>—</b>	<b>358,449</b>	<b>325,948</b>	<b>—</b>	<b>325,948</b>
<b>Net position</b>	<b>470,779</b>	<b>60,046</b>	<b>530,825</b>	<b>437,876</b>	<b>48,448</b>	<b>486,324</b>

## 25. Fiduciary management

The Company provides asset management services to mutual funds and other companies, which implies that the Company makes decisions on allocation of assets received. Assets that are held in a fiduciary capacity are not included in these financial statements.

In September 2013, the Company entered into asset management agreement with its related party SB Trust Management LLP. As at 31 December 2015, assets under fiduciary management were equal to KZT 8,656,540 thousand (31 December 2014: assets amounted to KZT 42,516,291 thousand). As at 31 December 2015 the assets under the Company's management included deposits placed in second tier banks, cash on current accounts in banks and loans.

## 26. Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

In 2014 and 2015, the Company had no transactions with related parties.

### Compensation to key management personnel

Below is information about remuneration to 3 members of key management personnel:

	2015	2014
Salaries	224,451	124,490
Social security costs	24,079	13,197
<b>Total compensation to key management personnel</b>	<b>248,530</b>	<b>137,687</b>

*(In thousands of tenge unless otherwise indicated)*

## 27. Capital adequacy

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the ratios established by the NBRK.

During 2015, the Company had complied in full with all its capital requirements established by the NBRK.

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

### Capital adequacy ratio established by the NBRK

The NBRK requires from companies managing the investment portfolio to maintain a capital adequacy ratio of not less than 1. Liquid assets and liabilities calculated in accordance with the NBRK requirements were derived from the Company's financial statements.

As at 31 December 2015 and 2014, the Company's capital adequacy ratio on this basis exceeded the statutory minimum.

At 31 December, the Company's capital adequacy ratio calculated according to the NBRK requirements was as follow:

	<i>2015</i>	<i>2014</i>
Liquid assets	<b>698,457</b>	659,215
Liabilities	<b>(358,449)</b>	(325,948)
<b>Net liquid assets</b>	<b>340,008</b>	333,267
Minimum capital established by the NBRK	<b>259,200</b>	259,452
Capital adequacy ratio	<b>1.31</b>	1.28