SkyBridge Invest JSC

Financial statements

For the year ended 31 December 2017
with independent auditor's report

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

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Independent auditor's report

To the Shareholders and Board of Directors of
SkyBridge Invest JSC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SkyBridge Invest JSC (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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Report on regulatory requirements of the Republic of Kazakhstan

Management of the Company is responsible for its compliance with regulatory requirements of the Republic of Kazakhstan related to preparation of the statements on assets of Joint Stock Venture "Investment Fund "Alem Capital" (the Fund), taken by the Company for investment management, for accounting and reporting in relation to these assets and for maintenance of internal controls necessary to enable preparation of the statements on the Fund's assets taken for investment management.

In accordance with the Law of the Republic of Kazakhstan *On Investment Funds* No. 576-II dated 7 July 2004, during our audit we conducted review of compliance with regulatory requirements of the Republic of Kazakhstan related to accounting and reporting for the Fund's assets, taken by the Company for investment management. In our opinion, the accompanying statements on the Fund's assets taken by the Company for investment management, on pp. 29-30, comprising of the statement on assets of investment fund, statement of profit or loss on assets of investment fund are prepared, in all material respects, in accordance with the applicable legislation of the Republic of Kazakhstan.

Ernst & Young LLP

Bakhtiyor Eshonkulov
Auditor / audit partner

Gulmira Turmagambetova
General director
Ernst & Young LLP

Auditor qualification certificate
No. МФ-0000099 dated 27 August 2012

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

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

16 April 2018

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

(In thousands of tenge)

	Notes	*2017*	*2016*
Assets			
Cash and cash equivalents	5	**470,776**	335,442
Amounts due from credit institutions	6	**150,782**	267,181
Commission receivable	7	**74,874**	87,077
Available-for-sale securities	8	**399,025**	–
Trading securities	9	**295,797**	5,859
Property and equipment	10	**60,763**	51,695
Intangible assets	11	**10,989**	9,533
Deferred corporate income tax assets	12	**4,507**	5,753
Current corporate income tax prepaid		**563**	31,838
Other assets	13	**30,314**	21,476
Total assets		**1,498,390**	815,854
Liabilities			
Other liabilities	14	**415,696**	194,202
Total liabilities		**415,696**	194,202
Equity			
Share capital	15	**744,798**	744,798
Revaluation reserve of available-for-sale securities		**736**	–
Retained earnings / (accumulated loss)		**337,160**	(123,146)
Total equity		**1,082,694**	621,652
Total equity and liabilities		**1,498,390**	815,854

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

Ainabayeva Sh.R. Chairwoman of the Management Board

Tsikunova O.B. Chief accountant

16 April 2018

The accompanying notes on pages 5 to 30 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

(In thousands of tenge)

	Notes	*2017*	*2016*
Fee and commission income from asset management	17	**1,233,674**	622,964
Income from consulting and underwriting services	18	**49,929**	19,014
Interest income	19	**50,603**	10,843
Income from brokerage and nominal holder services	20	**235,215**	95,064
Net gain/(loss) on dealing with trading securities		**10,562**	(533)
Net income from foreign currencies operations		**7,416**	30,283
Net gain on dealing with available-for-sale securities		**1,932**	–
Other income	20	**1,777**	713
Operating income		**1,591,108**	778,348
Personnel expenses	21	**(711,885)**	(448,783)
General and administrative expenses	22	**(192,456)**	(174,217)
Expenses on brokerage services		**(99,500)**	(27,260)
Depreciation of property and equipment and amortization of intangible assets	10, 11	**(13,819)**	(12,003)
Operating expenses		**(1,017,660)**	(662,263)
Profit before corporate income tax expense		**573,448**	116,085
Corporate income tax expense	12	**(113,142)**	(25,258)
Profit for the year		**460,306**	90,827
Other comprehensive income			
Other comprehensive income to be reclassified subsequently to profit or loss when specific conditions are met:			
Unrealised gains on dealing with available-for-sale securities		**2,668**	–
Realised gains on dealing with available-for-sale securities		**(1,932)**	–
Other comprehensive income for the year, net of tax		**736**	–
Total comprehensive income for the year		**461,042**	90,827

The accompanying notes on pages 5 to 30 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

(In thousands of tenge)

	Share capital	*Revaluation reserve of available-for-sale securities*	*Retained earnings / (accumulated loss)*	*Total*
At 31 December 2015	744,798	–	(213,973)	530,825
Profit for the year	–	–	90,827	90,827
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	90,827	90,827
At 31 December 2016	744,798	–	(123,146)	621,652
Profit for the year	–	–	**460,306**	**460,306**
Other comprehensive income for the year	–	**736**	–	**736**
Total comprehensive income for the year	–	**736**	**460,306**	**461,042**
At 31 December 2017	**744,798**	**736**	**337,160**	**1,082,694**

The accompanying notes on pages 5 to 30 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

(In thousands of tenge)

	Notes	*2017*	*2016*
Operating activities			
Profit before corporate income tax expense		**573,448**	116,085
Adjustments to reconcile profit before income tax to net cash flows			
Interest income		**(50,603)**	(10,843)
Depreciation and amortisation	10, 11	**13,819**	12,003
Loss on disposal of property and equipment		**–**	263
Net (gain)/loss from trading securities operations		**(8,627)**	533
Change in unused vacation reserve		**2,233**	(1,522)
Net gain from foreign currencies operations, unrealized		**(1,257)**	(20,414)
Changes in working capital			
Decrease in commission receivable		**12,203**	103,449
Increase in other assets		**(8,838)**	(1,586)
Increase/(decrease) in other liabilities		**219,261**	(162,725)
Cash flows from operating activities		**751,639**	35,243
Interest received		**45,232**	9,531
Corporate income tax paid		**(79,265)**	(45,221)
Net cash flows received from/(used in) operating activities		**717,606**	(447)
Investing activities			
Purchase of property and equipment	10	**(25,707)**	(17,098)
Purchase of intangible assets	11	**(3,756)**	(3,993)
Proceeds from sale of property and equipment		**5,122**	–
Sale of trading securities		**117,491**	–
Acquisition of trading securities		**(398,422)**	–
Sale of available-for-sale securities		**79,921**	–
Acquisition of available-for-sale securities		**(476,080)**	–
Placement/(withdrawal) of deposits, net		**119,760**	(33,343)
Net cash flows used in investing activities		**(581,671)**	(54,434)
Net change in cash and cash equivalents		**135,935**	(54,881)
Effect of changes in exchange rates on cash and cash equivalents		**(601)**	26,163
Cash and cash equivalents, as at 1 January		**335,442**	364,160
Cash and cash equivalents, as at 31 December	5	**470,776**	335,442
Non-cash transactions			
Witholding income tax on placed deposits		**1,356**	703

The accompanying notes on pages 5 to 30 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 carried out based on the license No. 4.2.192/113 dated 20 July 2016, which permits the following activities:

1. Brokerage and dealing activities at the securities market with the right to keep clients' accounts as a nominal holder;
2. Investment portfolio management activities, including investment management without the right to attract voluntary pension contributions.

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 2017 and 2016, the shareholders of the Company were as follows:

	31 December 2017	*31 December 2016*
Yeskindirov Adl Makhmudovich	**91.0%**	91.0%
Sky Securities LLP	**9.0%**	9.0%
	100.0%	100.0%

The address of the Company's registered office is: 12 floor, Essentai Tower Business Center, 77/7, Al-Farabi ave., 050040, Republic of Kazakhstan.

These financial statements were approved for issue by the management of the Company on 16 April 2018.

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 for the first time certain amendments to the standards , which are effective for annual periods beginning on or after 1 January 2017. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective .

The nature and the effect of these changes are disclosed below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Application of amendments did not require the disclosure by the Company of additional information.

Amendments to IAS 12 Income taxes - Recognition of deferred tax assets for unrealized losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Company applied amendments retrospectively. However, their application has no effect on the Company's financial position and results of operations as the Company historically takes into account this limitation.

Amendments to IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

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.

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.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the statement of profit or loss. However, interest calculated using the effective interest method is 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.

Repurchase and reverse repurchase agreements and securities lending

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to credit institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents. The difference between sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

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.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

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 and receivables 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.

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.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

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.

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 corporate income tax, are included in the statement of comprehensive income in general and administrative expenses.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

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 amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount 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:

	Years
Capital improvements of leased 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.

Provisions

Provisions 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

Common 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 statement of financial position, as they are not the assets of the Company.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

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.

Income from consulting services

Income received by the Company during a certain period of time for rendering different consulting 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 Kazakhstani 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. 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 KASE exchange rates as at 31 December 2017 and 2016 were KZT 332.33 and KZT 333.29 to 1 USD, respectively.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

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 these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but restating comparative information is not compulsory.

The Company plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Company has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company will adopt IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity.

(a) Classification and measurement

Under IFRS 9, all debt financial assets that do not meet a "solely payment of principal and interest" (SPPI) criterion, are classified at initial recognition as fair value through profit or loss (FVPL). Under this criterion, debt instruments that do not correspond to a "basic lending arrangement", such as instruments containing embedded conversion options or "non-recourse" loans, are measured at FVPL. For debt financial assets that meet the SPPI criterion, classification at initial recognition is determined based on the business model, under which these instruments are managed:

- Instruments that are managed on a "hold to collect" basis are measured at amortized cost;
- Instruments that are managed on a "hold to collect and for sale" basis are measured at fair value through other comprehensive income (FVOCI);
- Instruments that are managed on other basis, including trading financial assets, will be measured at FVPL.

Equity financial assets are required to be classified at initial recognition as FVPL unless an irrevocable designation is made to classify the instrument as FVOCI. For equity investments classified as FVOCI, all realized and unrealized gains and losses, except for dividend income, are recognized in other comprehensive income with no subsequent reclassification to profit and loss.

The classification and measurement of financial liabilities remain largely unchanged from the current IAS 39 requirements. Derivatives will continue to be measured at FVPL.

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Company to record an allowance for expected credit losses (ECL) on all of its debt financial assets at amortised cost or FVOCI, as well as loan commitments and financial guarantees. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the ECL over the life of the asset. If the financial asset meets the definition of purchased or originated credit impaired, the allowance is based on the change in the lifetime ECL.

3. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15, issued in May 2014, and amended in April 2016, will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Company plans to adopt the new standard using the modified retrospective method by recognizing the cumulative transition effect in opening retained earnings on 1 January 2018, without restating comparative information.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. 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. However, interest and fee income integral to financial instruments and leases will fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (IFRS 9 and IFRS 16 *Leases*).

As a result, the majority of the Company's income will not be impacted by the adoption of this standard.

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 conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company does not expect a material effect from application of these amendments.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 "Share-based Payment" that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company does not expect a material effect from application of these amendments.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short- term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 40 Transfers of investment property from category to category

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. The Company does not expect a material effect from application of these amendments.

Annual Improvements to IFRS, period: 2014-2016 cycle (issued in December 2016)

These improvements include:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short -term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Company.

(In thousands of tenge unless otherwise indicated)

3. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

Annual Improvements to IFRS, period: 2014-2016 cycle (issued in December 2016) (continued)

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018. The Company does not expect significant effect from application of the amendments.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments are not applicable to the Company.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that , in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Interpretation also addresses the assumptions an entity makes about the examination of tax treatments by taxation authorities, as well as how it considers changes in facts and circumstances.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date.

(In thousands of tenge unless otherwise indicated)

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 24*.

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. Implementation of these regulations is 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:

	2017	*2016*
Reverse REPO transactions	**418,666**	243,252
Current accounts in Kazakhstani banks in foreign currency	**28,395**	15,212
Current accounts in Kazakhstani banks in KZT	**23,112**	76,929
Cash on hand	**603**	49
	470,776	335,442

As at 31 December 2016 and 2017, cash and cash equivalents were neither overdue nor impaired. As at 31 December 2017, the Company concluded reverse REPO agreements with Kazakhstan Stock Exchange. Governmental securities were received as collateral under these agreements.

6. Amounts due from credit institutions

As at 31 December 2017, the Company had short-term deposit with Tsesnabank JSC in the total amount of KZT 150,598 thousand or equivalent to USD 453 thousand with interest rate of 1.7% per annum. As at 31 December 2017, the amount of accrued and not paid interest was equal to KZT 184 thousand.

As at 31 December 2016, the Company had short-term deposit with Halyk Bank of Kazakhstan JSC in the total amount of KZT 266,632 thousand or equivalent to USD 800 thousand with interest rate of 1.5% per annum. As at 31 December 2016, the amount of accrued and not paid interest was equal to KZT 549 thousand.

7. Commission receivable

As at 31 December, commission receivable comprised the following:

	2017	*2016*
Commission for asset management	**53,015**	78,995
Commission for brokerage services	**21,859**	8,082
	74,874	87,077

As at 31 December 2017 and 2016, commission receivable was denominated in tenge and was neither overdue nor impaired.

(In thousands of tenge unless otherwise indicated)

8. Available-for-sale securities

As at 31 December, available-for-sale securities comprised the following:

	2017	*2016*
Eurobonds of Kazakhstani financial institutions		
With credit rating from B- to B+	**229,453**	–
Eurobonds of Kazakhstani non-financial institutions		
With credit rating from BB- to BB+	**169,572**	–
	399,025	–

9. Trading securities

As at 31 December, trading securities comprised the following:

	2017	*2016*
Shares of foreign companies		
With credit rating from AAA- to AAA+	**18,054**	–
With credit rating from AA- to AA+	**54,644**	–
With credit rating from A- to A+	**59,165**	–
With credit rating from BBB- to BBB+	**36,024**	–
With credit rating from BB- to BB+	**25,213**	–
Without rating	**97,321**	–
Corporate bonds of Kazakhstani financial institutions		
With credit rating from BB- to BB+	**5,376**	5,859
	295,797	5,859

The credit ratings, disclosed in *Notes 8 and 9,* are presented in accordance with the standards of the Standard and Poor's rating agency or with similar standards of other international rating agencies.

10. Property and equipment

Movements of property and equipment were presented as follows:

	Vehicles	*Machinery and equipment*	*Other PPE*	*Total*
Cost				
At 31 December 2015	44,029	11,925	8,195	64,149
Additions	–	14,203	2,895	17,098
Disposals	–	(220)	(2,233)	(2,453)
At 31 December 2016	44,029	25,908	8,857	78,794
Additions	**17,011**	**6,393**	**2,303**	**25,707**
Disposals	**(7,899)**	**(2,510)**	**(1,205)**	**(11,614)**
At 31 December 2017	**53,141**	**29,791**	**9,955**	**92,887**
Accumulated depreciation				
At 31 December 2015	(7,541)	(7,110)	(4,762)	(19,413)
Charge for the year	(4,403)	(3,871)	(1,602)	(9,876)
Disposals	–	220	1,970	2,190
At 31 December 2016	(11,944)	(10,761)	(4,394)	(27,099)
Charge for the year	**(4,410)**	**(5,682)**	**(1,427)**	**(11,519)**
Disposals	**5,267**	**378**	**849**	**6,494**
At 31 December 2017	**(11,087)**	**(16,065)**	**(4,972)**	**(32,124)**
Net book value				
At 31 December 2015	36,488	4,815	3,433	44,736
At 31 December 2016	32,085	15,147	4,463	51,695
At 31 December 2017	**42,054**	**13,726**	**4,983**	**60,763**

(In thousands of tenge unless otherwise indicated)

11. Intangible assets

Movements of intangible assets were presented as follows:

	Licenses	*Software*	*Other intangibles*	*Total*
Cost				
At 31 December 2015	9,690	5,333	–	15,023
Additions	–	3,993	–	3,993
Transfers	(2,408)	2,357	51	–
At 31 December 2016	7,282	11,683	51	19,016
Additions	**1,280**	–	**2,476**	**3,756**
At 31 December 2017	**8,562**	**11,683**	**2,527**	**22,772**
Accumulated amortization				
At 31 December 2015	(6,028)	(1,328)	–	(7,356)
Charge for the year	(699)	(1,418)	(10)	(2,127)
Transfers	123	(108)	(15)	–
At 31 December 2016	(6,604)	(2,854)	(25)	(9,483)
Charge for the year	**(541)**	**(1,749)**	**(10)**	**(2,300)**
At 31 December 2017	**(7,145)**	**(4,603)**	**(35)**	**(11,783)**
Net book value				
At 31 December 2015	3,662	4,005	–	7,667
At 31 December 2016	678	8,829	26	9,533
At 31 December 2017	**1,417**	**7,080**	**2,492**	**10,989**

12. Taxation

The corporate income tax expenses comprise the following:

	2017	*2016*
Current income tax expense	**111,896**	23,368
Deferred tax expense	**1,246**	1,890
Corporate income tax expense	**113,142**	25,258

	2017	*2016*
Profit before corporate income tax expense	**573,448**	116,085
Statutory tax rate	**20%**	20%
Theoretical income tax expenses at the statutory rate	**114,690**	23,217
Non-taxable income		
Non-taxable income from securities listed on KASE at the date of such income accrual	**(2,499)**	–
Non-deductible expenses		
Other non-deductible expenses	**951**	2,041
	113,142	25,258

Kazakhstan legal entities are obliged to file corporate income tax declarations. In accordance with the tax legislation of the Republic of Kazakhstan, corporate income tax rate for 2017 and 2016 was 20%.

(In thousands of tenge unless otherwise indicated)

12. Taxation (continued)

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

	2015	*Origination and reversal of temporary differences in the income statement*	*2016*	*Origination and reversal of temporary differences in the income statement*	*2017*
Tax effect of deductible temporary differences					
Property and equipment and intangible assets	2,231	(1,332)	899	**(899)**	**–**
Impairment of available-for-sale securities	2,000	–	2,000	**–**	**2,000**
Reserve for unused vacations	1,956	(304)	1,652	**446**	**2,098**
Accrual for consulting services	743	457	1,200	**(118)**	**1,082**
Taxes other than income tax	713	(711)	2	**163**	**165**
Deferred tax asset	7,643	(1,890)	5,753	**(408)**	**5,345**
Tax effect of deductible temporary differences					
Property and equipment and intangible assets	–	–	–	**(838)**	**(838)**
Deferred tax liability	–	–	–	**(838)**	**(838)**
Net deferred tax asset	7,643	(1,890)	5,753	**(1,246)**	**4,507**

13. Other assets

As at 31 December, other assets comprised the following:

	2017	*2016*
Office rental guarantee payments	**10,981**	10,981
Advances paid for goods and services	**7,836**	2,322
Deferred expenses	**5,261**	5,832
Advance payments to employees	**3,775**	–
Guarantee deposit to KASE	**1,000**	1,000
Other assets	**1,461**	1,341
	30,314	21,476

14. Other liabilities

As at 31 December, other liabilities comprised the following:

	2017	*2016*
Payable to employees	**358,439**	178,057
Taxes payable other than corporate income tax	**37,261**	21
Reserve for unused vacations	**10,492**	8,259
Accounts payable	**1,090**	507
Other liabilities	**8,414**	7,358
	415,696	194,202

(In thousands of tenge unless otherwise indicated)

15. Share capital

As at 31 December 2017 and 2016, the Company has 800,000 issued common shares, 729,798 of which are fully paid by the shareholders.

	2017			2016		
	Placement quantity	*Placement price in KZT*	*Placement amount, in thousands of tenge*	*Placement quantity*	*Placement price in KZT*	*Placement amount, in thousands of tenge*
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
Total number of authorised, issued and paid common shares at 1 January	**729,798**		**744,798**	729,798		744,798
Common shares authorised, issued and paid during the year	**–**		**–**	–		–
Number of authorised, issued and paid common shares at 31 December	**729,798**		**744,798**	729,798		744,798

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

In 2017 and 2016, the Company did not declare and did not pay any dividends.

16. Commitments and contingencies

Political and economic environment

The 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 2017, the Kazakhstan economy continued to be negatively impacted by a significant volatility 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:

	2017	*2016*
Not later than 1 year	**10,981**	10,981
	10,981	10,981

(In thousands of tenge unless otherwise indicated)

17. Fee and commission income from asset management

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

	2017	*2016*
Fee and commission income from individual investors asset management	**1,233,674**	622,964
	1,233,674	622,964

In September 2013, the Company entered into agreement for asset management with SB Trust Management LLP under which the Company receives success fee on actually generated income/client's interest from financial instruments depending on type of income receivable. During 2016-2017, the Company placed assets under fiduciary management in short-term deposits in SB Sberbank JSC and Halyk Bank JSC with interest rate of 6.9%-10.5% per annum, securities, and loans issued to KazAzot LLP and Industrial Zone Ordabasy LLP at interest rates set in Trust management agreement. In 2017, commission income under Trust management agreement was equal to KZT 1,230,066 thousand (2016: KZT 619,855 thousand) *(Note 28)*.

18. Income from consulting and underwriting services

Income from consulting and underwriting services for the years ended 31 December comprised the following:

	2017	*2016*
Fee and commission income from consulting and underwriting services	**49,929**	19,014
	49,929	19,014

19. Interest income

Interest income for the years ended 31 December comprised the following:

	2017	*2016*
Reverse REPO transactions	**30,270**	5,782
Trading securities	**12,518**	483
Amounts due from credit institutions	**7,815**	4,578
	50,603	10,843

20. Income from brokerage and nominal holder services

Income from brokerage and nominal holder services for the years ended 31 December comprised the following:

	2017	*2016*
Fee and commission income from brokerage and nominal holder services	**235,215**	95,064
	235,215	95,064

(In thousands of tenge unless otherwise indicated)

21. Personnel expenses

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

	2017	*2016*
Salaries and other benefits	**643,480**	406,506
Social security contributions	**68,405**	42,277
	711,885	448,783

22. General and administrative expenses

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

	2017	*2016*
Rent expenses	**65,959**	46,362
Informational services	**36,531**	33,123
Office maintenance	**30,100**	48,545
Taxes other than corporate income tax	**22,883**	21,843
Professional services	**8,241**	8,768
Travel expenses	**6,502**	1,612
Bank charges	**4,584**	1,795
Communication	**3,979**	3,126
Representative expenses	**3,502**	–
Security and insurance	**3,307**	2,795
Advertisement	**2,007**	927
Charity	**1,200**	106
Membership fee	**817**	1,193
Personnel training and recruiting	**807**	378
Stationary and other supplies	**728**	1,625
Other	**1,309**	2,019
	192,456	174,217

23. 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)

23. 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.

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.

(In thousands of tenge unless otherwise indicated)

23. Risk management (continued)

Credit risk (continued)

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 2017:

	AAA	*AA*	*A*	*BBB*	*BB*	*B*	*No credit rating*	*31 December 2017 Total*
Cash and cash equivalents (except for cash on hand)	–	–	–	–	**470,173**	–	–	**470,173**
Amounts due from credit institutions	–	–	–	–	**150,782**	–	–	**150,782**
Commission receivable	–	–	–	–	–	–	**74,874**	**74,874**
Available-for-sale securities	–	–	–	–	**169,572**	**229,453**	–	**399,025**
Trading securities	**18,054**	**54,644**	**59,165**	**36,024**	**30,589**	–	**97,321**	**295,797**

Below is the classification of the Company's financial assets based on credit ratings as at 31 December 2016:

	BB	*B*	*No credit rating*	*31 December 2016 Total*
Cash and cash equivalents (except for cash on hand)	335,393	–	–	335,393
Amounts due from credit institutions	–	267,181	–	267,181
Commission receivable	–	–	87,077	87,077
Trading securities	5,859	–	–	5,859

Geographical concentration

Investment Committee of the Company 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.

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.

(In thousands of tenge unless otherwise indicated)

23. Risk management (continued)

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.

Currency	*Change in exchange rates in % 2017*	*Effect on profit before tax 2017*	*Change in exchange rates in % 2016*	*Effect on profit before tax 2016*
US dollar	**10.00%**	**87,858**	13.00%	37,108
	-10.00%	**(87,858)**	-13.00%	(37,108)
EUR	**–**	**–**	15.00%	283
	–	**–**	-15.00%	(283)

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.

24. 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, 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)

24. 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.

		Fair value measurement with the use of			
As at 31 December 2017	***Date of valuation***	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***	***Total***
Assets measured at fair value					
Trading securities	31 December 2017	**295,797**	–	–	**295,797**
Available-for-sale securities	31 December 2017	**399,025**	–	–	**399,025**
Assets and liabilities for which fair value is disclosed					
Cash and cash equivalents	31 December 2017	**470,776**	–	–	**470,776**
Amounts due from credit institutions	31 December 2017	–	–	**150,782**	**150,782**
Commission receivable	31 December 2017	–	–	**74,874**	**74,874**
Other liabilities	31 December 2017	–	–	**(1,090)**	**(1,090)**

		Fair value measurement with the use of			
As at 31 December 2016	***Date of valuation***	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***	***Total***
Assets measured at fair value					
Trading securities	31 December 2016	5,859	–	–	5,859
Assets and liabilities for which fair value is disclosed					
Cash and cash equivalents	31 December 2016	335,442	–	–	335,442
Amounts due from credit institutions	31 December 2016	–	–	267,181	267,181
Commission receivable	31 December 2016	–	–	87,077	87,077
Other liabilities	31 December 2016	–	–	(507)	(507)

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 amount.

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)

25. 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:

	2017			2016		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Assets						
Cash and cash equivalents	**470,776**	–	**470,776**	335,442	–	335,442
Amounts due from credit institutions	**150,782**	–	**150,782**	267,181	–	267,181
Commission receivable	**74,874**	–	**74,874**	87,077	–	87,077
Trading securities	**295,797**	–	**295,797**	5,859	–	5,859
Available-for-sale securities	–	**399,025**	**399,025**	–	–	–
Property and equipment	–	**60,763**	**60,763**	–	51,695	51,695
Intangible assets	–	**10,989**	**10,989**	–	9,533	9,533
Deferred corporate income tax assets	–	**4,507**	**4,507**	–	5,753	5,753
Current corporate income tax prepaid	**563**	–	**563**	31,838	–	31,838
Other assets	**30,314**	–	**30,314**	21,476	–	21,476
Total	**1,023,106**	**475,284**	**1,498,390**	748,873	66,981	815,854
Liabilities						
Other liabilities	**415,696**	–	**415,696**	194,202	–	194,202
Total	**415,696**	–	**415,696**	194,202	–	194,202
Net position	**607,410**	**475,284**	**1,082,694**	554,671	66,981	621,652

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 2016, the Company concluded an agreement on fiduciary management with one of the Company's shareholders. The Company received commission income for the total amount of KZT 1,633 thousand under this agreement (2016: 714 thousand).

In 2017, the Company also concluded an agreement with SB Capital LLP on services related to clients attraction. In 2017, total expenses under this agreement were equal to KZT 31,832 thousand.

Compensation to key management personnel

Below is information about remuneration to 3 members of key management personnel (in 2016: 3):

	2017	*2016*
Salaries	**197,610**	183,188
Social security contributions	**21,743**	19,614
Total compensation to key management personnel	**219,353**	202,802

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 2017, 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.

(In thousands of tenge unless otherwise indicated)

27. Capital adequacy (continued)

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.

At 31 December, 2017 the Company was in compliance with NBRK requirements.

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

	2017	*2016*
Liquid assets	**1,269,722**	690,067
Liabilities	**(415,696)**	(194,202)
Net liquid assets	**854,026**	495,865
Minimum capital established by the NBRK	**259,200**	259,200
Capital adequacy ratio	**3.29**	1.91

28. 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 held in a fiduciary capacity are not included in the statement of financial position.

As at 31 December 2017, the Company provided services on fiduciary management to three clients, a legal entity and two individuals. Total assets transferred to fiduciary management were equal to KZT 23,051,416 thousand and included securities, deposits, placed in commercial banks, cash and cash equivalents and loans receivable (as at 31 December 2016: one agreement with a legal entity, which assets transferred to fiduciary management were equal to KZT 23,113,665 thousand).

As at 31 December 2016, the Company provided services to Joint Stock Venture "Investment Fund "Alem Capital" under the fiduciary management agreement. On 24 June 2016, the Fund transferred assets to the Company in the amount of KZT 889,449 thousand for fiduciary management. As at 31 December 2016, total Fund's assets, transferred for fiduciary management, was equal to KZT 916,718 thousand and included cash and cash equivalents on current accounts in the bank, trading securities, and investments in associate of the Fund.

In March 2017, the fiduciary management agreement with Joint Stock Venture "Investment Fund "Alem Capital" has been matured.

STATEMENT ON ASSETS OF "INVESTMENT FUND "ALEM CAPITAL" JSV, TAKEN FOR INVESTMENT MANAGEMENT BY SKYBRIDGE INVEST JSC

As at 31 December 2017

(In thousands of tenge)

	2017	*2016*
Assets		
Cash and cash equivalents	–	137,220
Trading securities	–	707,221
Investments in an associate	–	72,277
Total assets available to the Fund	–	916,718
Liabilities		
Accounts payable to SkyBridge Invest JSC	–	(389)
Other liabilities	–	(373)
Total liabilities	–	(762)
Net assets available to the Fund	–	915,956

STATEMENT OF PROFIT OR LOSS ON ASSETS OF "INVESTMENT FUND "ALEM CAPITAL" JSV TAKEN FOR INVESTMENT MANAGEMENT BY SKYBRIDGE INVEST JSC

For the year ended 31 December 2017

(In thousands of tenge)

	2017	*2016*
Net assets of the Fund taken for investment management on 1 January 2017	**915,956**	889,449
Dividends income	**631**	12,851
Net (loss)/income from trading securities	**(14,983)**	4,014
Net gain from revaluation of securities	**109,927**	50,956
Other income	**24**	38
Net revaluation loss from operations in foreign currencies	**(18,759)**	(6,199)
Net loss from change in fair value of trading securities	**(4,922)**	(25,433)
Dealing loss	**(105)**	(6)
Commission expense to investment manager	**(784)**	(2,344)
Commission expense to custody	**(213)**	(664)
Commission expense to other third parties	**(561)**	(1,024)
Other expenses	**(1,000)**	(5,682)
Assets withdrawal by the Fund	**(985,211)**	–
Change in net assets for the period	**(915,956)**	26,507
Net assets of the Fund taken for investment management as at 31 December 2017	**–**	915,956