

**LIMITED LIABILITY PARTNERSHIP**  
**"MOI insurance broker"**

**Consolidated financial statements**  
for the year ended on December 31, 2019

**with Audit Report complied by independent auditors**

**LIMITED LIABILITY PARTNERSHIP**  
**"MOI insurance broker"**

**CONTENTS**

CONFIRMATION OF HEADSHIP RESPONSIBILITY FOR COMPILATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019	<b>Page</b> 3
AUDIT REPORT OF INDEPENDENT AUDITORS	4 - 5
<b>CONSOLIDATED FINANCIAL STATEMENT:</b>	
Consolidated statement of financial position	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10-30

## "MOI INSURANCE BROKER" LLP

### CONFIRMATION OF HEADSHIP RESPONSIBILITY FOR COMPILATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Management is responsible for preparing consolidated financial statements that reliably reflect the financial position of the "MOI insurance broker" LLP and its subsidiary (hereinafter referred to as the "Group") as of December 31, 2019, as well as operating results, changes in equity and cash flow during the year ended December 31, 2019, in accordance with International Financial Reporting Standards (hereinafter referred to as IFRS).

In preparing the consolidated financial statements, management is responsible for:


- selection of proper accounting principles and their consistent application;
- application of reasonable methods and values of estimation and calculation;
- compliance with IFRS;
- disclosure of additional information in cases the compliance with IFRS requirements is not enough for users to understand the impact of certain transactions, as well as of other events or conditions, on the financial status and financial performance of the Group; and
- preparation and compilation of consolidated financial statements based on the assumption that the Group will continue its activity in the foreseeable future, unless such an assumption is illegitimate.

Management is also responsible for:

- development, implementation and maintenance of an efficient and reliable internal control system of the Group;
- maintaining an accounting system to be available to provide information concerning the Group's consolidated financial status at any time with sufficient accuracy and to ensure that consolidated financial statements comply with IFRS requirements;
- accounting in accordance with the legislation of the Republic of Kazakhstan;
- taking measures within its competence to secure the Group's assets;
- detection and prevention of fraud, errors and other abuses.

The Management reasonably assumes that the Group will continue its activities in the foreseeable future. The Group's consolidated financial statements are therefore prepared in accordance with the principle of continuous operation.

These consolidated financial statements for the year ended December 31, 2019 were approved by the Group's management and approved on April 15, 2020.

  
Kassymkanova Gaukhar Amanfayevna  
Managing Director



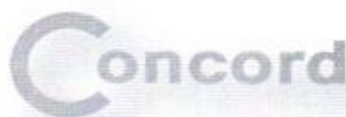
  
Turlybekova Dinara Orymbayevna  
Chief accountant

April 15, 2020



"Concord" Independent Auditor  
Company»  
Limited Liability  
Partnership

Almaty City Aimanov street 140, 8 a  
Tel.: 727 225 81 25  
Fax: 727 225 81 35  
E-mail: [audit@concord.com.kz](mailto:audit@concord.com.kz)



Limited Liability  
Partnership  
"Concord" Independent Auditing  
Company"  
room 8a, 140, Aimanov Str., Almaty  
Tel.: 727 225 81 25  
Fax: 727 225 81 35  
E-mail: [audit@concord.com.kz](mailto:audit@concord.com.kz)

## **AUDIT REPORT OF INDEPENDENT AUDITORS**

### **The shareholders and the management of "MOI insurance broker" LLP**

#### **Expert Opinion**

We have audited the consolidated financial statements of "MOI insurance broker" LLP and its subsidiary (hereinafter referred to as the "Group"), consisting of a consolidated statement of financial position as of December 31, 2019, a consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, as well as notes to the consolidated financial statements, including a summary of accounting policies.

In our opinion, the attached consolidated financial statements present fairly, in all material respects, the financial status of the Group as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International financial reporting standards ("IFRS").

#### **Reason for the Expert Opinion**

The audit was implemented in accordance with International Standards on Auditing (ISA). Our responsibilities defined in accordance with these standards are described further in the section "Auditor's Responsibility for the Audit of Consolidated Financial Statements" of our independent auditors' report. We are independent in relation to the Group in accordance with the Code of Professional Ethics for Accountants of the International Ethics Standards Board for Accountants (Code ESBM) and ethical requirements applicable to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled other ethical obligations in accordance with these requirements and Code ESBM. We believe that the audit evidence we have obtained is sufficient and appropriate to be a reason for our expert opinion.

#### **Other information**

The audit of the consolidated financial statements of "MOI insurance broker" LLP for the year ended December 31, 2018 was conducted by another auditor who expressed an unmodified opinion on these statements on March 26, 2019.

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

Management is responsible for the compilation and reliable presentation of these consolidated financial statements in accordance with IFRS, as well as for the internal control system considered by the management as necessary for the preparation of consolidated financial statements containing no essential misstatements due to fraud or errors.

When preparing and compiling the consolidated financial statements, management is responsible: for assessing the Group's ability to keep on its activity continuously, for disclosing, if appropriate, information relating to the business continuity, and for reporting on the basis of the going concern assumption, unless management intends to close down the Group, to go out the business, or when there is no other reasonable alternative than liquidation or termination of business activities

Corporate governance persons are also responsible for supervising the preparation of the Group's consolidated financial statements.

#### **Auditor's responsibility for auditing consolidated financial statements**

Our task is to obtain reasonable assurance that the consolidated financial statements are free from essential misstatement due to fraud or error, and to issue an audit report with our expert opinion. Reasonable assurance is a high degree of certainty, but it does not guarantee that an audit conducted in accordance with



International Standards on Auditing always reveals essential misstatement, if any. Misstatements can be the result of fraud or error and are considered as essential if be reasonably assumed that, individually or in combination, they can affect the economic decisions of users taken based on the consolidated financial statements.

As part of an audit conducted in accordance with the ISA, we apply professional judgment and maintain professional scepticism throughout the audit. In addition, we do the following:

- identify and assess the risks of essential misstatement of consolidated financial statements due to fraud or error; develop and conduct audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to be a reason for our expert opinion. The risk of non-detection of essential distortion as a result of fraud is higher than the risk of non-detection of essential distortion as a result of an error, because fraud can include collusion, forgery, data absence or misrepresentation intentionally, as well as bypassing the internal control system;
- we gain an understanding of the internal control system related to the audit in order to develop audit procedures appropriate to the circumstances, but not for the purpose of expressing the opinion regarding to the effectiveness of the Group's internal control system;
- we assess the proper nature of the accounting policies used and the validity of estimated values, and appropriate disclosure of data prepared by the management;
- we make a conclusion concerning legitimacy of the management's use of the going concern assumption as the basis of accounting, and make a conclusion, based on the audit evidence obtained, whether there is a significant uncertainty in connection with events or conditions that may result in significant doubts about the Group's ability to continue its activities. If we conclude that there is significant uncertainty, we should pay attention in our audit report of independent auditors to the relevant information disclosed in the consolidated financial statements or, if this disclosure is not enough, we should modify our opinion. Our findings are based on audit evidence obtained before approval date of our independent audit report. However, future events or conditions may cause the Group to lose its ability to continuous activity;
- we assess the overall presentation of the consolidated financial statements, their structure and content, including information disclosure, as well as assessments of whether the consolidated financial statements represent the underlying operations and events to be understandable in a reliable way.
- we obtain sufficient appropriate audit evidence regarding the Group's consolidated financial information in order to give an opinion on the consolidated financial statements. We are responsible for the general guidance, control and implementation of audit of the Group. We are fully responsible for our qualified opinion.

We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among others, the information regarding to audit planned scope and timing, and essential issues that attracted the attention of the auditor, including significant deficiencies in the internal control system revealed in the course of audit.

  
R.Zh. Slambekova  
Auditor/ Director General  
"Concord" Independent Auditing Company", LLP  
Auditor qualification certificate  
№ MF-0000100 d/d 03 September 2012



  
State license for engaging in auditing activities  
for the series МФО-2, № 0000084, issued by  
the Ministry of Finance of the Republic of  
Kazakhstan dated March 5, 2012

April 15, 2020  
Almaty city




"MOI insurance broker" LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF  
AS OF DECEMBER 31, 2019

(in thousands of Kazakhstani Tenge (KZT))

	Notes	31.12.2019	31.12.2018
<b>Assets</b>			
<b>Short-term assets</b>			
Cash and cash equivalents	6	5 037	11 327
Other short-term financial assets	7	51 791	30 970
Short-term trade and other receivables	8	171 499	320 372
Inventories		1 625	1 374
Other current assets	9	2 941	1 785
<b>Total short-term assets</b>		<b>232 893</b>	<b>365 828</b>
<b>Long-term assets</b>			
Other long-term financial assets	7	260 431	212 150
Fixed assets	10	104 985	105 452
Intangible assets	11	5 379	6 152
		<b>370 795</b>	<b>323 754</b>
<b>Total assets</b>		<b>603 688</b>	<b>689 582</b>
<b>Own capital and liabilities</b>			
<b>Current liability</b>			
Short-term trade and other receivables	12	162 472	263 636
Short-term reserves	13	9 296	7 653
Current corporate tax liability		13 076	14 984
Employee benefits		2 061	4 140
Other current liabilities	14	4 688	5 368
<b>Total short-term liabilities</b>		<b>191 593</b>	<b>295 781</b>
<b>Long term liabilities</b>			
Deferred tax liability	21	8 893	8 132
<b>Total long-term liabilities</b>		<b>8 893</b>	<b>8 132</b>
<b>Total liabilities</b>		<b>200 486</b>	<b>303 913</b>
<b>Own capital</b>			
Authorized Capital (Share Capital)	15	10 000	10 000
Allowances (Reserves)	15	16 413	13 752
Net surplus		376 576	361 628
Share of non-controlling owners		213	289
<b>Total own capital</b>		<b>403 202</b>	<b>385 669</b>
<b>Total own capital and liabilities</b>		<b>603 688</b>	<b>689 582</b>

  
Kassymkanova Gaukhar Amantayevna  
Managing Director

April 15, 2020



  
Turlybekova Dinara Orymbayevna  
Chief accountant

The consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements presented on pages 10–30.




"MOI insurance broker" LLP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019


(in thousands of Kazakhstani Tenge (KZT))

	Notes	2019	2018
Income from brokerage activities	16	359 418	261 124
Income from financing		3 613	2 750
Net income (expenses) from foreign currency conversion (net)	17	4 303	18 353
Other operating income (expenses), net	18	(3 012)	5 037
<b>Total operating income</b>		<b>364 322</b>	<b>287 264</b>
Expenses for payment of commission fees for insurance activities	19	(18 064)	(13 488)
Gross and administrative expenditures	20	(280 609)	(201 312)
<b>Total operating expenses</b>		<b>(298 673)</b>	<b>(214 800)</b>
<b>Before-tax income</b>		<b>65 649</b>	<b>72 464</b>
Income tax expense	21	(14 761)	(15 270)
<b>Profit for the year attributable to:</b>		<b>50 888</b>	<b>57 194</b>
Owners of the parent organization		50 948	57 273
Share of non-controlling owners		(60)	(79)
<b>Other aggregate profit</b>			
Revaluation of property, plant and equipment (minus tax effect)		3 005	3 698
Provision for conversion of the reporting currency (minus the tax effect)		(360)	699
<b>Total other comprehensive income for the year, net of taxes</b>		<b>2 645</b>	<b>4 397</b>
<b>Total comprehensive income for the year attributable to:</b>		<b>53 533</b>	<b>61 591</b>
Owners of the parent organization		53 593	61 670
Share of non-controlling owners		(60)	(79)

  
Kassymkanova Gaukhar Amantayevna  
Managing Director

April 15, 2020



  
Turlybekova Dinara Orymbayevna  
Chief accountant

Consolidated statement of profit or loss and other gross income should be read together with notations to the consolidated financial statements, presented on pages 10–30.





"MOI insurance broker" LLP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Kazakhstani Tenge (KZT))

	Authorize d Capital (Share Capital)	Revaluation reserve for property, plant and equipment	Net surplus	Reporting currency conversion reserve	Share of non- controlling owners	Total equity
As of January 1, 2019	10 000	13 656	361 724	-	289	385 669
Correctives	-	-	(96)	96	-	-
As of January 1, 2019 (recalculated)	10 000	13 656	361 628	96	289	385 669
Profit for the period	-	-	50 948	-	(60)	50 888
Increase from revaluation of fixed assets (minus the tax effect)	-	3 005	-	-	-	3 005
Exchange rate difference on investments in foreign organizations (minus tax effect)	-	-	-	(344)	(16)	(360)
<b>Total comprehensive income</b>	-	3 005	50 948	(344)	(76)	53 533
Dividends	-	-	(36 000)	-	-	(36 000)
As of December 31, 2019	-	16 661	376 576	(248)	213	403 202
On January 1, 2018	10 000	9 958	369 120	-	-	389 078
Profit for the period	-	-	57 273	-	(79)	57 194
Increase from revaluation of fixed assets	-	-	-	-	-	-
Exchange rate difference on investments in foreign organizations (minus tax effect)	-	3 698	-	-	-	3 698
<b>Total comprehensive income</b>	-	3 698	699	-	-	699
Dividends	-	-	57 972	-	(79)	61 591
Other operations with owners	-	-	(65 000)	-	-	(65 000)
As of December 31, 2018	10 000	13 656	361 724	(368)	368	-
As of December 31, 2019	10 000	13 656	361 724	-	289	385 669

Kassymkanova Gaukhar Amantayevna  
Managing Director

April 15, 2020

Turlybekova Dinara Orymbayevna  
Chief accountant

The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements presented on pages 10-30.




"MOI insurance broker" LLP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

(in thousands of Kazakhstani Tenge (KZT))

	Notes	2019	2018
Before-tax income		65 649	72 464
<i>Correctives:</i>			
Depreciation and amortisation	10.11	6 515	5 439
Expenses for creating a reserve for unused vacations	13	1 643	-
Other adjustments for non-monetary items		(4)	(1 313)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>73 803</b>	<b>76 590</b>
<i>(Increase) decrease in operating assets</i>			
Changes in other financial assets	7	(69 102)	108 294
Changes in trade and other receivables	8	148 873	(240 098)
(Increase) decrease in other assets	9	(1 407)	(202)
<i>Increase (decrease) in operating liabilities</i>			
Changes in trade and other payables	12	(100 441)	185 917
Changes in other short-term liabilities	13.14	(2 759)	(36 142)
<b>Net cash flows from operating activities before corporate income tax</b>		<b>48 967</b>	<b>94 359</b>
Payment of corporate income tax		(16 049)	(15 270)
<b>Net cash flows from operating activities</b>		<b>32 918</b>	<b>79 089</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets and intangible assets	10.11	(1 519)	(4 292)
<b>Net cash used in investing activities</b>		<b>(1 519)</b>	<b>(4 292)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	15	(36 000)	(65 000)
<b>Net cash used from financial activity</b>		<b>(36 000)</b>	<b>(65 000)</b>
<b>Net change in cash and cash equivalents</b>		<b>(4 601)</b>	<b>9 797</b>
Effect of currency exchange rate changes on cash and cash equivalents		(1 689)	699
<b>Balance of money and cash equivalents as of January 01</b>	<b>6</b>	<b>11 327</b>	<b>831</b>
<b>Balance of cash and cash equivalents as of December 31</b>	<b>6</b>	<b>5 037</b>	<b>11 327</b>

  
Kassymkanova Gaukhar Amantayevna  
Managing Director

April 15, 2020



  
Turlybekova Dinara Orymbayevna  
Chief accountant

The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements presented on pages 10-30.



## 1. General provisions

Limited Liability Partnership "MOI insurance broker" (hereinafter referred to as "Company") is a legal entity and operates on the basis of the current legislation of the Republic of Kazakhstan and the Charter.

The Company was established and registered in the Justice Administration of Medeu district of the Justice Department of Almaty city on July 08, 2005. The date of the last re-registration is April 25, 2017. The re-registration was carried out due to a change in the composition of shareholders.

The Company is registered as a taxpayer in the Tax Committee of Almaty in Medeu district. Taxpayer certificate Series 60 No. 0096816 confirms state registration as a taxpayer since July 11, 2005, BIN 050740002486, re-registration on April 25, 2017.

The authorized capital of the Company is formed in the amount of 10,000,000 (ten million) tenge. The Company's Charter was approved by the General meeting of shareholders on May 11, 2017.

As of December 31, 2019 and 2018, the Company owns a 95% interest in "MOI Insurance Brokers Asia" LLC, which was established by a decision of the meeting of shareholders dated November 12, 2018 in the territory of the Republic of Uzbekistan, and is included in the Group's consolidated financial statements.

The last controlling party of the Group is an individual citizen of the Republic of Kazakhstan Kassymkanova G. A.

Information about shareholders as of December 31, 2019 and 2018:

Shareholder	Share (%)	
	December 31, 2019	December 31, 2018
Kassymkanova Gaukhar Amantayevna	40	40
GEORGE YARD INVESTMENT LIMITED	25	25
Smanov Yerbol Yergenovich	25	25
Turlybekova Dinara Orymbayevna	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

The company "GEORGE YARD INVESTMENT LIMITED" is registered in the United Kingdom, certificate of registration, company registry code No. 4929116 issued at the Companies Registration Office of Cardiff on October 10, 2003.

The management bodies of the Partnership are:

- the highest body is the General meeting of shareholders;
- sole executive body is a Managing Director;
- controlling body is the Board of Internal Auditors or Auditor.

## Principal Activities

The main activity of the Group is brokerage and intermediary activities in the field of insurance and reinsurance. The Group operates under license No. 2.3.33 for the right to operate as an insurance broker for concluding insurance and reinsurance contracts, issued on February 08, 2019 by the National Bank of the Republic of Kazakhstan.

The Group's registered office is located at: 050059, the Republic of Kazakhstan, Almaty, Medeu district, 248 N. Nazarbayeva Avenue.

The Group does not have branches or representative offices in the regions or outside the Republic of Kazakhstan.

The average annual number of employees of the Partnership as of December 31, 2019 is 21 people and as of December 31, 2018 is 19 people.





## 2. Basis of preparation of consolidated financial statements

### Declaration of conformity

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the International Accounting Standards Committee (IASC).

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at each reporting date as explained below.

These consolidated financial statements are presented in thousands of tenge, unless otherwise indicated. Two fundamental assumptions were used in the preparation of the consolidated financial statements: the use of the accrual method and the going concern principle.

### Accrual basis

Accounting for financial and economic transactions is based on the accrual basis, i.e. the results of transactions and other events are recognized when they occur, are accounted for in the reporting period and are recognized in the financial statements of the reporting periods in which they occurred.

The consolidated financial statements, prepared on an accrual basis, inform users not only of past transactions related to the payment and receipt of funds, but also of obligations to pay money in the future, and of resources representing funds to be received in the future.

### The principle of continuity of activities

The consolidated financial statements have been prepared taking into account the fact that the Group is proceeding its business activity and going to continue its business activity in the foreseeable future. Thus, the Group is assumed to have no intention or need to liquidate itself or substantially reduce the range activity. These financial statements do not include any adjustments necessary if the Group was unable to continue its financial and economic activities on the basis of the principle of continuity.

### Functional currency

The functional currency of the Group is the currency of the main economic environment in which the Group operates. Both functional and reporting currency of the Group is the national currency of the Republic of Kazakhstan, i.e. Kazakhstan tenge (hereinafter "tenge"). All values are rounded to the nearest thousand tenge, unless otherwise indicated.

## 3. Changes in accounting policies and information disclosure principles

New standards, interpretations and amendments to existing standards and interpretations applied by the Group for the first time.

The accounting policies adopted in the preparation of consolidated financial statements comply with the policies applied in the preparation of consolidated financial statements by the Group for the year ended December 31, 2018, with the exception of the adopted new standards entered into force on January 1, 2019. The group has not applied any other standards, clarifications or amendments that have been issued, but have not yet entered into force.

The Group applies IFRS 16 "Lease" for the first time. The group also applied some other amendments and clarifications for the first time in 2019, but they had no impact on its consolidated financial statements.

### IFRS 16 "Leases"

IFRS 16 substitutes IAS 17 "Lease", Clarification of IFRIC 4 "Determining the presence of lease signs in the agreement", Clarification of SIC 15 "Operating lease - incentives" and Clarification of SIC 27 "Determination of operations having a legal form of lease." The standard is established on the basis of principles for the recognition, measurement, presentation and disclosure of leases and requires tenants to reflect all leases using a single accounting model in the balance sheet. The accounting treatment for the





lessor in accordance with IFRS 16 is almost unchanged compared with IAS 17. Lessors will continue to classify leases with use of the same classification principles as in IAS 17, distinguishing two types of leases: operating and financial.

The Group has applied IFRS 16 using a modified retrospective method since January 1, 2019. According to this method, the standard is applied retrospectively with recognition of the cumulative effect of the initial application of the standard at the date of initial application.

The Group decided to use release of recognition for contracts of lease for which the lease term at the start date of the lease is no more than 12 months and which do not contain a purchase option (short-term lease), as well as for the contracts of lease in which the underlying asset has a low cost (leases of low value assets).

#### *Impact of adoption of IFRS 16*

The Group has a warehouse lease agreement. Prior to applying IFRS 16, the Group classified the contract of lease at the start date as an operating lease. All lease payments were recognized as lease expenses in profit or loss over the lease term. All lease prepayments and accrued lease payments were recorded as "Advances issued" and "Short-term debt to suppliers and contractors", respectively.

#### *Short-term lease*

The Group applies the recognition exemption to short-term leases. Lease payments are charged to expenses on a straight-line basis over the lease term. The lease agreement does not contain a purchase option or an extension option and is concluded for a period of less than 12 months.

Assessing the lease term and analysing the duration of the lease period not subject to early termination, the Group applies the definition of the contract and determines the period during which the contract is protected. The lease is no longer protected if both the lessee and the lessor have the right to terminate the lease without the other party's permission.

The following clarifications and amendments are applied for the first time in 2019 and have not had an impact on the Group's consolidated financial statements:

- Clarification of IFRIC 23 *"Uncertainty regarding the rules for calculating the income tax"*;
- Amendments to IFRS 9 - *"Potential Negative Indemnity Premature Redemption Terms"*
- Amendments to IAS 19 - *"Alterations to the program, reduction of the program, or redemption of the program commitments"*
- Amendments to IAS 28 - *"Long-term investments in Associates and Joint Ventures"*
- Annual improvements to IFRS for the period 2015-2017:
  - IFRS 3 *"Business Associations"*
  - IFRS 11 *"Joint Venture"*
  - IAS 12 *"Income Taxes"*
  - IAS 23 *"Borrowing Costs"*

#### **4. Standards issued, but not yet valid**

The following are the new standards, amendments to standards and interpretations which were in issue but not yet entered into force at the date of issuance of the consolidated financial statements of the Group. The group intends to apply these standards, amendments and clarifications, if applicable, from the date they become valid.





### IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFRS 17 "Insurance Contracts" as a new comprehensive financial reporting standard for insurance contracts that deals with the recognition and measurement, presentation and disclosure of information. When IFRS 17 enters into force, it will substitute IFRS 4 "Insurance Contracts" issued in 2005.

IFRS (IFRS) 17 is applied to all types of insurance contracts (i.e. life insurance and non-life insurance, direct insurance and reinsurance) regardless of the type of organization that issues them, as well as to certain guarantees and financial instruments with discretionary terms.

There are some scope exceptions. The main purpose of IFRS (IFRS) 17 is to provide an accounting model for insurance contracts, which is more efficient and consistent for insurers.

Unlike IFRS 4 requirements, which are mainly based on previous local accounting policies, IFRS 17 provides a comprehensive accounting model for insurance contracts, covering all relevant aspects of accounting.

The basis of IFRS 17 is a general model, supplemented by the following:

- Certain modifications to insurance contracts with direct participation terms (variable remuneration method);
- The simplified approach (premium-based approach) is mainly for short-term contracts.

IFRS 17 is effective for annual periods beginning on or after January 01, 2021 and is required to provide comparative information. Early application is allowed provided that the Group applies also IFRS 9 and IFRS 15 on or before the date of the first application of IFRS 17. This standard is not applicable to the Group.

### 5. Basic accounting policies

#### Foreign currency conversion

The Group's consolidated financial statements are presented in tenge, which is the functional currency of the Group. The tenge is the currency of the main economic environment in which the Company operates. The functional currency of "MOI Insurance Brokers Asia" LLC, a foreign subsidiary, is Uzbekistani soms.

Transactions in foreign currencies are initially recorded by the Group's companies in their functional currency at the spot exchange rate at the date when the transaction meets the recognition criteria. Monetary assets and liabilities denominated in foreign currencies are translated at the official exchange rate in effect at the reporting date set by the Kazakhstan Stock Exchange (the "KSE") and published by the National Bank of the Republic of Kazakhstan (the "NBRK"). All differences are recognized in profit or loss in the consolidated income statement. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rates prevailing at the date of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rates at the date when the fair value was determined.

The following official exchange rates established by the National Bank of the Republic of Kazakhstan were used for the preparation of the consolidated financial statements:

	31.12.2019	31.12.2018
USD	382.59	384.20
Euro	429.00	439.37
100 Uzbekistani soms	4.03	4.61

Upon consolidation, the assets and liabilities of a foreign subsidiary of "MOI Insurance Brokers Asia" LLC are converted to tenge at the exchange rate prevailing at the reporting date, and the items in the consolidated





income statement of the subsidiary are translated at the exchange rate in effect at the time of transactions. The exchange difference in such translation is recognised in other comprehensive income.

#### ***Monetary assets***

Cash includes cash in banks and on hand and short-term demand deposits with maturities of less than three months. All non-cash transactions are carried out through authorized banks.

Cash with a withdrawal limit of more than three months is included in other short-term or long-term assets. The cash flow statement is generated using the indirect method.

#### ***Fixed-term deposits***

Fixed-term deposits include deposits with a maturity of more than three months. Such deposits are classified as short-term and long-term financial assets.

#### ***Financial instruments***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual relationship of the relevant financial instrument. Financial assets and financial liabilities are initially assessed at fair value.

Transaction costs that are directly associated with the acquisition or issue of financial assets and financial liabilities (except for financial assets and financial liabilities reflected at fair value through profit or loss) increase or decrease, respectively, the fair value of financial assets or financial liabilities upon initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities reflected at fair value through profit or loss are recognized directly as a part of profit or loss.

All assets and liabilities, which fair value is measured or disclosed in the financial statements, are classified within the hierarchy of fair value sources described below based on the lowest level inputs that are essential for measuring fair value in total:

- *Level 1 - Market price quotations in an active market for identical assets or liabilities (without any adjustments);*
- *Level 2 - Valuation models that contain material for the assessment of the fair value of the initial data relating to the lowest level of the hierarchy, are directly or indirectly observable in the market;*
- *Level 3 - Valuation models that contain material for the assessment of the fair value of the initial data relating to the lowest level of the hierarchy, are not observable in the market.*

#### ***Subsequent classification***

##### ***Financial assets***

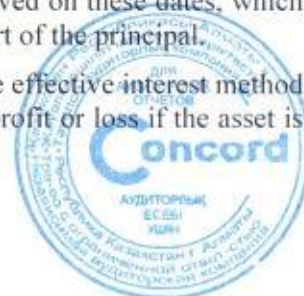
For subsequent classification purposes, financial assets are classified as financial assets at amortised cost (debt instruments) or as financial assets at fair value.

##### ***Financial assets at amortised cost (debt instruments)***

The Group estimates financial assets at amortised cost if the following conditions are met:

- a financial asset is held within a business model, the purpose of which is to hold financial assets to obtain contractual cash flows; and
- the contractual terms of the financial asset cause cash flows to be received on these dates, which are exclusively payments of principal and interest on the outstanding part of the principal.

Financial assets measured at amortised cost are subsequently measured using the effective interest method and are subject to impairment requirements. Profit or losses are recognized in profit or loss if the asset is derecognized, modified or impaired.





The Group classifies trade and other receivables and funds in credit institutions (bank deposits, cash and cash equivalents) as financial assets measured at amortised cost.

*Financial assets at fair value through profit or loss*

The category of financial assets at fair value through profit or loss includes financial assets held for sale classified at the group's discretion at initial recognition as at fair value through profit or loss.

Financial assets for which cash flows are not exclusively payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model used.

*Financial assets at fair value through other comprehensive income*

The group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- a financial asset is held within a business model whose objective is obtaining as stipulated in the contract cash flows and selling financial assets; and
- the contractual terms of the financial asset cause cash flows to be received on these dates, which are exclusively payments of principal and interest on the outstanding part of the principal.

At the reporting date, the Group has no financial assets of this category.

*Impairment*

IFRS 9 requires the Group to represent the allowance for expected credit losses for all loans and other debt financial assets not at fair value through profit or loss.

Expected credit losses are calculated as the difference between the cash flows owed to the Group in accordance with the contract and all cash flows expected by the Group to receive. The shortfall is then discounted at a rate approximately equal to the initial effective interest rate for the asset.

In respect of trade and other receivables, the Group applies the simplified approach provided for in the standard and calculates the expected credit losses over the entire period. The matrix of valuation allowances was used by the Group based on its past experience in incurring credit losses adjusted to the forecast factors specific to borrowers and total economic environment.

For the bank cash and deposits, expected credit losses are calculated for a 12-month period. 12-month expected credit losses are part of the expected credit losses for the entire period, which are expected losses that arise as a result of defaults on the financial instrument, possible within 12 months after the reporting date. However, in the event of a significant increase in the credit risk of a financial instrument since its initial recognition, the loss allowance is estimated at an amount equal to the expected credit losses over the entire term.

The Group believes that the financial asset defaults, if payments under the contract are overdue by 60 days. However, in certain cases, the Group may also conclude that the financial asset was defaulted, if internal or external information indicates the Group is unlikely to receive the full amount of the remaining payments provided for in the contract, without taking into account credit enhancement mechanisms kept by the Group.

As at each reporting date, the Group creates an allowance for losses on a financial instrument in an amount equal to the expected credit losses for the entire term if the credit risk for this financial instrument has significantly increased since initial recognition.

If, as of the reporting date, there is no significant increase in the credit risk of a financial asset from the date of initial recognition, the Group recognizes the estimated allowance for losses on this financial asset in an amount equal to 12-month expected credit losses.





### *Termination of recognition*

Derecognition of financial assets occurs when the Group loses control over the rights under the contract for the asset. Such situation occurs when the rights are realised, transferred or expired. Derecognition of financial liabilities is made in the event of its redemption.

### *Financial liabilities*

The Group classifies financial liabilities into the category of other financial liabilities. Other financial liabilities include trade and other payables.

Trade payables and other short-term monetary liabilities are recorded at cost, which is the fair value of the amount to be paid in future for goods or services received, regardless of whether the Group has been billed or not.

Subsequent evaluation depends on their classification. Debt securities, received loans, trade and other payables after initial recognition are subsequently measured at amortised cost using the effective interest method. Income and expenses on such financial liabilities are recognised in profit or loss on derecognition and as depreciation is charged at the effective interest rate. The Group terminates recognition of financial liability when its obligations under the relevant contract are terminated or cancelled or expire.

If an existing financial liability is replaced by another liability to the same creditor on substantially different terms, or if the terms of the existing liability are substantially modified, such replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in its carrying amount is recognised in profit or loss.

### *Fixed assets*

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and provision for impairment, except for buildings and office premises, which are measured at revalued amounts and carried at fair value less accumulated depreciation and impairment losses.

The Group conducts an annual assessment of the office space. Any increase in the value of fixed assets relates directly to equity and is included in the reserve for revaluation of fixed assets; any decrease in the value of the property, plant and equipment is set off against the previous valuation in respect of the respective asset and is then included in profit or loss. The asset revaluation reserve is transferred to retained earnings when the asset is derecognized.

When deducted from the balance sheet of an asset, the increment in value from its revaluation included in equity as applied to the property, plant and equipment can be transferred directly to retained earnings. The amount of the transferred value represents the difference between depreciation based on the revalued carrying amount of the asset and the amount of depreciation calculated on the historical cost basis of the asset. The transfer of value gains from revaluation to retained earnings is carried out without involving profit or loss accounts.

At the end of each reporting period, management determines whether there is any indication of impairment of property, plant and equipment. If there is any indication of impairment, management estimates the recoverable amount, which is determined as the higher of the fair value of the asset, less costs to sell and value resulting from its use.

The carrying amount is reduced to recoverable amount, and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for an asset in prior periods is reversed if there has been a change in the estimates used to determine the cost resulting from the use of the asset or its fair value less costs to sell.

Profit and losses on disposal determined by comparing the amount of revenue with the carrying amount are recorded in profit or loss for the year (within other operating income or expenses).





### Depreciation

Depreciation is charged and recorded in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of individual assets.

The residual value of an asset is the estimated amount that the Group would currently receive if the asset were sold, less estimated costs of disposal, if the condition and age of the asset corresponded to the age and condition that the asset would have at the end of its useful life.

The expected useful lives and the depreciation method are estimated at the end of each reporting period, and any changes in the valuation are accounted for prospectively. The residual value of an asset is zero, if the Group intends to use the assets until the end of their physical life.

Depreciation is charged on the following average useful lives of assets:

	Useful life (years)
Land plot	Unlimited period
Buildings	50
Machinery and equipment	10
Computers	4
Copying equipment	5
Furniture	15
Other types of fixed assets	10

### Intangible assets

Intangible assets are recorded at cost of acquisition. Expenditures on the acquisition of intangible assets are capitalized and amortized on a straight-line basis over their useful lives.

At each date of the consolidated financial statements, the Group assesses whether there is any indication that the intangible assets may be impaired.

If any such evidence is found, the Group estimates the assets recoverable amount. Depreciation of other intangible assets is calculated based on the terms of their use. The period of use is 2-3 years.

### Inventories

Inventories at admission are recorded at cost, which includes all the actual costs incurred for their acquisition (creation). Inventories are written off at weighted average cost and accounted for at the lowest of cost values and possible net realisable value.

Net realisable value is the estimated sale price in the ordinary course of business, less the possible costs of completing or bringing to readiness and the possible realisation costs.

### Taxation

Income tax is the sum of current and deferred tax.

#### Current tax

The amount of current tax payable is determined based on the amount of taxable profit. Taxable profit differs from profit recorded in the statement of profit or loss because of items of income or expense that are taxable or deductible for tax purposes in other reporting periods, and does not include items that are not taxable or deductible for tax purposes. The Group's current tax liabilities are calculated using tax rates that were enacted by law before the end of the reporting period.

#### Deferred tax

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities reflected in the consolidated financial statements and the corresponding tax accounting data used in the calculation of taxable profit. Deferred tax liabilities are generally reflected with taking into account of all taxable temporary differences. Deferred tax assets are reflected with taking into account of





all deductible temporary differences provided that there is a high probability of future taxable profits for the use of these temporary differences. The book value of deferred tax assets is reviewed at the end of each reporting period and it is decreased if the probability of occurrence of any future taxable profits, sufficient for full or partial use of these assets, is no longer high.

Assets and liabilities on deferred income taxes are calculated using tax rates and tax laws that are approved or practically approved by the legislation at the reporting date and that are expected to be effective during the period of the tax asset realization or repayment of the liability respectively. The assessment of deferred tax assets and liabilities reflects the tax implications of the Group's expectations, as of the reporting date, with respect to the methods of reimbursement or repayment of the book value of assets and liabilities.

#### *Other taxes and deductions*

In addition to income tax, there are a number of taxes and payments related to the Group's operating activities in the Republic of Kazakhstan. These taxes are included in administrative expenses in the Group's statement of profit or loss and other comprehensive income for the year.

#### *Authorized Capital (Share Capital)*

Authorized capital consists of equity interests less founders' debt on contributions to share capital. Authorized capital is recognized at the original cost of funds received or paid.

#### *Recognition of income and expenses*

Income and expenses are recorded by the Group in accordance with the accrual method.

The Group's income consists of Commission fees for the provision of insurance broker services for the conclusion of insurance (reinsurance) contracts during the entire period of validity of the contracts, operations on non-core activities and other income from both administrative and investment activities.

Income is recognized in the statement of profit or loss and other comprehensive income if there is an increase in future economic benefits associated with an increase in an asset or a decrease in a liability that can be measured reliably. This means that revenue recognition occurs simultaneously with the recognition of an increase in an asset or decrease in a liability.

Expenses are recognized in the statement of profit or loss and other comprehensive income if there is a decrease in future economic benefits associated with a decrease in an asset or an increase in a liability that can be measured reliably. This means that the recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, accrual of wages).

Expenses are recognized in the statement of profit or loss and other comprehensive income if the costs do not create significant future economic benefits, or when the future economic benefits do not meet or no longer qualify for recognition as an asset in the statement of financial position.

#### *Commission income*

The group earns fee and commission income from a diverse range of services it provides to its customers. Commission income can be divided into the following two categories:

##### *Commission income received for the provision of services over a certain period of time*

Commissions received for the provision of services during a certain period of time are calculated during this period.

##### *Fee and Commission income from transactions*

Commissions received for conducting or participating in the negotiation of a transaction on behalf of a third party, such as brokerage services for insurance and reinsurance contracts, are recognized after the transaction is completed. Commissions or part of commissions related to certain indicators of profitability are recognized after the relevant criteria are met.





### ***Insurance premiums payable to reinsurers***

Under the terms of reinsurance contracts, the reinsurance premium is paid by the reinsurer through an insurance broker. After the reinsurance premium is credited to the account, the insurance broker must transfer it to the reinsurer within three business days. The reinsurance premium is received simultaneously with the brokerage commission. Reinsurance premiums are recorded on separate accounts of the Group in accounting, as well as on separate Bank accounts of the Group.

### ***Staff costs and related deductions***

Short-term employee benefits include such items as:

- employee salaries and social security contributions;
- annual paid leave, paid sick leave;
- remuneration in non-monetary form (medical insurance, Parking rental).

The group makes payroll payments to employees in accordance with established remuneration systems and makes mandatory contributions to the Unified accumulative pension fund on behalf of its employees in accordance with the pension legislation of the Republic of Kazakhstan. Mandatory contributions to the Unified accumulative pension fund and individual income tax expenses are deducted from the employee's salary and recognized in the statement of profit or loss and other comprehensive income as salary expenses.

The Group does not have any pension arrangements other than the state pension program of the Republic of Kazakhstan, which requires the employer to make deductions of 10% of the total salary.

The group makes deductions of social tax and social deductions, mandatory social health insurance for its employees to the relevant authorities of the Republic of Kazakhstan.

### ***Settlements and transactions with related parties***

In these consolidated financial statements, the related parties are considered as those, one of which has the ability to control or to affect to a great extent of the operational and financial decisions of the other party, as defined in IAS 24 "Related Party Disclosures". When making the decision whether these parties are related those, the content of the relationship of the parties is taken into account, not only their legal status.

### ***Subsequent events***

Events, whether favourable or unfavourable, that occur between the reporting date and the date of approval of the consolidated financial statements and that have had or may have an impact on the group's financial condition, cash flows or results of operations.

### ***Provisions, contingent liabilities and contingent assets***

Provisions are liabilities with an indefinite time or amount that are recognized when:

- as a result of a past event, the Group has an existing obligation (legal or imputed);
- a need for any outflow of resources is likely to arise for fulfilment of this duty;
- the amount of the liability can be reliably estimated.

Contingent liabilities are an existing obligation that arises from past events, but is not recognized because the emergence of the need for outflow of resources to fulfil the obligation is not probable or the amount of the obligation cannot be estimated with sufficient certainty.

Contingent liabilities are not recognized, but subject to disclosure, except in cases where the possibility of disposal of resources is unlikely. Contingent assets are not recognized in the financial statements, but are subject to disclosure when economic benefits are probable.

### ***Areas of significant management assessment and sources of uncertainty***

The preparation of the consolidated financial statements of the Group requires management to make estimates that affect the reported amounts of assets and liabilities at the reporting date and the amounts of





income and expenses during the period ended. Management regularly evaluates its estimates and judgments based on historical experience and various factors that are considered reasonable in the circumstances.

The following estimates and judgments are considered important for the presentation of the financial position of the Group.

*Allowances (Reserves)*

The Group creates a provision for unused employee leave as an additional monetary amount that the Group is expected to pay to the employee for unused paid absences from work accumulated at the end of the reporting period. This provision should be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

*The useful lifetime of fixed assets and intangible assets*

The estimated useful lives of property, plant and equipment and intangible assets, their residual values and depreciation methods are reviewed annually to reflect the impact of changes in estimates on a forward-looking basis.

*Fair value measurement and its procedures*

The group measures buildings and structures at revalued amounts and financial liabilities at fair value.

When assessing the fair value of an asset or liability, the Group applies, to the extent possible, observable market data. Fair value measurements relate to different levels of the fair value hierarchy, depending on the input data used in the respective valuation methods:

- Level 1: quoted (unadjusted) prices for identical assets and liabilities in active markets.
- Level 2: inputs other than quoted prices used for Level 1 estimates that are observable either directly (i.e., such as prices) or indirectly (i.e., determined based on prices).
- Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

If there is no Level 1 data, the Group will use third-party qualified appraisers.

Information about the valuation methods and inputs used to determine the fair value of buildings is disclosed in Note 10.

*Taxes*

With regard to the interpretation of complex tax legislation, changes in tax legislation, as well as the amounts and timing of future taxable income, there is a risk of additional tax liabilities in the future. In the normal course of business, there are many transactions and settlements for which it is impossible to determine the final tax amounts.

As a result, the Group recognizes its tax liability based on an assessment of probability whether additional taxes, fines and penalties arise. These tax liabilities are recognized if the Group believes that certain items in the tax returns may be challenged or not fully verified by the tax authorities, despite the fact that the Group believes that the items in the tax returns are properly justified.

The Group believes that its accrued tax liabilities are correct for all open years and are based on an assessment of many factors, including past experience and interpretation of tax legislation.

This assessment is based on estimates and assumptions and may include a number of complex judgments about future events. To the extent that the final tax consequences of these issues differ from the amounts presented, such differences will affect tax expenses in the period in which these tax liabilities were estimated.





*Impairment of assets*

At each balance sheet date, the Group assesses whether there is any indication that the asset may be impaired. If any such indication is identified, the Group assesses the cost of recovery of the asset. This requires evaluating the value of the asset's use.

The value-in-use assessment requires the Group to evaluate the expected future cash flows from the asset, as well as to select an appropriate effective discount rate to calculate the current value of this cash flow. The carrying amount of fixed assets at the reporting date does not exceed their recoverable amount, and fixed assets are not subject to impairment.

*Assessing the impact of deferred tax*

At each reporting date, management determines the future impact of deferred income tax by reconciling the carrying amounts of assets and liabilities presented in the consolidated financial statements with the corresponding tax base.

Deferred assets and liabilities are valued at tax rates applicable to the period, in which the assets are expected to be sold and the liabilities are settled.

Deferred tax assets are recognized based on the likelihood of arising in the future the sufficient taxable income, from which temporary differences may be deducted for tax purposes. Deferred tax assets are assessed at each reporting date and are reduced to the extent that there is no likelihood that the related tax benefits will be realized.

**6. Cash and cash equivalents**

	December 31, 2019	December 31, 2018
Own funds on current accounts	4 800	8 596
Customer funds on current accounts	237	2 731
<b>Total</b>	<b>5 037</b>	<b>11 327</b>

The funds presented above do not contain restrictions on their use and do not serve as collateral for any long-term guarantees. The group believes that the fair value of its cash and cash equivalents is equal to their carrying amounts.

All cash and cash equivalents balances were assigned to Stage 1 for the assessment of expected credit losses.

As at 31 December 2019 and 2018 cash is presented in the following currencies:

	December 31, 2019	December 31, 2018
Tenge	1 315	3 212
USD	3 492	7 689
Uzbekistani som	230	426
<b>Total</b>	<b>5 037</b>	<b>11 327</b>

**7. Other short-term and long-term financial assets**

	December 31, 2019	December 31, 2018
Short-term deposits placed with banks second level	51 791	30 970
<b>Total short-term financial assets</b>	<b>51 791</b>	<b>30 970</b>
Long-term savings accounts	260 431	212 150
<b>Total non-current financial assets</b>	<b>260 431</b>	<b>212 150</b>



Other short-term and long-term financial assets are presented in the following currencies:

	December 31, 2019	December 31, 2018
Tenge	51 791	30 970
<b>Total short-term financial assets</b>	<b>51 791</b>	<b>30 970</b>
USD	260 431	212 150
<b>Total non-current financial assets</b>	<b>260 431</b>	<b>212 150</b>

The group has placed funds in Bank deposits in JSC "BankCenterCredit". These deposits are opened in order to comply with the requirements of the legislation of the Republic of Kazakhstan on ensuring the availability of own funds on deposits and current accounts in the amount of at least 40% of the amount of equity.

Short-term deposits are placed in tenge and in accordance with the bank deposit agreement, the minimum non-reduced balance is 100 thousand tenge.

Long-term deposits are placed in US dollars and in accordance with the Bank Deposit agreement, the amount of the minimum balance is 5 thousand dollars, do not have restrictions for use until the end of the agreement.

In 2019, the Group received income from financing in the amount of KZT 3,613 thousand (2018-KZT 2,750 thousand). As at 31 December 2019, the weighted average interest rate on term deposits with banks was 1% in US dollars and 7% in tenge (2018: 1% in US dollars and 7% in tenge).

#### 8. Short-term trade and other receivables

	December 31, 2019	December 31, 2018
Insurance premiums receivable from reinsurers (note 12)	149 140	253 257
Accrued commission income of insurance brokers under reinsurance contracts	19 336	63 936
Accrued commission income of insurance brokers under insurance contracts	1 013	-
Short-term remuneration payable on fixed-term deposits	360	329
Loans to employees	1 650	2 850
<b>Total</b>	<b>171 499</b>	<b>320 372</b>

Short-term trade and other receivables are denominated in the following currencies:

	December 31, 2019	December 31, 2018
USD	53 749	131 854
Tenge	114 208	188 518
Uzbekistani som	3 542	-
<b>Total</b>	<b>171 499</b>	<b>320 372</b>

In 2019, the Group mediated the conclusion of reinsurance contracts on behalf of the assignors and collects reinsurance premiums from the assignor and the retrocedents for their subsequent transfer to the reinsurers and the retrocessionaire.

As at 31 December 2019, the amount of reinsurance premiums payable by the Group to reinsurers and retrocessionaries (note 12) was KZT 149,140 thousand (31 December 2018: KZT 253,257 thousand).

#### 9. Other current assets

	December 31, 2019	December 31, 2018
Advances issued for services rendered	1 981	949
Advances issued for inventory delivery	287	564
<b>Deferred expenses, including:</b>	<b>593</b>	<b>241</b>
Insurance premiums paid to insurance companies	356	162
Other Future expenses	237	79





"MOI insurance broker" LLP

NOTATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019

(in thousands of Kazakhstani Tenge (KZT))

Current tax assets, including:	80	31
Single tax payment	47	-
Property tax	11	12
Other taxes	22	19
<b>Total</b>	<b>2 941</b>	<b>1 785</b>

Other current assets are denominated in the following currencies:

	December 31, 2019	December 31, 2018
Tenge	2 295	1 785
Uzbekistani som	646	-
<b>Total</b>	<b>2 941</b>	<b>1 785</b>

#### 10. Fixed assets

In accordance with the accounting policy, the Group applies the revalued cost model for buildings and office space, and the actual cost model for other fixed assets.

	Buildings and structures	Land plot	Other fixed assets	Total
<i>Initial cost</i>				
Balance as of January 01, 2019	185 437	120	17 874	203 431
Income	-	-	1 519	1 519
Revaluation	7 131	-	-	7 131
<b>Balance as of December 31, 2019</b>	<b>192 568</b>	<b>120</b>	<b>19 393</b>	<b>212 081</b>
<i>Accumulated depreciation:</i>				
Balance as of January 01, 2019	83 600	-	14 379	97 979
Depreciation for the year	4 157	-	1 585	5 742
Revaluation	3 375	-	-	3 375
<b>Balance as of December 31, 2019</b>	<b>91 132</b>	<b>-</b>	<b>15 964</b>	<b>107 096</b>
<i>Initial cost</i>				
Balance as of January 01, 2018	176 312	120	15 931	192 363
Income	-	-	2 336	2 336
Revaluation	9 125	-	-	9 125
Retirement of assets	-	-	(393)	(393)
<b>Balance as of December 31, 2018</b>	<b>185 437</b>	<b>120</b>	<b>17 874</b>	<b>203 431</b>
<i>Accumulated depreciation:</i>				
Balance as of January 01, 2018	75 452	-	13 958	89 410
Depreciation for the year	4 034	-	814	4 848
Revaluation	4 114	-	-	4 114
Write-off of accumulated depreciation	-	-	(393)	(393)
<b>Balance as of December 31, 2018</b>	<b>83 600</b>	<b>-</b>	<b>14 379</b>	<b>97 979</b>
<i>Carrying value as of</i>				
<b>December 31, 2019</b>	<b>101 436</b>	<b>120</b>	<b>3 429</b>	<b>104 985</b>
<b>December 31, 2018</b>	<b>101 837</b>	<b>120</b>	<b>3 495</b>	<b>105 452</b>

The group engaged an accredited independent appraiser "Independent expert assessment" LLP, Certificate of state registration of a legal entity 3273-1910-01-LLP dated 27.11.2012, State license to engage in property valuation activities No. 12019892 dated 26.12.2012. to assess the fair value of fixed assets. The group revalued its property, plant and equipment as at 11 December 2019. The previous revaluation was made on December 31, 2018. The fair value of an office building was determined using a comparative method based on market data on the prices of recent transactions with similar properties.

The revaluation amounted to 3,757 thousand tenge, the result of the revaluation is included in the capital in the reserve, net of tax effect (note 15). The revaluation amount proportionally increased the amount of the original cost and accumulated depreciation at the revaluation date. The input data for determining the fair



**"MOI insurance broker" LLP**

**NOTATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*(in thousands of Kazakhstani Tenge (KZT))*

value of property, plant and equipment is referred to level 3 in the fair value hierarchy (unobservable input data).

The carrying amount of property, plant and equipment, if it would have been recorded at cost less accumulated depreciation, is as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Book value (Carrying value)	117 072	119 956
<b>Total</b>	<b>117 072</b>	<b>119 956</b>

As of December 31, 2019 and 2018 there are no fixed assets pledged as security for liabilities. The initial cost of fully amortised, but still in operation, fixed assets as of December 31, 2019 is 11,774 tenge.

During the reporting period, the Group did not identify any signs of possible impairment of assets. The group believes that the carrying amount of property, plant and equipment at the reporting date is not higher than the recoverable amount of assets.

### **11. Intangible assets**

The presence and movement of intangible assets is shown in the table:

	<b>Software</b>
<i><b>Initial cost</b></i>	
As of January 01, 2018	6 089
Receipt	1 956
<b>As of December 31, 2018</b>	<b>8 045</b>
<b>As of December 31, 2019</b>	<b>8 045</b>
<i><b>Accumulated depreciation</b></i>	
As of January 01, 2018	1 302
Charge	591
<b>As of December 31, 2018</b>	<b>1 893</b>
Charge	773
<b>As of December 31, 2019</b>	<b>2 666</b>
<i><b>Book value (Carrying value)</b></i>	
<b>As of December 31, 2019</b>	<b>5 379</b>
<b>As of December 31, 2018</b>	<b>6 152</b>

The cost of fully amortised but still used intangible assets as at 31 December 2019 is 519 thousand tenge.

### **12. Short-term trade and other receivables**

As at 31 December, accounts payable include:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Accounts payable to reinsurers (note 8)	149 140	255 989
Settlements with intermediaries for insurance (reinsurance) activities	10 816	7 393
Trade payables to third parties	2 516	254
<b>Total</b>	<b>162 472</b>	<b>263 636</b>

Short-term trade and other payables are denominated in the following currencies:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
EUR	10 816	3 752
USD	53 434	98 888
Uzbekistani som	3 007	-
Tenge	95 215	160 996
<b>Total</b>	<b>162 472</b>	<b>263 636</b>





**"MOI insurance broker" LLP**

**NOTATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*(in thousands of Kazakhstani Tenge (KZT))*

**13. Short-term reserves**

	December 31, 2019	December 31, 2018
Unused employee leave liability	9 296	7 653
<b>Total</b>	<b>9 296</b>	<b>7 653</b>

The movement of valuation liabilities is presented as follows:

	2019	2018
Opening balance	7 653	5 086
The adjustment of the reserve	1 643	2 567
<b>Closing balance</b>	<b>9 296</b>	<b>7 653</b>

**14. Other current liabilities**

	December 31, 2019	December 31, 2018
Taxes payable other than income tax	2 492	3 385
Social Security Obligations	198	165
Liabilities for social health insurance contributions	-	187
Liabilities for pension contributions	1 998	1 631
<b>Total</b>	<b>4 688</b>	<b>5 368</b>

**15. Capital**

**Dividends**

In accordance with the decision of the General meeting on payment of dividends dated 26 March 2019, the Group declared and paid dividends in the amount of KZT 36,000 thousand for the year ended 31 December 2018 (2018: KZT 65,000 thousand for the year ended 31 December 2017).

The movement for the payment and accrual of dividends:

	2019	2018
Accrued	36 000	65 000
Withheld tax at the source of payments	(1 800)	(3 250)
Paid	(34 200)	(61 750)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

**Reserve capital**

Reserve capital consists of a reserve for revaluation of fixed assets and a reserve for translation of the reporting currency of a foreign subsidiary.

The movement of reserve capital is presented as follows:

	2019	2018
Balance at the beginning of the year	13 752	9 958
Revaluation of fixed assets (note 10)	3 005	3 698
Reporting currency conversion reserve	(344)	96
Accrual of deferred tax liabilities	(568)	(1 313)
<b>Closing balance</b>	<b>16 413</b>	<b>13 752</b>

**16. Income from brokerage activities**

Income from brokerage activities include:

	2019	2018
Income from reinsurance brokerage activities	203 656	174 147
Income from insurance brokerage activities	7 150	16 621
Income from insurance and reinsurance consulting services	148 612	70 356
<b>Total</b>	<b>359 418</b>	<b>261 124</b>



**"MOI insurance broker" LLP**

**NOTATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2019**

*(in thousands of Kazakhstani Tenge (KZT))*

**17. Net foreign currency translation gains (losses)**

	<b>2019</b>	<b>2018</b>
Foreign exchange gains	33 901	81 509
Foreign exchange difference costs	(29 598)	(63 156)
<b>Total</b>	<b>4 303</b>	<b>18 353</b>

**18. Other operating income (expenses), net**

	<b>2019</b>	<b>2018</b>
<b>Other income</b>		
Income on purchase and sale of foreign currency	7 995	49
Income from reimbursement of training expenses	-	10 840
Income from reimbursement of survey expenses	2 407	-
Other income	4	21
<b>Other expenses</b>		
Expenses for buying and selling foreign currency	(10 893)	(1 647)
Survey expenses	(2 507)	-
Other expenses	(18)	(4 226)
<b>Other income (expenses), net</b>	<b>(3 012)</b>	<b>5 037</b>

**19. Expenses for payment of commission fees for insurance activities**

	<b>2019</b>	<b>2018</b>
Co-brokerage service of reinsurance service	18 064	13 488
<b>Total</b>	<b>18 064</b>	<b>13 488</b>

**20. Gross and administrative expenditures**

	<b>2019</b>	<b>2018</b>
Labour costs	191 032	134 593
Current taxes and mandatory payments to the budget	21 285	14 367
Client portfolio	10 000	-
Travel expenses	8 177	12 154
The costs of auditing, consulting and information services	7 221	4 884
Expenses on maintenance of computer equipment	6 655	6 782
Depreciation of fixed assets	5 742	4 848
Bank services	5 711	4 093
Fuel and lubricants expenses	1 905	1 781
Expenses for creating a reserve for unused vacations (Note 13)	1 643	-
Participation in the conference	1 488	296
Facility cleaning service	1 391	1 284
Subscription cost	1 355	1 506
Rental costs	1 147	3 995
Membership fee	1 111	873
Postal and courier expenses	1 008	708
Utility costs	821	839
Amortization of intangible assets	773	591
Insurance costs	771	357
Professional development expenses	534	2 385
Repair and maintenance costs	483	456
Services for the production of multimedia products	433	949
Notary services	261	29
Communication services	138	98
Transfer	67	553
Other	9 457	2 891
<b>Total</b>	<b>280 609</b>	<b>201 312</b>





## 21. Income tax expense

The group makes tax calculations for the current period based on tax accounting data that is performed in accordance with the requirements of the tax legislation of the Republic of Kazakhstan and may differ from International financial reporting standards.

Deferred tax reflects the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount determined for tax purposes in IAS 12.

The corporate income tax rate for legal entities of the Republic of Kazakhstan for 2018 and 2017 is set at 20%. Due to the fact that certain types of expenses are not accounted for tax purposes, the Group has certain tax differences.

Income tax expenses include:

	December 31, 2019	December 31, 2018
Current corporate income tax	14 689	15 379
Deferred tax expense (savings)	72	(109)
<b>Income tax expense</b>	<b>14 761</b>	<b>15 270</b>

The reconciliation between income tax expense and accounting profit multiplied by the income tax rate applicable for the reporting years ended 31 December 2019 and 2018 is as follows:

	2019	2018
<b>Before-tax income</b>	<b>66 252</b>	<b>73 067</b>
At the profit tax rate established by the legislation of the Republic of Kazakhstan-20%	13 251	14 613
The Group's share in a subsidiary that is not deductible for tax purposes	(136)	125
Income tax of a subsidiary	1 263	352
Non-deductible expenses	383	180
<b>Income tax expense</b>	<b>14 761</b>	<b>15 270</b>

Deferred income tax for 2019 relates to the following items:

	December 31, 2019	December 31, 2018	At the expense of profit or loss	At the expense of revaluation reserve
<b>Tax effect of taxable temporary differences:</b>				
Tax debt	-	(5)	5	-
Reserve for unused leaves	(1 859)	(1 531)	(328)	-
Fixed assets and intangible assets	10 063	9 668	395	-
Revaluation of an office building	751	-	-	751
Reporting currency conversion reserve	(62)	-	-	(62)
<b>Deferred tax liability (asset)</b>	<b>8 893</b>	<b>8 132</b>	<b>72</b>	<b>689</b>

Deferred income tax for 2018 relates to the following items:

	December 31, 2018	December 31, 2017	At the expense of profit or loss	At the expense of revaluation reserve
<b>Tax effect of taxable temporary differences:</b>				
Tax debt	(5)	(41)	36	-
Reserve for unused leaves	(1 531)	(1 017)	(514)	-
Fixed assets and intangible assets	9 668	9 299	369	-
Revaluation of an office building	-	(1 002)	-	1 002
Reporting currency conversion reserve	-	(311)	-	311
<b>Deferred tax liability (asset)</b>	<b>8 132</b>	<b>6 928</b>	<b>(109)</b>	<b>313</b>



The group sets off a deferred tax asset against a deferred tax liability of the same taxable entity because they relate to income taxes levied by the same tax authority, and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

## 22. Financial risk management

The Group's main financial obligations include trade and other payables. The group has trade and other receivables, cash and other financial assets that arise directly in the course of its operating activities. The Group is subject to market and credit risks, as well as liquidity risks.

**Market risk** is the risk that the fair value of future cash flows of financial instrument will fluctuate due to changes in future market prices. Market prices include the following risks: interest rate risk, currency risk.

**Currency risk** is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to currency risk in terms of accounts receivable, settlements with reinsurers and cash in banks denominated in a currency other than tenge.

The carrying value of the Group's cash assets and cash liabilities denominated in foreign currencies is as follows:

	Notes	Assets		Obligations	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
EUR	12	-	-	10 816	3 752
U.S. dollars	7,8,12	317 672	351 693	53 434	98 888
Uzbekistani som	6,7,8,12	3 772	426	3 007	-
		<b>321 444</b>	<b>352 119</b>	<b>67 257</b>	<b>102 640</b>

## Currency risk sensitivity analysis

The following table provides an analysis of the sensitivity of the Group's profit before tax to possible changes in the exchange rate of the EURO and the US dollar, provided that other parameters remain unchanged.

Currency	December 31, 2019		December 31, 2018	
	Change in exchange rate, %	Impact on profit before tax	Change in exchange rate, %	Impact on profit before tax
Euro	10 %	(1 082)	10 %	(375)
	-10%	1 082	-10%	375
USD	10 %	26 424	10 %	25 281
	-10%	(26 424)	-10%	(25 281)

## Credit risk

Credit risk is the risk that the Group incurs a financial loss caused by non-fulfilment of contractual obligations by the buyer or by financial instrument counterparty.

The book value of financial assets reflects the maximum amount exposed to the Group's credit risk. The Group has no significant concentration of credit risk. As of December 31, 2019 and 2018, the Group had no overdue accounts receivable.

The Group deposits money in Kazakhstan banks (Notes 6, 7). The Group's management periodically review the credit ratings of these banks in order to eliminate the extraordinary credit risks.

The following table shows the amounts of cash and deposits in banks at the reporting date using credit ratings of agencies:





Bank	Moody's Investors Service	S&P Global Ratings	2019	2018
JSC Bank CenterCredit	B2 / Positive	B / Stable	313 537	246 332
«KDB Bank Uzbekistan» AO	uzA / Stable	uzA / Stable	3 492	426
Halyk Bank	uzA / Stable	uzA / Stable	230	7 689
<b>Total</b>			<b>317 259</b>	<b>254 447</b>

### Operational risk

*Operational risk* is the risk arising from a system failure, human error, fraud or external event. When the control system ceases to function, operational risks can damage reputation, have legal consequences or lead to financial losses. The Group has a control system that provides for effective division of responsibilities, access rights, approval and reconciliation procedures, and evaluation.

### Liquidity risk

*Liquidity risk* is the risk that the Group will encounter difficulties in obtaining funds to repay liabilities related to financial instruments.

The Group regularly monitors the need for liquidity, and management ensures that funds are available to meet any liabilities that arise. The ultimate responsibility for managing liquidity risk lies with the Group's management.

The table below shows the financial liability of the Group as of December 31 of 2018 and 2019 on the basis of contractual obligations in the context of the maturity of these liabilities.

2019	Less than 3 months	From 1 to 3 months	From 3 months to 1 year	Total
Trade and other payables	114 663	43 129	4 680	162 472
2018	Less than 3 months	From 1 to 3 months	From 3 months to 1 year	Total
Trade and other payables	75 864	55 209	132 563	263 636

### 23. Fair value of financial instruments

The Group's management believes that the fair value of financial assets and liabilities is close to their book value and represents the amount by which the instrument can be exchanged as a result of the current transaction between parties willing to make such a transaction, other than a forced sale or liquidation.

With respect to trade receivables and payables at maturities of less than six months, the fair value is not significantly different from the book value, since the effect of the money value over time is negligible.

The following methods and assumptions were used to determine fair value:

- The fair value of cash, trade receivables and payables, as well as other short-term assets and liabilities, approximates their carrying value mainly because these instruments will be repaid in the near future.
- The fair value of unquoted instruments is determined by discounting future cash flows using current rates for debts with similar terms, credit risk and maturity terms. The Group's management believes that the carrying value of such instruments is approximately fair.

### 24. Contingent liabilities

#### *Political and economic environment of the Republic of Kazakhstan*

Kazakhstan continues economic reforms and keeps the development of legal, tax and administrative infrastructure that would meet the market economy requirements. The future stability of the Kazakhstan economy will largely depend on the progress of these reforms, as well as on the effectiveness of measures taken by the Government in the economic, financial and monetary policies.





Regarding the Group's activities, the legislation has changed with the adoption of Resolution No. 270 dated October 29, 2018 on establishing requirements for the minimum amount of authorized and equity capital of an insurance broker. The Group's equity capital is sufficient to continue its statutory activities.

#### *Taxation*

Tax laws in the Republic of Kazakhstan often undergo changes and are interpreted differently. Interpretation by the management of such laws as applied to the Group's activities may be challenged by the appropriate tax authorities, which, according to the law, may impose fines and penalties. Financial periods remain open for review by tax authorities for five calendar years.

The Group's management believes that all necessary tax accruals have been made, and, accordingly, the accrual of relevant reserves in the consolidated financial statements is not required.

#### *Lawsuits*

In the normal course of business, the Group is not a subject to litigation and claims.

#### *Insurance policies*

The Group insures its risks in the following areas:

- insurance of employees against accidents;
- voluntary insurance of civil liability to third parties.

### **25. Related parties**

By definition of IFRS (IAS) 24 "Disclosure of information on related parties", parties are considered to be related if one party has the ability to control the other party or have a significant impact on the other party when making financial or operational decisions. When considering the possible existence of relations between related parties, attention is paid to the essence of the relationship, and not just their legal formalization.

The Group's related parties are its shareholders, jointly controlled companies and key management personnel.

The Group has no transactions between related parties in 2019.

### **Key management personnel remuneration**

Remuneration to key management personnel consisting of 2 people, including:

	2019	2018
Salary and other payments	84 392	63 818
Social security contributions	9 089	6 251
<b>Total</b>	<b>93 481</b>	<b>70 069</b>

### **26. Subsequent events**

In January 2020, the Group increased its investment in its subsidiary "MOI Insurance Brokers Asia" LLC to KZT 54 million.

The new coronavirus outbreak continues to spread across countries around the world. The Group will carefully monitor the development of the situation with coronavirus, but it is impossible to assess its financial impact at this stage.

On March 9, 2019, world crude oil prices fell by almost 30 percent and Brent crude oil prices fell to \$ 32 per barrel.

As of the date of approval of these financial statements for issue, the official exchange rate of tenge to the US dollar established by the National Bank of the Republic of Kazakhstan was 425.51 tenge.

