

Tengri Partners Investment Banking (Kazakhstan) JSC

Consolidated financial statements

for the year ended 31 December 2020
prepared in accordance with IFRSs

Almaty 2021

CONTENTS

Independent auditors' report

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income.....	1
Consolidated statement of financial position.....	2
Consolidated statement of cash flows.....	3
Consolidated statement of changes in equity	4

Notes to the consolidated financial statements and significant accounting policies

1. General information	5
2. Basis of preparation.....	5
3. Service and commission income.....	7
4. Service and commission costs	7
5. Finance income	8
6. Operating expenses	8
7. Other operating income, net.....	8
8. Income tax.....	8
9. Cash	9
10. Repo receivables.....	9
11. Investment securities measured at fair value	9
12. Trade and other receivables.....	10
13. Advances paid and other current assets	10
14. Property, plant and equipment	10
15. Trade and other payables.....	10
16. Other taxes payable	11
17. Lease.....	11
18. Equity.....	11
19. Financial instruments and financial risk management objectives and policies.....	12
20. Commitments and contingencies	15
21. Related party disclosures	16
22. Significant accounting policies.....	17
23. Events after the reporting period	19
24. Other information on mutual fund assets.....	20

INDEPENDENT AUDITORS' REPORT

To: Owners of Tengri Partners Investment Banking (Kazakhstan) JSC

Qualified Opinion

We have audited the accompanying consolidated financial statements of Tengri Partners Investment Banking (Kazakhstan) JSC and its subsidiary (hereinafter – the “Group”), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

Basis for Qualified Opinion

As indicated in note 17, the Group considered practical expedients of IFRS 16 “Leases” and does not recognise right-of-use assets or lease liabilities for leased office premises. Nevertheless, IFRS 16 requires determining duration of leases consistent with determining lease term. Due to the limited scope of our audit of management's estimates of the lease, we were unable to determine whether any adjustments were necessary for the right-of-use asset and lease liabilities as at 31 December 2020 (2019: not determined).

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

Information other than the financial statements and the auditor's report thereof

Management is responsible for the other information. Other information comprises information about the assets of the interval mutual fund TC Global Equity Fund (hereinafter – the “Fund”) managed by the Group, which is presented in note 24 to these financial statements.

Our opinion on the consolidated financial statements does not apply to the other information, and we do not express an opinion on this information.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Approve


Vasily Nikitin
Auditor, audit certificate №0000557
dated 8 February 2001
Managing partner
Moore Stephens Kazakhstan LLP
15 April 2021


Aidar Aitov
Audit partner

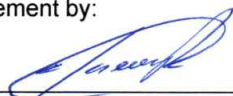


General licence No. 20008067 for audit activity issued 9 June 2020 by Ministry of Finance of the Republic of Kazakhstan

Tengri Partners Investment Banking (Kazakhstan) JSC
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2020

KZT'000 (unless otherwise stated)	Note	2020	2019
Service and commission income	3	295,996	594,310
Service and commission costs	4	(75,414)	(114,238)
Gross profit		220,582	480,072
Finance income	5	127,880	22,324
Operating expenses	6	(470,886)	(432,000)
Other operating income, net	7	18,875	40,857
Operating (loss) profit		(103,549)	111,253
Foreign exchange loss		(923)	(748)
(Loss) profit before taxation		(104,472)	110,505
Income tax recovery	8(a)	-	730
(Loss) profit for the year		(104,472)	111,235
Other comprehensive income		-	-
Total comprehensive (expense) income for the year		(104,472)	111,235
Basic and diluted (loss) earnings per share, KZT	18(b)	(63.0)	70.1

These consolidated financial statements have been approved for issue on 15 April 2021 and signed on behalf of the Group's management by:



Ilya Chakalidi
 Chairman of the Management Board
 Tengri Partners Investment Banking (Kazakhstan) JSC




Aigul Tatybayeva
 Chief accountant
 Tengri Partners Investment Banking (Kazakhstan) JSC

TRANSLATED

KZT'000 (unless otherwise stated)	Note	2020	2019
ASSETS			
Cash	9	11,961	12,102
Repo receivables	10	29,008	216,001
Investment securities measured at fair value through profit or loss	11(a)	543,134	284,376
Investment securities measured at fair value through other comprehensive income	11(b)	200	200
Trade and other receivables	12	13,768	8,459
Advances paid and other current assets	13	36,706	37,212
Property, plant and equipment	14	18,786	15,995
Deferred tax asset	8(b)	4,438	4,438
TOTAL ASSETS		658,001	578,783
EQUITY AND LIABILITIES			
Liabilities			
Trade and other payables	15	42,848	10,052
Other taxes payable	16	8,630	8,165
		51,478	18,217
Equity			
Share capital	18(a)	1,737,479	1,587,050
Accumulated losses		(1,130,956)	(1,026,484)
		606,523	560,566
TOTAL EQUITY AND LIABILITIES		658,001	578,783
Book value of share, KZT	18(c)	352.9	351.6

TRANSLATED

KZT'000	Note	2020	2019
OPERATING ACTIVITIES			
(Loss) profit before taxation		(104,472)	110,505
Adjustments for:			
Finance income	5	(127,880)	(22,324)
Depreciation	6	7,082	5,719
Impairment losses		240	3,999
Other non-cash losses		–	447
Unrealised foreign exchange loss		2,160	1,697
Operating cash flows before changes in working capital		(222,870)	100,043
Decrease (increase) in repo receivables		186,993	(216,001)
(Increase) decrease in trade and other receivables		(5,549)	13,047
Decrease (increase) in prepayments and other current assets		506	(17,668)
Increase (decrease) in other taxes payable		465	(10,173)
Increase (decrease) in trade and other payables		32,796	(1,886)
Cash flows from operations before interest received and income tax paid		(7,659)	(132,638)
Interest received		4,073	22,324
Income tax paid		–	–
Net cash used in operating activities		(3,586)	(110,314)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	14	(9,873)	(10,599)
Purchases of investment securities		(134,951)	(284,376)
Net cash used in investing activities		(144,824)	(294,975)
FINANCING ACTIVITIES			
Issue of shares	18(a)	145,429	–
Repurchase of own shares	18(a)	(20,000)	–
Sale of own shares	18(a)	25,000	–
Net cash from financing activities		150,429	–
Net increase (decrease) in cash		2,019	(405,289)
Effect of exchange rate changes on cash		(2,160)	(1,697)
Cash at the beginning of the year		12,102	419,088
Cash at the end of the year	9	11,961	12,102

Non-cash transactions

In 2020, the Group revalued investment securities measured at fair value through profit or loss for the amount of KZT 123,807 thousand (2019: nil) (see note 5).

TRANSLATED

Tengri Partners Investment Banking (Kazakhstan) JSC
Consolidated statement of changes in equity
for the year ended 31 December 2020

KZT'000	Note	Share capital	Accumulated losses	Total
At 1 January 2019		1,587,050	(1,137,719)	449,331
Profit for the year		–	111,235	111,235
At 31 December 2019		1,587,050	(1,026,484)	560,566
Loss for the year		–	(104,472)	(104,472)
Issue of shares	18(a)	145,429	–	145,429
Repurchase of own shares	18(a)	(20,000)	–	(20,000)
Sale of own shares	18(a)	25,000	–	25,000
At 31 December 2020		1,737,479	(1,130,956)	606,523

TRANSLATED

1. General information

(a) Organisation and operation

Tengri Partners Investment Banking (Kazakhstan) JSC (hereinafter – the “Company”) is a joint stock company incorporated in Kazakhstan. The Company was founded in 2004, the last reregistration was in September 2019.

The ultimate controlling party is a natural person, resident of the Kingdom of the Netherlands, who ultimately owns 100% of the Company.

The Company’s registered office and principal place of business is office 705, 17 al-Farabi Ave., block 4b, Almaty, 050059, Kazakhstan.

The main activities of the Company are:

- broker, dealer and other activities related to the securities market;
- investment consulting;
- analytical research in the investment finance sector.

As at 31 December 2020, the Company had 33 employees (2019: 32 employees).

These consolidated financial statements comprise the Company and its subsidiary (hereinafter – the “Group”). The subsidiary is TP Residential Mortgage Securities Corporation (Kazakhstan) SFK LLP. The main activity of the subsidiary (as at 31 December 2020 has been not carried out) is financing of the originator against the assignment of monetary claim by issuing bonds.

The Group has a branch (hereinafter – the “Branch”) in the Astana International Financial Center (hereinafter – the “AIFC”) registered on 17 January 2020 in accordance with the AIFC rules.

The main activities (as at 31 December 2020 activities have been not carried out) of the Branch on AIFC are:

- brokerage and market making services;
- nominal holding and underwriting services;
- financial consulting.

The Branch’s registered office is office No. 351-352, 55/20 Mangilik El Avenue, Block C4. 1, Nur-Sultan, Kazakhstan.

As at 31 December 2020, the Branch had 3 employees.

(b) Kazakhstan business environment

The Group’s operations are primarily located in Kazakhstan. Consequently, the Group is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The financial statements include management’s estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Group. Actual economic conditions can differ from those estimates.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) as issued by the International Accounting Standards Board (hereinafter – “IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (hereinafter – “IFRIC”) of the IASB.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis.

Recently, the Group performed a number of changes and has shown a relatively stable positive trend in profitability in recent years. As a result, the Group’s fortunes will largely depend on maintaining this dynamic in the future. Management believes that it is making sufficient efforts to implement these plans and believes that the Group’s sufficient working capital and owner support provide sufficient assurance to meet its expected cash requirements.

2. Basis of preparation, continued

After making appropriate enquiries, and having considered the forecast prices for the Group's services, the level of sales, repayment of debt and capital obligations, as well as assessing possible adverse operational impacts such as lower prices for services provided, increased operating costs, management reasonably believes that the Group has sufficient resources to continue operating in the foreseeable future. Accordingly, the Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(c) Basis of accounting

The consolidated financial statements have been prepared on a historical cost basis, except for security investments that have been measured at fair value in accordance with IFRS 9 "Financial instruments" (see note 11).

(d) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2020 and the Group's financial performance for the year ended 31 December 2020.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to direct those activities of an enterprise that most significantly affect the returns the Group earns from its involvement with the enterprise. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This treatment may mean that amounts previously recognised in other comprehensive income are recycled through profit or loss.

The financial statements of subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intragroup transactions, have been eliminated in full. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(e) Functional and presentation currency

The national currency of the Republic of Kazakhstan is the Kazakhstan tenge (hereinafter – "tenge" or "KZT"), which is the functional currency of the Company and its subsidiaries and the currency in which these consolidated financial statements are presented. All financial information presented in tenge has been rounded to the nearest thousand (hereinafter – "KZT'000" or "KZT thousand").

(f) Adoption of standards and interpretations

In preparing the financial statements, the Group has applied the following standards and amendments effective from 1 January 2020:

- Amendments to IFRS 3 "Definition of a Business";
- Amendments to IFRS 7, IFRS 9 and IAS 39 "Interest Rate Benchmark Reform";
- Amendments to IAS 1 and IAS 8 "Definition of Material";
- Conceptual Framework for Financial Reporting.

The standards and amendments listed above did not have a material impact on the Group's financial statements.

(g) New standards and interpretations not yet adopted

The Group has not early adopted new standards, interpretations or amendments that were issued but are not yet entered into force, and their requirements have not been considered when preparing the financial statements. These standards and interpretations are not expected to have a material impact on these financial statements.

(h) Use of estimates and judgments

The Group's management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates.

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

2. Basis of preparation, continued

In particular, information about significant areas of estimation uncertainty and critical judgments made by management for preparation of these financial statements is described in the following notes:

- Note 8 – Income tax. Management made estimates in relation to the level of taxes payable which may then be audited by the tax authorities and timing of realisation of temporary differences;
- Note 11 – Investment securities measured at fair value. Estimates were made in measurement of the fair values of the investment securities;
- Note 12 – Trade and other receivables. Management made estimates in relation to the allowance for expected credit losses;
- Note 13 – Advances paid and other current assets. Management made estimates in relation to the recoverability of assets;
- Note 14 – Property, plant and equipment. Estimates were made in relation to the useful lives of assets;
- Note 19 – Financial risk management objectives and policies. Fair value analysis is based on estimated future cash flows and discount rates;
- Note 20 – Commitments and contingencies. These require management to make estimates as to amounts payable and to determine the likelihood of cash outflows in the future.

(i) Segment information

Information provided to the Group's management for the purposes of planning and performance assessment is prepared in accordance with the operational structure of the Group. For management and operational purposes, the Group is considered as one business segment, according to the nature of operations, end-products and services rendered.

(j) Comparative information

Where a change in the presentation format of the financial statements has been made during the year, comparative figures have been restated accordingly, to conform with the new presentation format. In particular:

- other income previously included in service and commission income amounting to of KZT 45,790 thousand and impairment losses amounting to KZT 3,999 thousand are reclassified to other operating income (net);
- allowance for impairment of advances paid is offset against employee debt;
- interest received is presented in a separate line;
- when calculating the book value of a share, net assets are reduced by the value of the software accounted for within property, plant and equipment.

3. Service and commission income

KZT'000	2020	2019
Underwriting	212,063	464,823
Brokerage and nominal holding	83,621	126,920
Market making	258	2,291
Investment and trust management of assets	54	276
	295,996	594,310

The Group provides all its services under prior concluded short-term and long-term contracts. The terms of the contracts vary depending on the subject of the contract and could be fixed price or with repayment of related costs incurred (in particular, brokerage services).

The Group provides its services over a period of time, as the buyer simultaneously receives and consumes the benefits as the Group renders them. The Group issues invoices a monthly basis.

4. Service and commission costs

KZT'000	2020	2019
Stock exchange services	68,743	107,829
Other professional services	6,312	6,409
Other	359	–
	75,414	114,238

5. Finance income

KZT'000	2020	2019
Income from revaluation of investment securities	123,807	–
Interest income on reverse repo operations	4,073	23,028
Reversal of interest income on bank deposits	–	(704)
	127,880	22,324

6. Operating expenses

KZT'000	2020	2019
Employee salaries	243,379	235,176
Advertising and attracting customers	45,481	41,304
Taxes and payments to the budget	43,854	31,139
Rental and maintenance of property, plant and equipment	37,508	25,622
Use of licenced software	35,684	7,636
Professional services	30,715	26,657
Depreciation	7,082	5,719
Communication	6,002	5,795
Representation and business travel	5,195	9,567
Other	15,986	43,385
	470,886	432,000

7. Other operating income, net

KZT'000	2020	2019
Rendering services and reimbursement of expenses	16,664	45,790
Impairment losses	(240)	(3,999)
Other	2,451	(934)
	18,875	40,857

8. Income tax
(a) Income tax recovery

The major components of income tax recovery are as follows:

KZT'000	2020	2019
Corporate income tax	–	–
Origination and reversal of temporary differences	–	(730)
Income tax recovery	–	(730)

A reconciliation of income tax recovery applicable to accounting (loss) profit before tax at the statutory rate to income tax expense at the effective tax rate is as follows:

KZT'000	2020	2019
(Loss) profit before taxation	(104,472)	110,505
Income tax rate	20.0%	20.0%
At statutory income tax rate	(20,894)	22,101
Unrecognised deferred tax assets	30,128	(38,152)
(Non-taxable income) non-deductible expenses	(9,234)	15,321
Income tax recovery	–	(730)
Effective income tax rate	0.0%	-0.7%

8. Income tax, continued

(b) Deferred tax asset

The amounts of deferred tax assets are as follows:

KZT'000	2020	2019
Trade and other receivables	1,019	971
Property, plant and equipment	1,426	1,536
Vacations accrued	2,330	1,634
Taxes payable	538	297
Tax losses carried forward	252,357	223,104
	<u>257,670</u>	<u>227,542</u>
Unrecognised deferred tax assets	(253,232)	(223,104)
	<u>4,438</u>	<u>4,438</u>

Movement in deferred tax asset is as follows:

KZT'000	2020	2019
At 1 January	4,438	3,708
Credited to profit or loss	–	730
At 31 December	<u>4,438</u>	<u>4,438</u>

(c) Unrecognised deferred tax assets

The Group has not recognised deferred tax assets amounting KZT 253,232 thousand (2019: KZT 223,104 thousand), because management is uncertain whether sufficient future taxable profit will be available to the Group entities to allow the assets. Tax losses can be utilised against future taxable profits within the statute of limitations period, which is currently 10 years.

9. Cash

KZT'000	2020	2019
Cash at bank	11,961	12,102
	<u>11,961</u>	<u>12,102</u>

10. Repo receivables

As at 31 December 2020, the Group and Kazakhstan Stock Exchange JSC had outstanding reverse repurchase agreements (repo) in the amount of KZT 29,008 thousand (2019: KZT 216,001 thousand).

These agreements were secured by investments included in the pool of government securities with an annual interest rate of 8.4% (2019: 9.5% to 9.9%) and maturing in January 2021 (2019: January 2020).

11. Investment securities measured at fair value

(a) Investment securities measured at fair value through profit or loss

Investment securities measured at fair value through profit or loss comprise equity securities of a Kazakhstan company listed on the Kazakhstan Stock Exchange (hereinafter – "KASE") in the amount of KZT 543,134 thousand (2019: KZT 284,376 thousand).

(b) Investment securities measured at fair value through other comprehensive income

Investment securities measured at fair value through other comprehensive income include equity securities of an infrastructure financial institution in the amount of KZT 200 thousand (2019: KZT 200 thousand).

TRANSLATED

12. Trade and other receivables

KZT'000	2020	2019
Trade receivables from third parties	18,326	13,292
Trade receivables from related parties	537	22
	18,863	13,314
Allowance for expected credit losses	(5,095)	(4,855)
	13,768	8,459

Movement in the allowance for expected credit losses is as follows:

KZT'000	2020	2019
At 1 January	4,855	4,794
Accrued	240	61
At 31 December	5,095	4,855

13. Advances paid and other current assets

KZT'000	2020	2019
Other taxes prepaid	10,688	14,025
Receivables from employees	8,543	14,590
Deferred expenses	8,162	1,707
Guarantee payment to KASE	5,000	4,000
Advances paid for goods and services	4,041	2,608
Other	272	282
	36,706	37,212

14. Property, plant and equipment

KZT'000	2020	2019
Cost		
At 1 January	96,588	85,542
Additions	9,873	10,599
Disposals	-	447
At 31 December	106,461	96,588
Depreciation		
At 1 January 2019	80,593	74,427
Depreciation charge	7,082	5,719
Disposals	-	447
At 31 December	87,675	80,593
Net book value		
At 31 December	18,786	15,995

Property, plant and equipment includes software installed on computers with a book value of KZT 4,004 thousand (2019: KZT 2,581 thousand).

15. Trade and other payables

KZT'000	2020	2019
Trade payables	23,123	762
Vacations accrued	11,650	8,168
Commissions payable (depository, custodian, exchange)	7,974	1,110
Other payables	101	12
	42,848	10,052

16. Other taxes payable

KZT'000	2020	2019
Personal income tax	2,287	2,315
Pension payments	2,164	2,521
Social tax	1,989	2,331
Withholding tax for non-resident	1,009	–
Value added tax	476	802
Other taxes	705	196
	8,630	8,165

17. Lease

The Group leases office premises. Rental contracts are typically made for fixed periods of equal or less than 12 months but have extension options. The lease contracts do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be subleased or used as security for borrowing purposes.

The Group considered practical expedients and does not recognise right-of-use assets or lease liabilities for leases which have low value or short-term leases within 12 months of the date of initial application. The payments associated with these leases which are charged directly to the profit or loss on a straight-line basis over the lease term (see note 6).

18. Equity

(a) Share capital

	2020		2019	
	share, %	KZT'000	share, %	KZT'000
Tengri Partners (Kazakhstan) LLP	100%	1,737,479	0%	–
Tengri Partners LLP	0%	–	100%	1,587,050
	100%	1,737,479	100%	1,587,050

Allotted share capital of the Company is 3,000,000 ordinary shares of 1,000 tenge each. As at 31 December 2020, the issued share capital was 1,707,123 shares (2019: 1,587,050 shares). The issued share capital has been fully paid up.

In 2020, the Company issued 145,429 ordinary shares (February: 85,429 shares, June: 30,000 shares, October: 30,000 shares) at a price of KZT 1,000 per share.

In April 2020, the Company repurchased 50,356 of its own shares at a price of KZT 397.18 per share for the amount of KZT 20,000 thousand. In June 2020, the Company sold 25,000 of its own shares at a price of 1,000 tenge per share.

As at 31 December 2020, Leasing Group JSC is listed in the Company's register of securities holders as part of a short-term exchange-traded direct repo operation entered into with Leasing Group JSC and secured by the Company's shares.

(b) (Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) income for the period attributable to equity holders the Company by the weighted average number of ordinary shares outstanding during the period.

	2020	2019
(Loss) profit for the year, KZT'000	(104,472)	111,235
Number of ordinary shares	1,657,337	1,587,050
Basic and diluted (loss) earnings per share, KZT	(63.0)	70.1

(c) Book value of share

The book value of share is calculated in accordance with the requirement of Article 9.2.1 of the KASE Listing Rules. As at 31 December, book value of share was as follows:

KZT'000 (unless otherwise stated)	2020	2019
Assets	658,001	578,783
Liabilities	(51,478)	(18,217)
Intangible assets (within property, plant and equipment)	(4,004)	(2,581)
Net assets	602,519	557,985
Number of ordinary shares	1,707,123	1,587,050
Book value of share, KZT	352.9	351.6

18. Equity, continued

(d) Dividends

In 2020 and 2019, the Company neither declared nor paid dividend.

In accordance with the legislation of Kazakhstan, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's separate financial statements prepared in accordance with IFRSs or income for the period if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Company's insolvency.

19. Financial instruments and financial risk management objectives and policies

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management oversees compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) Categories and fair values of financial assets and financial liabilities

Categories of financial assets and financial liabilities

KZT'000	Note	2020	2019
Financial assets at amortised costs			
Cash	9	11,961	12,102
Repo receivables	10	29,008	216,001
Trade and other receivables	12	13,768	8,459
		54,737	236,562
Financial assets at fair value through profit and loss			
Investment securities measured at fair value through profit or loss	11(a)	543,134	284,376
		543,134	284,376
Financial assets at fair value through other comprehensive income			
Investment securities measured at fair value through other comprehensive income	11(b)	200	200
		200	200
Financial liabilities at amortised cost			
Trade and other payables	15	(42,848)	(10,052)
		(42,848)	(10,052)

Fair values

The fair values of each category of financial asset and liability are not materially different from their carrying values as presented.

TRANSLATED

19. Financial instruments and financial risk management objectives and policies, continued

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from the Group's trade receivables, including repo receivables, and cash.

The carrying value of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at 31 December was:

KZT'000	2020	2019
Cash	11,961	12,102
Repo receivables	29,008	216,001
Trade and other receivables	13,768	8,459
	54,737	236,562

Cash

Credit risk related to cash is monitored by management in accordance with the policies of the Group. Free funds are held with the most reliable banks in Kazakhstan with determined ratings of Standard & Poor's. The purpose of this policy is to reduce concentration of credit risk and minimise possible financial loss due to banks' failure to meet their contractual obligations.

KZT'000	2020	2019
Ratings from BBB- to BB-	8,100	11,232
Ratings from B+ to BB-	3,861	870
	11,961	12,102

Repo receivables

Repo transactions are short-term loans of cash secured by investment securities. The concentration of credit risk and possible financial losses are minimised due to the quality of the pledged securities.

The Group's exposure to credit risk relates entirely to Kazakhstan debtors.

Trade receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. These trade receivables relate to customers that make payment in instalments. The Group regularly monitors its exposure to bad debts in order to minimise this exposure.

The Group's exposure to credit risk relates entirely to Kazakhstan customers.

The Group creates an allowance for impairment of trade receivables, which represents its estimate of expected credit losses. The ageing of trade receivables at 31 December was:

KZT'000	Gross	Expected loss rate	Impairment
2020			
Not past due	11,451	0%	-
Past due 0-90 days	2,317	0%	-
Past due 91-180 days	-	0%	-
Past due 181-270 days	12	-100%	(12)
More than 270 days	5,083	-100%	(5,083)
	18,863	-27%	(5,095)
2019			
Not past due	8,024	0%	-
Past due 0-90 days	453	-4%	(18)
Past due 91-180 days	195	-100%	(195)
Past due 181-270 days	298	-100%	(298)
More than 270 days	4,344	-100%	(4,344)
	13,314	-36%	(4,855)

19. Financial instruments and financial risk management objectives and policies, continued

(d) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring continuity of funding and flexibility through purchases on credit.

Maturity of financial liabilities

The table below provides an analysis of the Group's financial liabilities to be settled on a gross basis by relevant maturity groups from the balance sheet date to the contractual settlement date:

KZT'000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
2020					
Cash	11,961	-	-	-	11,961
Repo receivables	29,008	-	-	-	29,008
Investment securities measured at fair value through profit or loss	-	543,134	-	-	543,134
Investment securities measured at fair value through other comprehensive income	-	-	-	200	200
Trade and other receivables	-	13,768	-	-	13,768
Trade and other payables	-	(31,101)	(11,747)	-	(42,848)
	40,969	525,801	(11,747)	200	555,223
2019					
Cash	12,102	-	-	-	12,102
Repo receivables	216,001	-	-	-	216,001
Investment securities measured at fair value through profit or loss	-	284,376	-	-	284,376
Investment securities measured at fair value through other comprehensive income	-	-	-	200	200
Trade and other receivables	-	8,459	-	-	8,459
Trade and other payables	-	(3,926)	(6,126)	-	(10,052)
	228,103	288,909	(6,126)	200	511,086

(e) Price risk

The Group is not exposed to market risk as it concludes contracts without price change adjustment for services after their sale.

(f) Interest rate risk

At the reporting dates the Group is not exposed to interest rate risk as there are no financial instruments with floating interest rates.

TRANSLATED

19. Financial instruments and financial risk management objectives and policies, continued

(g) Currency risk

The Group is subject to currency risk exposure when performing transactions in currencies other than its functional currency.

The Group's exposure to foreign currency risk was as follows:

KZT'000	KZT	USD	Total
2020			
Cash	8,400	3,561	11,961
Repo receivables	29,008	–	29,008
Investment securities measured at fair value through profit or loss	543,134	–	543,134
Investment securities measured at fair value through other comprehensive income	200	–	200
Trade and other receivables	13,768	–	13,768
Trade and other payables	(24,974)	(17,874)	(42,848)
	569,536	(14,313)	555,223
2019			
Cash	7,383	4,719	12,102
Repo receivables	216,001	–	216,001
Investment securities measured at fair value through profit or loss	284,376	–	284,376
Investment securities measured at fair value through other comprehensive income	200	–	200
Trade and other receivables	8,459	–	8,459
Trade and other payables	(10,040)	(12)	(10,052)
	506,379	4,707	511,086

Financial instruments denominated in tenge are not exposed to foreign currency risk and are provided for reconciliation of total amounts.

Sensitivity analysis

A 20% weakening (strengthening) of tenge against the US dollar as at 31 December would have increased (decreased) net (loss) (2019: profit) by KZT 2,863 thousand (2019: KZT 941 thousand). This analysis assumes that all other variables remain constant.

(h) Capital management

The overriding objectives of the Group's capital management policy are to safeguard and support the business as a going concern and to maintain an optimal capital structure with a view to maximising returns to owners and benefits to other stakeholders by reducing the Group's cost of capital. The Group's overall policy remains unchanged from 2019.

20. Commitments and contingencies

(a) Kazakhstan's taxation contingencies

Inherent uncertainties in interpreting tax legislation

The Group is subject to uncertainties relating to the determination of its tax liabilities. Kazakhstan tax legislation and practice are in a state of continuous development and, therefore, are subject to varying interpretations and changes which may be applied retrospectively.

Management interpretations of such legislation in applying it to business transactions of the Group may be challenged by the relevant tax authorities and, as a result, the Group may be claimed for additional tax payments, including fines, penalties and interest charges that could have a material adverse effect on the Group's financial position and results of operations.

Period for additional tax assessments

Tax authorities in Kazakhstan have the right to raise additional tax assessments for three or five years after the end of the relevant tax period, depending on the taxpayer category or tax period. In certain cases, as determined by the tax legislation, the terms could be extended for three years.

20. Commitments and contingencies, continued

Possible additional tax liabilities

Management believes that the Group is in compliance with the tax laws and any contractual terms entered into that relate to tax which affect its operations and that, consequently, no additional tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant tax authorities may take a differing position with regard to the interpretation of contractual provisions or tax law.

The resulting effect of this matter is that additional tax liabilities may arise. However, due to the range of uncertainties described above in assessing any potential additional tax liabilities, it is not practicable for management to estimate the financial effect in terms of the amount of additional tax liabilities, if any, together with any associated penalties and charges for which the Group may be liable.

(b) Insurance

The insurance industry in Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available. Available insurance programs may not provide full coverage in the event of a major loss.

(c) Legal commitments

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a materially adverse effect on the financial condition or results of operations of the Group. As at 31 December 2020, the Group was not involved in any significant legal proceedings.

21. Related party disclosures

Related parties include the following:

- Key executives.
- Parent company.
- Companies under common control.

(a) Management remuneration

Rewards received by key executives are included in personnel costs of administrative expenses (see note 6) amounted to KZT 95,924 thousand (2019: KZT 99,459 thousand).

(b) Transactions with related parties

KZT'000	Key executives	Parent company	Companies under common control	Total
2020				
Due from related parties	39	218	280	537
Due to related parties	–	–	–	–
Sales to related parties	39	261	539	839
Purchases from related parties	–	(35,945)	–	(35,945)
2019				
Due from related parties	–	–	22	22
Due to related parties	–	(47)	(69)	(116)
Sales to related parties	32	–	443	475
Purchases from related parties	–	(14,696)	–	(14,696)

No allowance is held against the amounts owed by related parties at 31 December 2020 and 2019. The impairment losses in relation to amounts owed by related parties was nil for the year (2019: nil).

(c) Terms and conditions of transaction with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

22. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the consolidated financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange ruling rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date when their fair value was determined. Foreign currency differences arising on retranslation at the exchange rate on the date of the transaction as well as those from retranslation of monetary assets and liabilities at the reporting date are recognised in profit or loss.

The following exchange rates of US dollar were used in preparing the consolidated financial statements:

	2020	2019
Average for the year	412.95	382.75
At 31 December	420.91	381.18

(b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain (loss) on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income (other expenses) in profit or loss.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of the individual asset to its estimated residual value. The expected remaining useful lives as follows:

- computers and office equipment 3-5 years;
- furniture and other 5-10 years.

Useful lives and residual values of property, plant and equipment are analysed at each reporting date.

(c) Impairment

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash-generating unit at the lower amount. Impairment losses are recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

22. Significant accounting policies, continued

Reversals of impairment

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(d) Accounts receivable

Accounts receivable are normally recognised at their nominal value less any expected credit loss and do not generally carry any interest.

At the end of each reporting period the Group assesses whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (hereinafter – “loss event”) and that loss event had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected credit losses) discounted at the financial asset's effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(e) Cash

Cash comprise cash at bank which is available on demand and subject to insignificant risk of changes in value and petty cash.

(f) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate thereof can be made.

(g) Retirement employee benefits

The Group does not have any pension arrangements separate from the state pension system of the Republic of Kazakhstan, which requires current contributions by the employer and employee calculated as a percentage of current gross salary payments.

(h) Revenues

Commission income

Commissions are recognised as income in the period in which they are received, unless they relate to services that will be provided in future periods. If these are commissions for services that will be provided in future periods, they are deferred and recognised in the statement of income and expenses as services rendered during the term of the contract. Issuance fees and other one-time fees are also deferred and recognized during the contract period.

Interest income and expenses

Interest income is recognised in profit or loss as it accrues, with respect to the real return on the asset or the applicable floating rate. Interest income also includes amortisation of the premium or discount.

If the amount of a financial asset or group of financial assets is reduced in the financial statements due to impairment, interest income continues to be recognised at the original effective interest rate based on the new carrying amount.

Realised gains and losses recognised in profit or loss

Realised gains and losses on the sale of property, plant and equipment are calculated as the difference between the net proceeds from the sale and the original or amortised cost. Realised gains and losses are recognised in profit or loss when the sale is completed.

22. Significant accounting policies, continued

(i) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items charged or credited directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable to receive taxable income in future, which can be utilised against this asset. Amount of deferred tax assets are reduced to the extent that it is not probable that appropriate tax savings would be used.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(i) Financial instruments

Recognition

The Group recognises financial assets and liabilities on its balance sheet when it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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 realise the asset and settle the liability simultaneously.

Measurement

When financial assets and liabilities are initially recognised, they are measured at fair value being the consideration given or received plus directly attributable transaction costs. Any gain or loss at initial recognition is recognised in profit or loss, except for the loans receivable from (payable to) owners, gains or losses at initial recognition of which are recognised directly in equity. Subsequent to initial recognition, the loans receivable from owners are measured at amortised cost using the effective interest method.

In determining the estimated fair value, investments are valued at the quoted market prices of the purchase on the transaction date. In the absence of quoted prices in active market investments, fair value is determined using quoted market prices for similar instruments traded.

Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is settled.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost at an amount equal to 12-month expected credit losses. For trade receivables the Group measures the loss allowance at an amount equal to lifetime expected credit losses. At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

23. Events after the reporting period

On 22 February 2021, the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan issued the Company a license for banking operations, namely, for exchange operations with foreign currency, except for exchange operations with foreign currency in cash.

TRANSLATED

24. Other information on mutual fund assets

The Group was the management company of the interval mutual fund TC Global Equity Fund (hereinafter – the "Fund"). Initial issue of shares of the fund was registered on 2 March 2017.

On 20 August 2020, Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan registered termination of the Fund, as well as other six mutual funds under the Group's management.

As at 31 December 2019 and the date of termination of the Fund, net assets of the Fund under the Group's management were as follows:

KZT'000	2020	2019
Assets		
Cash and cash equivalents	–	18,311
Shares of mutual funds	–	–
Total assets	–	18,311
Liabilities		
Trade payables	31	46
Total liabilities	31	46
Net assets	(31)	18,265

For the year ended 31 December 2019 and the period from 1 January 2020 to the date of termination of the Fund, the change in the Fund's net assets was as follows:

KZT'000	2020	2019
Receipts of client's assets	–	3,736
Income from purchase and sale of securities	2	–
Total income	2	3,736
Withdrawal of client's assets	(18,278)	(31,556)
Asset management fee	–	(184)
Custodian and registrar services fee	(6)	(717)
Foreign exchange loss	(14)	(35)
Other expenses	–	(6)
Total expenses	(18,298)	(32,498)
Change in net assets	(18,296)	(28,762)
Net assets at the beginning of the period	18,265	47,027
Net assets at the end of the period	(31)	18,265

TRANSLATED