



## Limited Liability Partnership Microfinance Organization Bastau Agro Finance

(registered as a Limited Liability Partnership under the laws of the Republic of Kazakhstan with registered number BIN 170540026867)

### US\$ 6 600 000 secured bonds due 25 August 2022

The US\$6 600 000 aggregate principal amount of 5,25% secured bonds due 2022 (the “**Bonds**” and each a “**Bond**”) of Limited Liability Partnership Microfinance Organization Bastau Agro Finance (the “**Issuer**”) will be issued in accordance with the Acting law of the Astana International Financial Centre (the “**AIFC**”) in the denomination of US\$3 000 each and guaranteed by Alem Agro Holding LLP (the “**Guarantor**”).

This document constitutes the prospectus of the Bonds (the “**Prospectus**”) described herein and has been prepared by the Issuer pursuant to Rule 1.3 of the AIFC Market Rules (AIFC Rules No. FR0003 of 2017) (the “**MAR Rules**”) of the AIFC in connection with the application for the admission of the Bonds to the Official List of securities maintained by the Astana International Exchange Ltd. (“**Official List**”) and to trading on the Astana International Exchange Ltd. (together, “**Admission**”). Application has been made to the Astana International Exchange Ltd. (“**AIX**”) for Admission. It is expected that Admission will become effective and that dealings for settlement of the Bond will commence at open of trading hours on 26 August 2020 under the ticker “BAF.0822”. The Prospectus has been published on the website of the Guarantor at <https://alemagro.com> before the start of the offer and will be published on the AIX at <https://www.aix.kz> before the Admission and the Issuer at <https://bastaufinance.kz> (after launching the website).

Application has been made for the Bonds to be admitted to the Official List and to be admitted to trading on the AIX. The AIX does not guarantee that the Bonds will be admitted to the Official List. The AIX reserves the right to grant admission of the Bonds to the Official List only where it is satisfied that such admission is in accordance with AIX Markets Listing Rules.

The Issuer did not seek independent legal advice with respect to listing the Bonds on AIX in accordance with Prospectus.

**The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statement included in it. Liability for the Prospectus lies with the Issuer and other persons such as experts whose opinions are included in the Prospectus with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the Bonds for any particular investor or type of investor. If you do not understand the content of this Prospectus or are unsure whether the Bonds are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.**

No representation or warranty, express or implied, is made by the Lead Manager as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as a promise or representation, whether as to the past or the future. The Lead Manager does not assume any responsibility for the accuracy or completeness of the information contained in this Prospectus.

No action has been or will be taken in any jurisdiction by the Lead Manager or the Issuer that would permit a public offering of the Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, may be distributed in or from, or published in any country or jurisdiction, except under circumstances that will result to the best of the Lead Manager’s knowledge and belief in compliance with any applicable securities laws or regulations. Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction or under any circumstances in which such offer, solicitation or sale is not authorized or would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Bonds are reminded that any subscription or purchase may only be made on the basis of the information contained in the final Prospectus.

**These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on a semi-annual basis and to reimburse the principal on the Maturity Date. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. The Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. An investment decision must solely be based on the information contained in the Prospectus. Before making any investment decision, the investors must read the Prospectus in its entirety (and, in particular, “Risk factors” clauses of Registration Document and the Securities Note sections of the Prospectus). Each potential investor must investigate carefully whether it is appropriate for this type of investor to invest in the Bonds, taking into account his or her knowledge and experience and must, if needed, obtain professional advice.**

Lead Manager

**Vitis Advisors Group Limited Liability Partnership**

Representative of the Bondholders

**“Centras Securities” Joint Stock Company**

The date of this Prospectus is 18 August 2020

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## PROSPECTUS SUMMARY

### 1. INTRODUCTION

Prospectus summary is an introduction to the Prospectus.

Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor. These Bonds constitute debt instruments. An investment in the Bonds involves risks. By investing in the Bonds, investors lend money to the Issuer who undertakes to pay interest on a semi-annual basis and to reimburse the principal debt on the Maturity Date. In case of bankruptcy or default by the Issuer or the Guarantor which has provided a Guarantee to secure the Issuer's obligations to the Bondholders, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

Also, investors should consider that the Bonds are denominated in U.S. dollars before making an investment decision. The investor may incur losses or receive income lower than he or she expected when investing in the Bonds in the event that the exchange rate of the U.S. dollar against the currency of the country of residence of the investor is determined as a result of market processes that cannot be accurately predicted, or there is a probability that the exchange rate will fall.

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**Issuer:** Limited Liability Partnership Microfinance Organization Bastau Agro Finance

**Issue, ISIN:**

US\$ 6 600 000 secured bonds due in 2022; 5,25% coupon rate, ISIN KZX000000385

**Contact details:**

+7 (727) 266-39-81, o.kelden@bastaufinance.kz, s.turmanbetova@bastaufinance.kz

Kazakhstan, Almaty city, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000

**Approval of the Prospectus:** This Prospectus has been approved by the Issuer's General Director on 18 August 2020 and by the AIX on 18 August 2020

The contact details of the AIX: 55/19 Mangilik El st., block C 3.4. Nur-Sultan, Republic of Kazakhstan, Z05T3C4, +7 (717) 223 53 66.

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### 2. KEY INFORMATION ON THE ISSUER

#### 2.1. Who is the Issuer of the Bonds?

**Name of the Issuer:**

Full name: Limited Liability Partnership Microfinance Organization Bastau Agro Finance; short name: LLP MFO BAF.

**Location of the Issuer:**

Kazakhstan, Almaty city, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000.

**BIN/ LEI of the Issuer/ The Issuer's legal form:**

BIN 170540026867/ LEI has not been assigned/ Limited liability partnership.

**Country of incorporation:**

The Issuer is registered and carries out activities in accordance with the legislation of the Republic of Kazakhstan.

The Issuer's activities are regulated by the National Bank of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan on regulation and development of the financial market.

**The Issuer's principal activities:**

The Issuer is a for-profit organization. The Issuer's main activity is a provision of microloans to individuals and legal entities, with or without collateral, including with the taking of property as a pledge under the granted microloan, in the manner and on the conditions established by the legislation of the Republic of Kazakhstan.

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**Information on the Issuer’s Sole Participant:**

The Issuer has no participants who are individuals. The Issuer’s Sole Participant is the QADAM Group Limited Liability Partnership (BIN 190 240 024 239) with a 100% (one hundred percent) share in the Issuer’s registered capital. The founders of this legal entity are individuals - residents of the Republic of Kazakhstan:

- Temirbekov Kanat Amanbayevich (date of birth: 29.08.1979);
- Abdykadyrov Amangeldy Akbatyrovich (date of birth: 02.01.1981);
- Baglan Birzhan Baglanuly (date of birth: 28.08.1982).

**Information on the Issuer’s Supervisory Board:**

Pursuant to the Charter and the Issuer’s decision № 12-01-2020 dated from January 12, 2020, the Issuer has formed the Supervisory Board, in the following composition:

- Baglan Birzhan Baglanuly,
- Sailybayev Almas Abdrakhmanovich,
- Aitkazina Sholpan Tleugabylovna (independent member of the Supervisory Board).

The members of the Supervisory Board are elected for a five-year term.

**Information on the Issuer’s General Director:**

According to the Protocol № 02/19 of the extraordinary general meeting of QADAM Group LLP’s (the Sole Participant) participants, Kelden Olzhas elected as the Issuer’s General Director.

**Information on the Issuer’s auditors**

Financial Statement	Information about an auditor
Audited financial statements for the years ended 31 December 2017 (the “2017 Annual Financial Statements”)	UHY SAPA Consulting Limited Liability Partnership (“Auditor 1”)
Audited financial statements for the years ended 31 December 2018 (the “2018 Annual Financial Statements”)	Baker Tilly Qazaqstan Limited Liability Partnership (“Auditor 2”)
Audited financial statements for the years ended 31 December 2019 (the “2019 Annual Financial Statements”)	UHY SAPA Consulting Limited Liability Partnership

**2.2. What is the key financial information regarding the Issuer?**

<i>In thousands of Kazakhstani Tenge</i>	Year ended 31 December		
	2019 (audited)	2018 (audited)	2017 (audited)
Interest income	51 325	10 317	-
Total comprehensive income for the period	19 997	9 918	(266)
Assets (including but not limited to)	520 442	196 752	35 435
<i>Long-term loans provided to customers</i>	46 584	47 667	-
<i>Short-term loans provided to customers</i>	422 343	31 476	223
Capital (including)	288 047	170 649	35 334
<i>Authorized capital</i>	258 401	161 000	35 600
<i>Retained earnings (uncovered loss)</i>	29 646	9 649	(266)
Liabilities (including but not limited to)	232 395	26 103	101
<i>Long-term financial liabilities</i>	7 609	15 168	-
<i>Other long-term liabilities</i>	2 511	-	-
<i>Short-term financial liabilities</i>	214 662	10 000	-

Historically there have been no any qualifications in the audit reports. Audit reports on the historical financial information have not been refused by the Auditors and do not contain qualifications or disclaimers.

**2.3. What are the key risks that are specific to the Issuer?**

**Credit risk** is the risk of financial losses arising as a result of default by a borrower or counterparty to the Issuer.

**Liquidity risk** is associated with the possibility that the Issuer will encounter difficulties in raising funds to fulfill its financial obligations.

**Currency risk** is present for the Issuer due to the fact that microloans issued by the Issuer are serviced in tenge and the Bonds are issued in U.S. dollars. Proceeds of the Bonds will be used to finance the Issuer's customers.

**Operational risk** is defined as the potential for losses due to defects or errors in internal processes, recruitment and regulations.

### 3. KEY INFORMATION ON THE BONDS

#### 3.1. What are the main features of the Securities?

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**Type of the Bonds/ ISIN:**

Secured coupon bonds/ KZX000000385.

**Issue price:**

The Issue price of the Bonds is [this information will be determined in the Pricing Supplement after pricing of the Bonds]% of the face value of the Bonds.

**Number of the Bonds and the face value of the Bond:**

2 200 (two thousand two hundred) bonds with the face value of each Bond in the amount of US\$3 000 (three thousand U.S. dollars).

**The total amount of the issue:**

US\$6 600 000 (six million six hundred thousand U.S. dollars).

**The Coupon Rate:**

The Bonds will bear interest at the rate of 5,25% per annum from and including 25 August 2020. The coupon payment will be made within 10 (ten) Business Days following February 24 and August 24 of each year of the Bonds' circulation.

**Bonds circulation term:**

The term of the Bonds circulation is 2 (two) years from the first date of the Bonds circulation.

**Security:**

a written guarantee of Alem Agro Holding LLP (the "Guarantee"). The description of the Guarantee is given in clause 3.3 of the Prospectus Summary.

**Ranking:**

The Bonds shall constitute direct, general and unconditional obligations of the Issuer which will rank pari passu among themselves and rank pari passu, in terms of payment rights, with all other current or future unsubordinated secured obligations of the Issuer, except for liabilities mandatorily preferred by law.

**Restrictions on the free transferability:**

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in accordance with the rules and regulations of the AIX applicable from time to time.

**Rights granted to the Bondholders:**

- 1) the right to receive a face value upon redemption of the Bonds in the manner and terms provided for by Prospectus;
- 2) the right to receive a fixed interest on the Bonds from their face value in the time and amount stipulated by Prospectus;
- 3) the right to receive information about the Issuer's activities and its financial condition in accordance with and in the manner prescribed by AIFC and AIX Rules and legislation of the Republic of Kazakhstan;
- 4) the right to satisfy their claims in respect of the Bonds in cases and in the manner prescribed by AIFC and AIX Rules and legislation of the Republic of Kazakhstan;
- 5) the right to declare all or part of the Bonds for repurchase in cases established by Prospectus;

- 6) the right to freely sell and otherwise dispose of the Bonds;
- 7) the right to demand redemption of the Bonds by the Issuer in cases provided for by Prospectus;
- 8) the right to demand repayment of the Issuer's debts from the Guarantor under the Guaranteed Liabilities;
- 9) the right to apply to the court in case of non-fulfillment of the Guaranteed Liabilities by the Guarantor, demanding the repayment of the Issuer's debts independently or as part of a collective action, sent by the Representative of the Bondholders on behalf of the Bondholders, whose ownership at the Record Date of the Creditors was 50 percent or more of the placed (less the repurchased) Bonds;
- 10) other rights arising from the ownership of the Bonds in cases and in the manner prescribed by AIFC and AIX Rules and legislation of the Republic of Kazakhstan.

### **Representative of the Bondholders:**

The Representative of the Bondholders has been determined in order to protect the rights and interests of the Bondholders on the Bonds: "Centras Securities" Joint Stock Company undertakes to represent the interests of the Bondholders to the Issuer by performing the following main functions:

- (a) control over the fulfillment by the Issuer and the Guarantor of the Guaranteed Liabilities,
- (b) protection of the rights and interests of the Bondholders, carried out by the Representative of the Bondholders through the appeals:
  - (i) to the Issuer and the Guarantor with the requirements on the fulfillment of the Guaranteed Liabilities;
  - (ii) to the court of AIFC with a claim for protection of the rights and interests of the Bondholders.

Representative of the Bondholders shall provide Bondholders with information and documents related to its activities as the Representative of the Bondholders in response to their written requests;

The text of the agreement with the Representative of the Bondholders is given in Annex 2 to this Prospectus.

### **3.2. Where will the Bonds be traded?**

Application has been made for Admission to the AIX and it is expected that Admission will become effective and that dealings for normal settlement of the Bonds will commence at open of trading on the AIX on 26 August 2020 under the ticker "BAF.0822".

### **3.3. Is there a guarantee attached to the Bonds?**

#### ***(1) a brief description of the nature and scope of the guarantee***

The Guarantor (Alem Agro Holding LLP) assumes full joint and several liability to each/ any Bondholder in case of failure to fulfill and/ or improper performance by the Issuer of its obligations under the Bonds by issuing the Guarantee (the written full joint guarantee of May 26, 2020). The original of the Guarantee is kept by the Representative of the Bondholders.

The Guarantee ensures the liabilities of the Issuer on the Bonds, as follows: 1) payment in full of the principal debt on the Bonds on their redemption or repurchase (within the limits of the face value of each Bond) and the coupon payment in the terms stipulated by this Prospectus; 2) Penalties accrued in favor of the Bondholders in accordance with the terms of this Prospectus and payable in connection with the late performance of the Issuer's liabilities on payment of the principal debt on the Bonds on their redemption and/ or coupon payment (the "**Guaranteed Liabilities**").

The Guarantee is valid until the debt to the Bondholders under fully paid Guaranteed Liabilities.

The text of the Guarantee is given in Annex 1 to this Prospectus.

**(2) a brief description of the guarantor, including its LEI**

**The Guarantor’s name and legal form:** Alem Agro Holding Limited Liability Partnership.

**BIN/ LEI of the Guarantor:**

BIN 150140002752/ LEI has not been assigned.

**The Guarantor’s contact details:**

+7 (727) 355-99-77, office@alemagro.com, www.alemagro.com, Kazakhstan, Almaty, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000

**The Guarantor’s principal activities:**

Sale of plant protection products, seeds and micronutrient fertilizers.

Both the Issuer and the Guarantor are part of the “Alem Agro Holding” Group of Companies (the “**Group**”), which consists of six separate companies (see part 3.2 of the Registration Document). The ultimate controlling party of the Group is the citizens of the Republic of Kazakhstan: Baglan Birzhan Baglanuly, Temirbekov Kanat Amanbayevich, Abdykadyrov Amangeldy Akbatyrovich.

**Information on the Guarantor’s participants:**

Nurbekov D.A., citizen of the RK (nominal holder of the share, actual owner is Temirbekov K.A.) – 40%<sup>1</sup>;

Abdykadirova A.A., citizen of the RK (nominal holder of the share, actual owner is Abdykadyrov A.A.) – 30%;

Makulbekova G.B. , citizen of the RK (nominal holder of the share, actual owner is Baglan B.B.) – 20%;

Abylkhani B.E., citizen of the RK (nominal holder of the share, actual owner is Temirbekov K.A.) – 10%.

**(3) the relevant key financial information for the purpose of assessing the guarantor’s ability to fulfil its commitments under the guarantee**

**The Guarantor’s Statement of financial position**

<i>In thousands of Kazakhstani Tenge</i>	<b>Year ended 31 December 2019 (unaudited)</b>
<b>ASSETS</b>	
<b>Short-term assets</b>	<b>9 573 188</b>
Cash and cash equivalents	386 034
Short-term trade receivables	3 609 519
Advances paid	2 093 717
Current tax assets	721 621
Inventories	1 815 418
Other short-term assets	946 879
<b>Long-term assets</b>	<b>464 828</b>
Equity investments	264 590
Property, plant and equipment	199 782
Intangible assets	455
<b>TOTAL ASSETS</b>	<b>10 038 016</b>
<b>CAPITAL AND LIABILITITES</b>	
<b>Short-term liabilities</b>	<b>9 669 904</b>
Short-term borrowings	176 110
Short-term payables	5 428 220
Advances received	2 763 728
Current tax liabilities	709 456
Wages and salaries payable	1 641
Other short-term liabilities	590 749
<b>Long-term liabilities</b>	<b>42 318</b>
Long-term loans	42 318

<sup>1</sup> Share in the authorized capital of the Guarantor.



<b>Capital</b>	<b>325 795</b>
Share capital	200
Retained earnings	325 595
<b>TOTAL CAPITAL AND LIABILITITES</b>	<b>10 038 016</b>

***The Guarantor's Statement of profit or loss and other comprehensive income***

<i>In thousands of Kazakhstani Tenge</i>	<b>Year ended 31 December 2019 (unaudited)</b>
Sales revenue	11 752 239
Cost of goods sold	10 298 991
<b>Gross profit</b>	<b>1 453 248</b>
Selling expenses	168 774
Administrative expenses	1 194 233
Other expenses	411 626
Other income	963 019
<b>Operating profit</b>	<b>641 634</b>
Interest payable	24 528
<b>Profit before income tax</b>	<b>617 106</b>
Income tax expense	119 373
<b>Net profit</b>	<b>497 732</b>

Unaudited financial statements of the Guarantor for the year ended 31 December 2019 are appendixes to this Prospectus. The Guarantor's financial statements and independent auditor's reports may be inspected at, and are available from, the Guarantor's office in the manner specified in clause 10 the Registration Document.

***(4) a brief description of the most material risk factors pertaining to the guarantor contained in the Prospectus***

**Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Guarantor does not have any financial instruments with floating interest rates, and therefore is not exposed to interest rate risk.

**Currency risk** is the risk that the fair value or future cash flows of exposure to risk will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk mainly in respect of cash and trade payables, that denominated in Euros, Russian Rubles, U.S. dollars and Kyrgyz Soms.

**Credit risk** is the risk that the Group may incur financial losses if counterparties fail to fulfill their obligations under a financial instrument or a customer agreement. Financial instruments that may expose the Group to credit risk consist of cash, trade receivables and loans issued.

**Liquidity risk** is associated with the possibility that the Group may encounter difficulties in raising funds to meet its financial obligations.

**3.4. What are the key risks that are specific to the Bonds?**

- (1) Delisting of the Bonds from the Official List may subject gains and coupon payments on the Bonds to tax in the Republic of Kazakhstan.
- (2) There is no public market for the Bonds.
- (3) The market price of the Bonds may be volatile
- (4) The Bondholders may be subject to exchange rate risks and currency controls.
- (5) The terms and conditions of the Bond issue may be subject to amendments (modification and waivers), which will be applied in case of the relevant decision of the Bondholders.

## 4. KEY INFORMATION ON THE ADMISSION TO TRADING

### 4.1. Under which conditions and timetable can I invest in this Security?

**Admission to trading:**

Application has been made for the Bonds to be admitted to the Official List and the Bonds are expected to be admitted on 25 August 2020.

**Plan for distribution:**

The Bonds will be offered in or from AIFC to a wide range of investors in Kazakhstan.

**Offering method:**

Public offering (through subscription in accordance with the MAR Rules and relevant notices of the Issuer).

**Notification process for investors:**

Prior to the start of the book-building process the Issuer will issue a notice setting out, among other things, the main terms and conditions of the book-building and settlement procedures in connection with the offering.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the AIX or prior to the said notification.

**Place of the book-building:**

Office of the Lead Manager (Vitis Advisors Group Limited Liability Partnership), which is located at: Republic of Kazakhstan, Almaty, Medeuskiy district, Dostyk ave., 192/2, 8 (702) 515-02-65, [info@vitisadvisor.com](mailto:info@vitisadvisor.com).

**Book-building period and date of the allotment of the Bonds:**

The offer period opening and closing date: 19 August 2020 and 23 August 2020, respectively.

The date of allotment of the Bonds (the “Allotment Date”) – 24 August 2020

**Allotment of the Bonds:**

Collection of Investors’ applications for the purchase and allocation of the Bonds will be carried out by the Lead Manager based on the basis of the relevant decision of the Issuer. The Issuer may allot any Bonds to itself or any of its related persons or any of its Related Parties, without any restriction or may refuse to allot the Bonds subscribed by any subscribers.

**Estimated expenses:**

Fees associated with admission of the Bonds to the Official List and to trading on the AIX are expected to be US\$30 000. The Issuer will not charge investors any commissions. The investor must independently (or together with his consultant or broker) evaluate the commission costs that the investor will incur due to buying the Bonds.

**Lead manager:**

Vitis Advisors Group Limited Liability Partnership, Republic of Kazakhstan, Almaty, Medeuskiy district, Dostyk ave., 192/2, 8 (702) 515-02-65, [info@vitisadvisor.com](mailto:info@vitisadvisor.com).

The Issuer also appointed Vitis Advisors Group LLP as a book-runner in connection with the offering of the Bonds.

### 4.2. Who is the person asking for admission to trading?

The Issuer is the initiator of the admission of Bonds to the Official List.

### 4.3. Why is this Prospectus being produced?

This Prospectus has been produced in connection with the offering of the Bonds in and from AIFC and the Admission.

**Use of Proceeds:**

The proceeds from the placement of the Bonds will be used by the Issuer to finance loans to the businesses in the production and sale of agricultural products, and to hedge currency risk to protect the interests of the Bondholders.

**Estimated net amount of the proceeds:**

The net proceeds from the issuance are expected to amount to approximately US\$6 558 000 after deduction of fees and expenses related to the Issue.

**Conflict of interest:**

No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.

## REGISTRATION DOCUMENT

### 1. INFORMATION ABOUT THE ISSUER

#### 1.1. General information

##### The full legal and commercial name of the Issuer

	Full name in accordance with the Charter	Short name in accordance with the Charter
In the Kazakh (state) language	“Бастау Агро Финанс” микроқаржы ұйымы” жауапкершілігі шектеулі серіктестігі	“БАФ” МҚҰ” ЖШС
In Russian language	Товарищество с ограниченной ответственностью “Микрофинансовая организация “Бастау Агро Финанс”	ТОО “МФО “БАФ”
In English language	Limited Liability Partnership Microfinance Organization Bastau Agro Finance	LLP MFO BAF

##### Legal form of the Issuer

Limited Liability Partnership

##### Data on the state and other registration of the Issuer

- ✓ The Issuer was incorporated and registered in the Republic of Kazakhstan on 26 May 2017. The Issuer remains a registered legal entity from this date. The term of state registration as a legal entity is not limited. The Issuer was assigned a business identification number (BIN) 170540026867 during initial state registration.
- ✓ The Issuer was registered under the name Microfinance Organization Birlik Agro Finance Limited Liability Partnership during initial state registration. State re-registration was made, as a result of which the Issuer’s name was changed to the Limited Liability Partnership Microfinance Organization Bastau Agro Finance on June 20, 2017.
- ✓ The National Bank of the Republic of Kazakhstan has carried out the registration of the Issuer as a microfinance organization by notification №KZ22VGY00000365 on its entering into the register of microfinance organizations for № 05.17.014 dated from December 21, 2017, in accordance with the Law of the Republic of Kazakhstan “On Microfinance Activities”. The period of accounting registration of the Issuer as a microfinance organization is also not limited.
- ✓ The liability of the Sole Participant is limited by the Civil Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan “On Limited and Additional Liability Partnerships” and the Charter.
- ✓ The Issuer is not a special purpose vehicle. Microfinance organization is allowed to issue bonds for the purposes of their admission to trading on AIX, according to the Law of the Republic of Kazakhstan “On Microfinance Activities”.
- ✓ The Issuer does not have subsidiaries and (or) dependent legal entities. The Issuer does not own ten or more percent of the authorized capital of any legal entities.

##### The address and telephone number of the Issuer’s registered office

Kazakhstan, Almaty city, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000; +7 (727) 266-39-81.

## 1.2. Investments

The Issuer did not carry out investment activities during 2017.

The Issuer made investments in other fixed assets in the amount of KZT 44 thousand in 2018. The Issuer did not carry out investment activities during 2019 and the first quarter of 2020, in connection with which the book value of the Issuer's investments, minus accumulated depreciation in the amount of KZT 32,3thousand, amounted to KZT 11,7 thousand on March 31, 2020.

The Issuer did not make other investments, including in securities, fixed assets, intangible assets and other, during 2017 – 2019 and the first quarter of 2020.

The Issuer received 250 million tenge in the form of short-term gratuitous financial assistance from "Alem-Agro LTD" LLP during 2019. 57,5 million tenge of them were repaid in 2019. These operations were reflected in the investment section of the statement of cash flow. This financial assistance was aimed at financing the Issuer's core business.

## 2. OPERATIONAL FINANCIAL OVERVIEW

### 2.1. Actual and proposed business activities

#### (a) the history and description of the principal activities and business of the Issuer

The decision to found the Issuer within the Group was made in order to stimulate the sales of the Group's companies by creating a unified ecosystem for servicing the Group's customers, including by financing its customers through the provision of microloans. In this connection, the customers of the Issuer are the customers of the Group, the number of which is more than 7000 enterprises that are producers of agricultural products by the end of 2019.

Important and significant event for the Issuer during the period of its existence is the date of registration of the Issuer as a microfinance organization. The National Bank of the Republic of Kazakhstan made registration of the Issuer as a microfinance organization, which was issued to the Issuer by notification № KZ22VGY00000365 on its inclusion in the register of microfinance organizations № 05.17.014 dated from December 21, 2017, in accordance with the Law of the Republic of Kazakhstan "On Microfinance Activities". The term for the registration of the Issuer as a microfinance organization is unlimited.

The main category of the Issuer's customers on microcredit and leasing are producers and processors of agricultural products.

#### (b) a description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information

The Issuer's services consisted of microloans and financial leasing services to agricultural producers who are customers of the Group in 2018 and 2019.

	Issued in 2018		Issued in 2019	
	Amount, in tenge	Share	Amount, in tenge	Share
Loans	149 542 752	86,3%	566 032614	100,0%
Leasing	23 766 450	13,7%	-	0,0%
<b>Total</b>	<b>173 309 202</b>	<b>100,0%</b>	<b>566 032 614</b>	<b>100,0%</b>

The following is the structure of loans issued by geographical location:

***Loans issued in 2018***

<b>Region</b>	<b>Loan</b>		<b>Leasing</b>	
	<b>Amount, in tenge</b>	<b>Share</b>	<b>Amount, in tenge</b>	<b>Share</b>
Almaty	114 180 007	76%	17 766 450	75%
East Kazakhstan region	5 713 000	4%	-	-
Pavlodar	-	-	6 000 000	25%
North-Kazakhstan region	25 649 745	17%	-	-
Kyzylorda	4 000 000	3%	-	-
<b>Total</b>	<b>149 542 752</b>	<b>100%</b>	<b>23 766 450</b>	<b>100%</b>

***Loans issued in 2019***

<b>Region</b>	<b>Loan</b>	
	<b>Amount, in tenge</b>	<b>Share</b>
Akmola	22 000 000	4%
Almaty	152 376 614	27%
Almaty city	164 301 000	29%
East Kazakhstan region	143 000 000	25%
Pavlodar	20 000 000	4%
North-Kazakhstan region	46 855 000	8%
Turkestan	17 500 000	3%
<b>Total</b>	<b>566 032 614</b>	<b>100%</b>

The key partners of the Issuer with whom the relations may influence the results of the Issuer's activity are the companies belonging to the Group, as well as suppliers of machinery and equipment with whom the Issuer is interested in establishing long-term business relations.

The results of the Issuer's work allowed the Issuer to significantly outperform many microfinance organizations not only in terms of assets, but also in terms of prudential standards in 2018 and 2019. One of the reasons for this is the following competitive advantages inherent to the Issuer:

- ✓ complexity and convenience of the Issuer's services for the customer, which is focused on meeting all his needs for resources and material and technical support of business through the ecosystem of the Issuer – Group companies – suppliers of machinery, i.e. the Issuer creates for its customers the conditions for the lowest distraction of the customer from the search for suppliers and source of financing;
- ✓ the Issuer's management bodies and staff are composed exclusively of professionals with extensive experience in the crediting of small and medium-sized businesses and the agricultural sector;
- ✓ selection of customers with a reliable reputation and payment discipline;
- ✓ work on the attractiveness of their products to customers based on an assessment of their current needs and requests;
- ✓ focus on establishing long-term partnerships;
- ✓ ensuring high speed of consideration of projects;
- ✓ availability of qualified specialists and methods at the Issuer that understand and take into account all stages and peculiarities of agricultural production;

- ✓ protection of customers' interests before suppliers, in view of the Issuer's interest in security of financing and return of resources, as well as availability of the Issuer's qualified legal service, the head of which is a permanent member of "Adalat" Chamber of Private Legal Advisors".

**(c) details of any major customers, suppliers or other material dependencies of the Issuer**

The number of the Issuer's customers was 20 legal entities on average, in the first quarter of 2020. The largest of them are two borrowers, each of whom has received loans from the Issuer for working capital replenishment with the maturity date till March 1, 2021. The share of each of them in the loan portfolio is 16,4%. The presence of these large borrowers does not affect the level of credit risk for the Issuer, because loans are secured.

The Issuer plans to purchase specialized equipment, including tractors, combines and other equipment as part of its financial leasing activities. The Issuer considers as the main suppliers:

- "Belsnab Komplekt" LLP: supply of tractors, combines and equipment manufactured in Belarus and Russia;
- "Eurasia Group" LLP: supply of products of the world-famous agricultural equipment manufacturer John Deere;
- "Agromashholding" JSC: an industrial enterprise manufacturing automobiles and agricultural machinery in a wide assortment including combine harvesters, universal grain seeders, semi-trailers, engines and a number of other products, as well as components and spare parts;
- "ST Agro" LLP: official representative of leading western manufacturers of agricultural machinery of the brands CLAAS, Morris, Bühler, Lemken, Summers, MacDon.

The specified list of suppliers is indicative and procurement will be carried out when a corresponding request from customers appears. The Issuer is not dependent on these organizations taking into account the fact that the Issuer does not have any contractual obligations with these suppliers and the market for companies supplying this type of product is quite wide.

There are no other dependencies that may have a significant impact on the Issuer's activities.

**(d) the Issuer's competitive position**

The microfinance sector of the Republic of Kazakhstan is represented by 201 microfinance organizations on January 1, 2020. The register of microfinance organizations is available on the Internet resource of the Agency of the Republic of Kazakhstan on regulation and development of the financial market, that have passed accounting registration.

The Issuer is <sup>37</sup>th out of 201 microfinance organizations by assets according to the National Bank of the Republic of Kazakhstan on January 1, 2020:

Name of indicator	The aggregate indicators of microfinance organizations of the Republic of Kazakhstan			Issuer's performance		
	01.01.2020	01.01.2019	Increased by %	01.01.2020	01.01.2019	Increased by %
<i>In million of Kazakhstani Tenge (unless otherwise specified)</i>						
Assets	355 217	256 516	38,5%	520	197	164,5%
Microcredits granted (net of provisions for impairment)	293 336	219 454	33,7%	469	79	5 times
Liabilities	246 609	177 331	39,1%	232	26	8 times
Equity	108 608	79 184	37,2%	288	171	68,8%
Retained earnings	23 260	16 587	40,2%	30	10	101,6%

The following is a comparative table of the Issuer's performance with aggregate indicators of this industry:

Name of indicator	The aggregate indicators of microfinance organizations of the Republic of Kazakhstan			Issuer's performance		
	01.01.2020	01.01.2019	Increased by %	01.01.2020	01.01.2019	Increased by %
<i>In million of Kazakhstani Tenge (unless otherwise specified)</i>						
<b>Total income, including:</b>	<b>98 588</b>	<b>74 140</b>	<b>33,0%</b>	<b>57</b>	<b>19</b>	<b>203,8%</b>
Income related to remuneration	89 170	67 073	32,9%	51	10	4 times
Income not related to remuneration	1 030	959	7,4%	5	3	56,8%
Other income	8 388	6 108	37,3%	-	5	-
<b>Total expenses, including:</b>	<b>63 663</b>	<b>49 462</b>	<b>28,7%</b>	<b>29</b>	<b>7</b>	<b>335,7%</b>
Expenses related to remuneration	30 063	22 735	32,2%	3	0,1	53 times
Expenses not related to remuneration	79	53	49,1%	24	7	3 times
Other expenses	33 521	26 674	25,7%	2	-	-
<b>Provisions (recovery of provision) for losses on transactions</b>	<b>6 551</b>	<b>3 952</b>	<b>65,8%</b>	<b>1</b>	<b>1</b>	<b>7,9%</b>
<b>Corporate income tax</b>	<b>5 209</b>	<b>4 033</b>	<b>29,2%</b>	<b>6</b>	<b>1</b>	<b>8 times</b>
<b>Net profit (loss)</b>	<b>23 165</b>	<b>16 691</b>	<b>38,8%</b>	<b>20</b>	<b>10</b>	<b>101,6%</b>

It is clear that the growth rates of the Issuer's key performance indicators are higher than the average for all microfinance institutions according to the above data, which should be noted.

## 2.2. Risk factors

Risk management is fundamental to the business and is an essential element of the Issuer's operations. Credit risk is the main risk faced by the Issuer in the process of carrying out its activities. The assessment of this risk is of particular importance in connection with the fact that the Issuer plans to advance proceeds from placement of the Bonds in the form of secured microloans as part of its core business. Principal debt and coupon payments on the Bonds will be paid out of the proceeds from these microloans.

This type of risk is fundamental for the industry in which the Issuer operates. There are no specific other risks affecting the activities of the Issuer or the industry in which it operates.

The internal documents of risk management procedures are aimed at identifying, analyzing and managing the risks to which the Issuer is exposed. Internal regulatory documents on risk management are reviewed on a regular basis.

The risk management strategy is reflected in the internal documents of the Issuer.

The objectives of risk management activities are:

- timely identification of risks within the framework of internal business processes;
- appropriate procedure for conducting operations and transactions in microcredit and financial leasing;
- monitoring compliance with laws, regulations, and ethical and professional standards;
- minimization of losses and reduction of current expenses on possible losses.

The executive body of the Issuer is responsible for the proper functioning of the risk management control system, for the management of key risks and the approval of risk management policies and procedures, as well as for the approval of major transactions. Moreover, the decision to approve transactions not

related to microcrediting and financial leasing is referred to the exclusive competence of the supreme body of the Issuer, that is, the Sole Participant.

Credit Committee has been created in order to effectively control credit risk. The Credit Committee determines the optimal structure of assets and liabilities, as well as measures to manage risks related to the placement of assets. The Credit Committee, in accordance with internal regulatory documents, determines the directions of financing transactions and monitors the quality of the portfolio of microloans and financial leasing, as well as determines measures to reduce risk.

Credit risks are managed and controlled by the Credit Committee, both at the portfolio level as a whole and at the level of individual transactions. Liquidity risk, risks associated with attracting financial resources are managed and controlled by the head of the Issuer with the involvement of the appropriate unit of the Sole Participant.

### **(1) Credit risk**

Credit risk is the risk of financial losses arising as a result of default by a borrower or counterparty to the Issuer. The Issuer has developed a policy and procedures for managing credit risk (on balance sheet and off-balance sheet positions), including requirements for setting and observing concentration limits for the loan portfolio, and also created a Credit Committee, whose functions include active monitoring of the credit risk of the Issuer. “Rules for the provision of micro loans” of the Issuer are considered and approved by the General Director and the Sole Participant.

The above Issuer’s rules establish:

- procedures for consideration and approval of applications for micro loans;
- methodology for assessing the creditworthiness of borrowers;
- methodology for assessing the creditworthiness of counterparties and insurance companies;
- methodology for assessing collateral;
- minimum financial and secured requirements for micro loan approval.
- requirements for credit documentation;
- procedures for the ongoing monitoring of micro loans and other credit risks.

The main objective in managing credit risk is to pursue a balanced lending policy that combines profitability with the security of placing the assets of the Issuer during operations to exercise the rights of claim on loans, monitoring the condition of the loan portfolio based on comprehensive, objective, complete and qualified monitoring.

Exposure to credit risk is mainly controlled by obtaining high-quality collateral, guarantees.

All issues related to the issuance and repayment of a micro loan, reduction (increase) in interest rates and other additional conditions are agreed upon by the parties in the micro-credit agreement and additional agreements thereto.

Analytical accounting of micro loans granted is carried out for each borrower separately, in the context of:

- micro loan agreement;
- by the terms of loans granted;
- accrued remuneration;
- prolongation of principal and accrued interest;
- delays in principal and accrued interest;



- accrued fines and penalties;
- accrued indexation on principal and interest;
- collateral;
- title documents.

Micro loans are divided into short-term loans - up to one year (inclusive), long-term - over one year by terms of use.

Repayment of micro loans is carried out in accordance with the terms of the micro loan agreement in accordance with the payment schedule.

The sequence of payments on micro-loans is provided for in the terms of the micro-credit agreement. Debt repayment is carried out in the following order in case of violation of the payment schedule:

- state duty;
- debt on the principal;
- debt on remuneration;
- penalties and other penalties;
- amount of principal for the current payment period;
- remuneration accrued for the current payment period;
- costs of a microfinance institution to obtain execution.

The Issuer, in accordance with the terms of the contract, calculates the penalty (fine, interest) if there is an overdue debt on the principal debt, remuneration.

The Issuer, if there is objective evidence of impairment of the financial asset, calculates and creates an allowance for the impairment of the asset (principal debt and interest) in accordance with the approved “Methodology for calculating provisions (reserves)” of the Issuer and the requirements IFRS 9 if there is no payment or partial payment of the principal debt and accrued interest. Interest is subsequently calculated on the basis of real cash flows in accordance with the requirements of IFRS 9.

The issue is submitted for consideration by the Credit Committee to decide on the necessary measures to repay the borrower’s overdue debts since the fulfillment of obligations by the borrower under the microloan agreement is secured by a pledge, if there is delay of more than 30 days. The legal department of the Issuer carries out a procedure for the pre-trial settlement of a dispute with the debtor-borrower by sending appropriate notifications in the manner provided for in the micro-credit agreement. The Issuer applies to the court for the forced collection of the resulting debt in the event the debtor refuses to voluntarily fulfill obligations under the agreement.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position.

<i>In thousands of Kazakhstani Tenge</i>	<b>Non-overdue or impaired</b>	<b>Depreciated, non-overdue</b>		<b>Total for 2019</b>	<b>Total for 2018</b>
		<b>30-180 days</b>	<b>More than 1 year</b>		
Cash	9 019	-	-	<b>9 019</b>	<b>76</b>
Deposits placed in second-tier banks	-	22 989	-	<b>22 989</b>	<b>98 853</b>
Loans to customers	-	422 343	46 584	<b>468 927</b>	<b>79 143</b>
Financial leasing	-	-	15 429	<b>15 429</b>	<b>18 052</b>
<b>Total maximum exposure to credit risk</b>	<b>9 019</b>	<b>445 332</b>	<b>62 013</b>	<b>516 364</b>	<b>196 048</b>

Loans issued by the Issuer are mostly standard, there are overdue payments on 8 loans, a reserve has been created for loan impairment in accordance with IFRS 9 in the amount of KZT 2 855 thousand.

The loans are secured by real estate and movable property; ongoing work is ongoing with borrowers to return past due obligations.

Cash is placed in financial institutions, which at the time of opening an account have a minimal risk of default.

## (2) Liquidity risk

Liquidity risk is associated with the possibility that the Issuer will encounter difficulties in raising funds to fulfill its financial obligations. Liquidity risk may arise as a result of the inability to quickly realize a financial asset at a cost approaching its fair value.

Liquidity requirements are regularly monitored and management monitors the availability of funds in an amount sufficient to meet obligations as they arise.

The following is an analysis of the Issuer's financial liabilities by maturity on December 31, 2019 and December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>More than 1 year</b>	<b>Total</b>
<b>2019 year</b>				
Financial liabilities	-	214 662	7 609	222 271
Trade and other accounts payables	-	778	-	778
Tax liabilities	5 969	-	-	5 969
Liabilities for other obligatory payments	152	-	-	152
Short-term estimated liabilities	-	714	-	714
	<b>6 121</b>	<b>216 154</b>	<b>7 609</b>	<b>229 884</b>
<b>2018 year</b>				
Financial liabilities	-	10 000	15 168	25 168
Trade and other accounts payables	-	133	-	133
Tax liabilities	33	-	-	33
Liabilities for other obligatory payments	77	-	-	77
	<b>110</b>	<b>10 133</b>	<b>15 168</b>	<b>25 411</b>

## (3) Currency risk

Currency risk is inherent to the Issuer due to the fact that microloans issued by the Issuer are serviced in tenge, and Bonds, the proceeds of which will be used to finance the Issuer's customers, are issued in U.S. dollars. However, this type of risk is managed by the Issuer through the allocation of resources in second-tier banks using currency risk hedging instruments, as well as due to the fact that the funded projects produce export-oriented products.

## (4) Operational risk

Operational risk is defined as the potential for losses due to defects or errors in internal processes, recruitment and regulations. Most of them have a low-risk rating and mitigating actions are already in place as part of the daily risk management procedures.

The Issuer has set requirements for the recruitment of personnel, which has led to the creation of the Issuer's staff, which includes specialists who have experience in financing projects in agriculture, in order to manage the operational risk. In addition, the knowledge and skills required in the agricultural financing industry are tested and a mentor is then appointed prior to hiring new employees. This approach

helps to exclude losses or lost profit that the Issuer may incur in case of mistakes made by the Issuer's employees due to lack of their knowledge in the specifics of agricultural enterprises.

Also, the Issuer is working on standardization of internal processes through the application of standard approved loan and pledge agreements, application of International Financial Reporting Standards, development of internal regulations that clearly regulate the procedure of each subdivision and determine the persons responsible for monitoring and control of subdivision activities.

### 2.3. Production and sales trends

#### (a) Most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year

Information on the dynamics of changes in the key performance indicators of the Issuer over the past three years, namely: the size of loans issued, including under financial leasing; interest received by the Issuer on loans issued; the interest paid by the Issuer on attracted loans is given below.

	31 December 2019/ 2019		31 December 2018/ 2018		31 December 2017/ 2017	
	KZT'000	% <sup>2</sup>	KZT'000	%	KZT'000 <sup>3</sup>	%
Long-term loans provided to customers	46 584	-2,3	47 667	-	-	-
Debt on financial lease	15 429	-14,5	18 052	-	-	-
Short-term loans provided to customers	422 343	Increased by 13,4 times	31 476	-	-	-
Interest income on issued loans	47 469	467,9	8 358	-	-	-
Financial lease income	2 324	146,2	944	-	-	-
Interest expenses on received loans	2 798	Increased by 54 times	52	-	-	-

There have been no significant changes in the Issuer's business that could change the dynamics of these indicators from the date when the last presented financial statements were made.

At the same time, a state of emergency and a number of restrictive measures in connection with the spread of coronavirus infection were introduced in a number of cities of Kazakhstan in March and April of 2020. It should be noted that there have been no significant negative changes in the results of the Issuer's activities since the last reporting period given the impact of this factor:

- The share of overdue loans was 9,8%, having decreased more than 2 times in the amount, but insignificantly changed due to partial repayment of the share of loans in the portfolio compared to December 31, 2019.
- Payments for the loans issued by the Issuer for the replenishment of the working capital are made by the borrowers in accordance with the approved schedules.
- The Issuer was approached by 4 customers, whose debt is 43,9 million tenge, with a request to defer payments on received loans from the beginning of the restrictive measures related to the declaration of the state of emergency. Three of them were denied, as confirmation of the deterioration of their situation was not provided. The request of one customer is under consideration, but confirmation of deterioration has not yet been provided (mandatory condition

<sup>2</sup> Change in % compared to the comparable period.

<sup>3</sup> The Issuer's record registration was carried out in December 2017, and therefore in 2017 the Issuer did not carry out core business. There are no indicators for 2017 and a comparison with comparable data from the previous year for 2018 for this reason.

for the provision of confirmation). At the same time, the Issuer's approval of the delay to the customer does not mean charging interest for this period, and, therefore, does not entail a decrease in the yield on loans issued.

The Issuer does not have the information on the duration of the restrictive measures and the degree of their impact on the borrowers, therefore, it is not possible for the Issuer to assess the degree of influence of these factors on the results of his activities or the activities of his borrowers within the next twelve months.

At the same time, the Issuer is focused on financing entrepreneurial/ business purposes (i.e., it does not provide consumer loans that have been significantly influenced by the restrictive measures introduced in the country due to the Emergency Situation) and the industry of the agro-industrial complex has found support from the President of the Republic of Kazakhstan and other state authorities as an exception despite the restrictions imposed in the country.

In addition, it should be noted the importance of this sector in ensuring food security of the country and for further security and support of business by the state in this segment of lending.

### **3. CONSTITUTION AND ORGANISATIONAL STRUCTURE**

#### **3.1. Constitution**

The charter of the Issuer (the “**Charter**”) was approved by the decision of the Sole Participant - the protocol № 12-01-2020 dated January 12, 2020.

The main purpose of the Issuer's business activities as a commercial organization is to generate income, that is, net income from the statutory activities, according to clauses 2.3. and 7.1. of the Charter.

Types of activities that the Issuer may carry out are stipulated in clause 7.2. of the Charter. These include both activities directly related to the implementation of microcredit services and the organization of their implementation, as those activities that are specialized, but not the proceeds from which do not form the main income of microfinance organizations. For example, provision of consulting services on issues related to the activities of microcredit or implementation of specialized literature on the activities of microfinance organizations on any media.

The main types of the authorized activities of the Issuer are the following:

- 1) provision of microcredits to individuals and legal entities with or without security;
- 2) attraction of loans (except for attraction of money in the form of loans from citizens as entrepreneurial activity) and grants from residents and non-residents of the Republic of Kazakhstan;
- 3) placement of temporarily free assets on deposits of second tier banks and other methods that do not contradict the legislation of the Republic of Kazakhstan;
- 4) use and disposal of pledged property received in the microcredit security company in the manner prescribed by the current legislation of the Republic of Kazakhstan;
- 5) sale of own property.

The issue of the Bonds is carried out in accordance with article 11 of the Law of the Republic of Kazakhstan № 56-V “On Microfinance Activities” dated November 26, 2012. According to this Law, the issue of bonds by a microfinance organization is possible for the purposes of their placement on the organized securities market of the Republic of Kazakhstan and (or) admission to trading on the stock exchange, operating on the territory of the Astana International Financial Centre. The rights and restrictions related to the Bonds are stipulated in this Prospectus. The Charter does not provide for any rights, preferences or restrictions relating to the Bonds or other securities.

The terms of this Prospectus are also regulated: (1) the procedure of making amendments to this Prospectus, including the conditions of issue of the Bonds and the list of rights of the Bondholders; (2) the conditions regulating the procedure of convening annual general and extraordinary general meetings of the Bondholders, including the conditions of admission to the meeting. The Charter does not contain a description or an indication of the procedure for actions in cases specified in parts (1) and (2) of the previous sentence.

The Charter stipulates that an individual and a legal entity (residents and non-residents) may be a participant of the Issuer. In this case, the Charter does not contain any provisions that may delay, defer or prevent changes in control over the Issuer. Also, the Charter does not contain an indication of any threshold value of a participants' share in the authorized capital of the Issuer, in case of achievement or exceeding of which the participant is obliged to disclose information about the ownership of such share. The liability of the participants to disclose the ownership of shares in the authorized capital of the Issuer (regardless of its size) is also not provided by the Charter.

The size of the authorized capital of the Issuer is regulated by the requirements of the laws of the Republic of Kazakhstan "On Economic Partnerships", "On Limited and Additional Liability Partnerships", "On Microfinance Activities" and the requirements of the authorized body of the Republic of Kazakhstan engaged in the development and regulation of the financial market. Therefore, the Charter does not include any provisions establishing stricter conditions for the size of the authorized capital of the Issuer than required by the legislation.

### 3.2. Group Structure

The Issuer is part of the "Alem Agro Holding" Group of Companies (referred to as the "Group" above), which consists of six separate companies.

The ultimate controlling party of the Group are individuals who are citizens of the Republic of Kazakhstan: Baglan Birzhan Baglanuly, Temirbekov Kanat Amanbayevich and Abdykadyrov Amangeldy Akbatyrovich. The list of companies, as well as the composition of their participants, as of the date of approval of this Prospectus is given below<sup>4</sup>:

Company name, country of legal registration	Date of foundation	Kind of activity	Participants and their share of participation (share in the authorized capital)
Alem Agro Holding LLP	08.01.2015	Sale of plant protection products, seeds and micronutrient fertilizers	Nurbekov D.A. (nominal holder of the share, actual owner is Temirbekov K.A.) – 40% Abdykadirova A. A. (nominal holder of the share, actual owner is Abdykadyrov A.A.) – 30% Makulbekova G.B. (nominal holder of the share, actual owner is Baglan B.B.) – 20% Abylkhani B.E. (nominal holder of the share, actual owner is Temirbekov K.A.) – 10%
"Operator of financial support for agriculture" LLP (former name "Alem Agro-LTD")	29.11.2004	Sale of plant protection products, seeds and micronutrient fertilizers	Baglan B.B. – 22,50% Temirbekov K.A. – 48,75% Abdykadyrov A.A. – 28,75%

<sup>4</sup> Individuals and legal entities are citizens and residents of the Republic of Kazakhstan, respectively, unless otherwise indicated.

<b>Company name, country of legal registration</b>	<b>Date of foundation</b>	<b>Kind of activity</b>	<b>Participants and their share of participation (share in the authorized capital)</b>
“Alem Agro Trade” LLP	12.05.2014	Sale of plant protection products, seeds, micronutrient fertilizers and drip irrigation systems, goods for the greenhouse business	“Operator of financial support for agriculture” LLP (former name “Alem Agro-LTD”) - 100%
“Qadam Industries” LLP	26.04.2014	Production of plant protection chemicals, micronutrient fertilizers and chemicals	“Operator of financial support for agriculture” LLP (former name “Alem Agro-LTD”) - 60% Nurbekov D.A. (nominal holder of the share, actual owner is Temirbekov K.A.) – 40%
LLP Microfinance Organization Bastau Agro Finance	05.05.2017	Short-term financing	“QADAM Group” LLP - 100%
“AlemAgro KG” LLC (Kyrgyz Republic)	08.11.2016	Sale of plant protection products, seeds, micronutrient fertilizers and drip irrigation systems	Alem Agro Holding LLP - 100%
“QADAM Group” LLP	19.02.2019	Managing company	Baglan B.B. – 22,50% Temirbekov K.A. – 48,75% Abdykadyrov A.A. – 28,75%

The head office of the Group is located in Almaty: Republic of Kazakhstan, Almaty, Abylay Khan Ave. 135, White Tower Business Center, +7 (727) 355-99-77, office@alemagro.com. The regional network of the Group in Kazakhstan is represented in 13 regions; the companies included in the Group are based both in Kazakhstan, and in Kyrgyzstan and Uzbekistan. Regional units are managed through the respective directorates: Central, North, West and South.

The Group has been operating in the Kazakhstan market for 15 years in the field of seeds, fertilizers and plant protection products, employs more than 100 people, 40% of whom are specialists in the agricultural industry, and is the largest R&D distributor in the Central Asian market.

The purpose of the Issuer was to increase the sales volume of the Group by financing the Group’s customers.

The Issuer carries out transactions with members of the Group aimed at developing the activities of the Issuer from time to time. Transactions with Related parties were carried out on terms agreed between the parties. Balances at the end of the year are not secured.

The following table shows the total amount of transactions that were concluded with Related parties in 2019 and the corresponding balances on December 31, 2019:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Accounts Payable - Refundable Financial Assistance</b>	<b>192 500</b>	-	-
- “Operator of financial support for agriculture” LLP (former name “Alem Agro-LTD”)	192 500 <sup>5</sup>	-	-
<b>Formed authorized capital</b>	-	-	<b>35 600</b>
- Alem Agro Holding LLP	-	-	35 600

<sup>5</sup> The specified debt has been repaid by the Issuer in accordance with the terms of the loan on the date of this Prospectus.

## 4. ASSETS

### 4.1. Material contracts

The Issuer or any member of the Group had no material contracts: (i) within the two years immediately preceding the date of this document and which is, or may be, material; or (ii) which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Issuer as at the date hereof.

## 5. CAPITAL

### 5.1. Authorized capital

The sole founder of the Issuer was Alem Agro Holding LLP on December 31, 2018. The size of the authorized capital was KZT 161 000 thousand.

The authorized capital has been fully formed. The composition and amounts in the authorized capital have changed on December 31, 2019.

“QADAM Group” LLP has become the Issuer’s sole participant during the 2019, the authorized capital was increased to KZT 230 000 thousand. The increase in the authorized capital of the Issuer through a notification was carried out by the “State Corporation “Government for Citizens” Non-profit Joint-Stock Company on December 25, 2019.

The authorized capital was increased to KZT 258 401 thousand according to the decision of the Sole Participant of December 31, 2019.

The procedure for increasing the authorized capital by notification to the authorized bodies was carried out on February 7, 2020.

## 6. MANAGEMENT OF THE ISSUER

### 6.1. Details relating to directors and senior managers (“Key Persons”)

Name, business address	Functions and principal activities
<b>Ultimate Beneficiary Owners</b>	
<b>Baglan Birzhan</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Management of the following areas: risk management, funding, budgeting, legal unit, controlling, the Group’s work with receivables
<b>Temirbekov Kanat</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Management of the following areas: strategy and development of the Group’s companies, development of new areas of the Group’s activities, work with existing and potential partners, interaction with investors, business scaling, HR top management
<b>Abdykadyrov Amangeldy</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Management of the following areas: sales, stock management, marketing and analytics, work with suppliers
<b>Participants of Qadam Group LLP - the Sole Participant</b>	
<b>Baglan Birzhan</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Management of the following areas: risk management, funding, budgeting, legal unit, controlling, work with receivables
<b>Temirbekov Kanat</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Management of the following areas: strategy and development of the company, development of new areas of activity, work with existing and potential partners, interaction with investors, business scaling, HR top management

Name, business address	Functions and principal activities
<b>Abdykadyrov Amangeldy</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Management of the following areas: sales, stock management, marketing and analytics, work with suppliers
<b>Members of the Issuer's Supervisory Board</b>	
<b>Baglan Birzhan</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Supervisory function within the framework of the Supervisory Board of the Issuer Representation of interests of the Sole Participant
<b>Saylybayev Almas</b> Almaty, Almalinskiy district, Abyklay khan avenue 135	Supervisory function within the framework of the Supervisory Board of the Issuer
<b>Aitkazina Sholpan</b> Almaty, Almalinskiy district, Abyklay khan avenue 135 Nur-Sultan, Samal microdistrict, 12	Supervisory function in the framework of the Supervisory Board of the Issuer as an independent director
<b>The Issuer's General Director</b>	
<b>Kelden Olzhas</b> Kazakhstan, Almaty city, Almalinskiy district, Abylay Khan Avenue, building 135, 309	acts without a power of attorney on behalf of the Issuer within the limits of the authority granted to him, represents the interests of the Issuer; approves the states, determines wage systems, sets the sizes of official salaries; makes transactions on behalf of the Issuer, with the exception of transactions referred to the competence of the Sole Participant; issues powers of attorney on the right to represent the Issuer, including powers of attorney with the right of transfer, uses the right to dispose of funds; issues binding orders and instructions; convenes regular and extraordinary decision of the Sole Participant; solves all other issues of the Issuer's activity, with the exception of those that fall within the exclusive competence of the Issuer's Sole Participant; approves internal rules, procedures for their adoption and other documents regulating the Issuer's internal activities.

## Conflict of interest

There is no conflict of interests between the personal interests of any Key Person mentioned above and that of the duties such persons owed to the Issuer or interests of the Issuer.

## 6.2. Other information relating to key Persons

The Issuer is not obliged to form committees in accordance with the legislation of the Republic of Kazakhstan regulating the activities of legal entities operating in the form of limited liability partnerships.

At the same time, collegial body in the form of a Credit Committee consisting of 3 persons functions under microcredit and leasing projects for decision-making: the Issuer's General Director, the representative of the Sole Participant, the Head of the legal service.

## 7. FINANCIAL INFORMATION ABOUT THE ISSUER

### 7.1 Historical financial information about the Issuer

The tables below set out summary financial information of the Issuer as at and for the years ended 31 December 2019, 2018 and 2017 prepared in accordance with IFRS. The summary financial information



has been extracted from the financial statements of the Issuer without material adjustment. Rounding differences may occur.

The tables presented below as at and for should be read in conjunction with the 2017 Annual Financial Statements, 2018 Annual Financial Statements and 2019 Annual Financial Statements, which are appendixes to this document.

Historically there have been no any qualifications in the audit reports. Audit reports on the historical financial information have not been refused by the Auditors and do not contain qualifications or disclaimers.

There is no significant change in the financial or trading position of the Issuer has been occurred since the end of 2019.

### (1) Statement of Profit or Loss and Other Comprehensive Income Information

<i>In thousands of Kazakhstani Tenge</i>	Year ended 31 December		
	2019 (audited)	2018 (audited)	2017 (audited)
Interest income	51 325	10 317	-
Interest expenses	(2 798)	(52)	-
<b>Net interest income</b>	<b>48 527</b>	<b>10 265</b>	<b>-</b>
Provision for loans impairment	(1 482)	(1 373)	-
<b>Net interest income after provision for impairment</b>	<b>47 045</b>	<b>8 892</b>	<b>-</b>
Government subsidy income	-	3 000	-
Service income and fees	3 104	-	-
Fines and penalties on loans issued	4 239	541	-
Provisions for cash and deposits	(1 864)	(47)	-
<b>Non-interest income</b>	<b>5 479</b>	<b>3 494</b>	<b>-</b>
Other financial income/ expenses (net)	(2 408)	4 884	499
Operating expenses	(24 025)	(6 660)	(768)
Other non-operating expenses	(13)	-	-
<b>Profit (loss) before tax</b>	<b>26 078</b>	<b>10 610</b>	<b>(269)</b>
Income tax	(6 081)	(692)	3
<b>Total profit (loss) for the period</b>	<b>19 997</b>	<b>9 918</b>	<b>(266)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>19 997</b>	<b>9 918</b>	<b>(266)</b>

### (2) Statement of Financial Position Information

<i>In thousands of Kazakhstani Tenge</i>	Year ended 31 December		
	2019 (audited)	2018 (audited)	2017 (audited)
<b>ASSETS</b>			
<b>Long-term assets</b>			
Long-term loans provided to customers	46 584	47 667	-
Debt on financial leasing	15 429	18 052	-
Fixed assets	16	33	-
Deferred tax asset	640	-	3
<b>Total long-term assets</b>	<b>62 669</b>	<b>65 752</b>	<b>3</b>

<i>In thousands of Kazakhstani Tenge</i>	Year ended 31 December		
	2019 (audited)	2018 (audited)	2017 (audited)
<b>Short-term assets</b>			
Cash and cash equivalents	32 008	98 929	35 134
Short-term loans provided to customers	422 343	31 476	223
Inventories	51	7	-
Current tax assets	-	227	75
Other short-term assets	3 371	361	-
<b>Total short-term assets</b>	<b>457 773</b>	<b>131 000</b>	<b>35 432</b>
<b>TOTAL ASSETS</b>	<b>520 442</b>	<b>196 752</b>	<b>35 435</b>
<b>CAPITAL AND LIABILITIES</b>			
<b>Capital</b>			
Authorized capital	258 401	161 000	35 600
Retained earnings (uncovered loss)	29 646	9 649	(266)
<b>Total capital</b>	<b>288 047</b>	<b>170 649</b>	<b>35 334</b>
<b>Long-term liabilities</b>			
Long-term financial liabilities	7 609	15 168	-
Other long-term liabilities	2 511	-	-
Deferred tax liability	-	692	-
<b>Total long-term liabilities</b>	<b>10 120</b>	<b>15 860</b>	<b>-</b>
<b>Short-term liabilities</b>			
Trade and other accounts payables	778	133	-
Short-term financial liabilities	214 662	10 000	-
Tax liabilities	5 969	33	51
Liabilities for other obligatory payments	152	77	50
Short-term estimated liabilities	714	-	-
<b>Total short-term liabilities</b>	<b>222 275</b>	<b>10 243</b>	<b>101</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>520 442</b>	<b>196 752</b>	<b>35 435</b>

### (3) Statement of Change in Equity

<i>In thousands of Kazakhstani Tenge</i>	Authorized capital	Reserve capital	Retained earnings	Total capital
<b>Balance on January 1, 2017 (unaudited)</b>	-	-	-	-
Total comprehensive loss for the year	-	-	(567)	(567)
Member contribution	35 600	-	-	35 600
<b>Balance on December 31, 2017 (audited)</b>	<b>35 600</b>	<b>-</b>	<b>(567)</b>	<b>35 033</b>
Changes in accounting policies	-	-	-	-
<b>Recalculated balance</b>	<b>35 600</b>	<b>-</b>	<b>(567)</b>	<b>35 033</b>
Profit/ loss for the period	-	-	8 436	8 436
Issue of shares and other transactions with owners	125 400	-	-	125 400
<b>Balance on December 31, 2018 (audited)</b>	<b>161 000</b>	<b>-</b>	<b>7 869</b>	<b>168 869</b>
Profit/ loss for the period	-	-	19 997	19 997

<i>In thousands of Kazakhstani Tenge</i>	Authorized capital	Reserve capital	Retained earnings	Total capital
Adjustments to previous years <sup>6</sup>	-	-	1 780	1 780
Issue of shares and other transactions with owners	97 401	-	-	97 401
<b>Balance on December 31, 2019 (audited)</b>	<b>258 401</b>	<b>-</b>	<b>29 646</b>	<b>288 047</b>

#### (4) Cash Flow Statement

<i>In thousands of Kazakhstani Tenge</i>	2019 (audited)	2018 (audited)	2017 (audited)
<b>Cash flow from operating activities</b>			
<b>Total cash inflow, including:</b>	<b>249 087</b>	<b>88 715</b>	<b>201</b>
Interest income on deposits	1 532	1 238	201
Loans repaid short-term - the main debt	187 755	69 562	-
Loans repaid - financial leasing	4 264	727	-
Loans repaid long-term - the main debt	13 597	1 205	-
Interest income on loans issued	37 007	7 689	-
Other operating income received	4 932	3 541	-
Advances received	-	4 753	-
<b>Total cash outflow, including:</b>	<b>606 045</b>	<b>180 229</b>	<b>667</b>
Loans issued - short-term	567 033	101 385	-
Loans issued - long-term	12 000	48 158	-
Payments to suppliers for goods and services	41	37	-
Advances paid	597	24 779	-
Payment of wages	16 402	4 269	567
Loan interest payments	2 603	-	-
Corporate income tax and other payments to the budget	6 558	1 538	-
Other payments	811	63	100
<b>Net cash from operating activities</b>	<b>(356 958)</b>	<b>(91 514)</b>	<b>(466)</b>
<b>Cash flow from investing activities</b>			
<b>Total cash inflow, including:</b>	<b>250 000</b>	<b>-</b>	<b>-</b>
Receiving and repayment of loans granted to other organizations	250 000	-	-
Total cash outflow, including:	57 500	44	-
Loans to other organizations and repayment	57 500	-	-
<b>Net cash from investing activities</b>	<b>192 500</b>	<b>(44)</b>	<b>-</b>
<b>Cash flow from financial activities</b>			
<b>Total cash inflow, including:</b>	<b>130 401</b>	<b>155 400</b>	<b>35 600</b>
Issue of shares and other securities	97 401	125 400	35 600
Receiving loans	33 000	30 000	-
<b>Total cash outflow, including:</b>	<b>31 000</b>	<b>-</b>	<b>-</b>
Repayment of loans	31 000	-	-

<sup>6</sup> Some of the amounts shown in this table are not consistent with the financial statements for 2018, as they reflect the adjustments made, details of which are given in *Note 4* "Adjustments to certain items of the financial statements of the previous period" of the Auditor's report for the year ended December 31, 2019.

<i>In thousands of Kazakhstani Tenge</i>	2019 (audited)	2018 (audited)	2017 (audited)
<b>Net cash from financial activities</b>	<b>99 401</b>	<b>155 400</b>	<b>35 600</b>
<b>The effect of exchange rates against tenge</b>	-	-	-
<b>The impact of the estimated provisions for expected credit losses (ECL)</b>	<b>(1 911)</b>	<b>(47)</b>	-
<b>Total: Increase + / - decrease in cash</b>	<b>(65 057)</b>	<b>63 842</b>	<b>35 134</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>98 976</b>	<b>35 134</b>	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>32 008</b>	<b>98 929</b>	<b>35 134</b>

Audited financial statements for years ending 31 December 2019, 31 December 2018 and 31 December 2017 are included in the Prospectus (Annex 4).

There were no events that could have significant significance for assessing the solvency of the Issuer during the period under review.

## **8. OTHER INFORMATION RELATING TO THE ISSUER**

### **8.1. Information about auditors**

The 2017 Annual Financial Statements and The 2019 Annual Financial Statements have been audited in accordance with International Standards on Auditing by UHY SAPA Consulting Limited Liability Partnership (“**Auditor 1**”) and The 2018 Annual Financial Statements have been audited in accordance with International Standards on Auditing by Baker Tilly Qazaqstan Limited Liability Partnership (“**Auditor 2**”), and together “**Auditors**” independent auditors, who have expressed an opinion on those financial statements, as stated in their reports appearing herein.

The address of Auditor 1 is Republic of Kazakhstan, Almaty, Mamyр-4 microdistrict, building 14. Auditor 1 operates under a state license on auditing in the Republic of Kazakhstan, MFY-2 #0000069, issued by the Ministry of Finance of the Republic of Kazakhstan dated October 5, 2010.

The address of Auditor 2 is Republic of Kazakhstan, Almaty, Al-Farabi avenue, 19, Business-Center Nurly Tau, block 2B, apt.201. Auditor 2 operates under a state license on auditing in the Republic of Kazakhstan, Number 19001854, issued by the Ministry of Finance of the Republic of Kazakhstan dated January 29, 2019.

Auditors are members of the Chamber of Auditors of the Republic of Kazakhstan.

### **8.2. Connected Persons**

Related parties of the Issuer include the companies belonging to the Group as well as Ultimate Beneficiary Owners:

#### **(a) The companies belonging to the Group:**

<b>Company name, country of legal registration</b>	<b>Date of foundation</b>	<b>Kind of activity</b>	<b>Participants and their share of participation (share in the authorized capital)</b>
Alem Agro Holding LLP	08.01.2015	Sale of plant protection products, seeds and micronutrient fertilizers	Nurbekov D.A. (nominal holder of the share, actual owner is Temirbekov K.A.) – 40% Abdykadirova A. A. (nominal holder of the share, actual owner is Abdykadyrov A.A.) – 30% Makulbekova G.B. (nominal holder of the share, actual owner is Baglan B.B.) – 20% Abylkhani B.E. (nominal holder of the share, actual owner is Temirbekov K.A.) – 10%
“Operator of financial support for agriculture” LLP (former name “Alem Agro-LTD”)	29.11.2004	Sale of plant protection products, seeds and micronutrient fertilizers	Baglan B.B. – 22,50% Temirbekov K.A. – 48,75% Abdykadyrov A.A. – 28,75%
“Alem Agro Trade” LLP	12.05.2014	Sale of plant protection products, seeds, micronutrient fertilizers and drip irrigation systems, goods for the greenhouse business	“Operator of financial support for agriculture” LLP (former name “Alem Agro-LTD”) - 100%
“Qadam Industries” LLP	26.04.2014	Production of plant protection chemicals, micronutrient fertilizers and chemicals	“Operator of financial support for agriculture” LLP (former name “Alem Agro-LTD”) - 60% Nurbekov D.A. (nominal holder of the share, actual owner is Temirbekov K.A.) – 40%
LLP Microfinance Organization Bastau Agro Finance	05.05.2017	Short-term financing	“QADAM Group” LLP - 100%
“AlemAgro KG” LLC (Kyrgyz Republic)	08.11.2016	Sale of plant protection products, seeds, micronutrient fertilizers and drip irrigation systems	Alem Agro Holding LLP - 100%
“QADAM Group” LLP	19.02.2019	Managing company	Baglan B.B. – 22,50% Temirbekov K.A. – 48,75% Abdykadyrov A.A. – 28,75%

**(b) Ultimate Beneficiary Owners (indicating the degree of control over the Issuer):**

These persons are not direct owners of shares in the authorized capital of the Issuer, because the 100% Sole Participant is “QADAM Group” LLP. However, the degree of control over the Issuer by the mentioned persons can be defined as: Baglan B. – 22,50%, Temirbekov K. – 48,75%, Abdykadyrov A. – 28,75%, taking into account the above mentioned direct participation of Ultimate Beneficiary Owners in the authorized capital of “QADAM Group” LLP.

The division of shares accordingly does not allow for guaranteed decision-making by one person, thus ensuring that such control cannot be abused.

**8.3. Legal and other proceedings against the Issuer**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Issuer is aware) which may have, or have had during the 12

months prior to the date of this Prospectus, a significant effect on the Issuer's financial position of profitability.

#### **8.4. Other significant matters**

As of the date of this Prospectus there are no other significant matters that investors would reasonably require in relation to the Issuer and the Issuer's jurisdiction.

### **9. RESPONSIBILITY FOR THE CONTENT OF PROSPECTUS**

#### **9.1. Responsibility Statement**

A Responsibility Statement is included in Annex 3 of this Prospectus.

#### **9.2. Third Party Information**

Statistical data and other information appearing in this Prospectus relating to the Kazakhstan have, unless otherwise stated, been extracted from documents and other publications released by the Ministry of Finance of Kazakhstan, the National Bank of the Republic of Kazakhstan and other public sources in Kazakhstan, as well as from Kazakhstan press reports and publications, edicts and resolutions of the Government and estimates of the Issuer (based on its management's knowledge and experience of the markets in which the Issuer operates). In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Any discussion of matters relating to Kazakhstan in this Prospectus is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

The Issuer confirms that, where information included in the Prospectus has been sourced from a third party, the source is identified, that information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **9.3. Signing of the prospectus by directors of the Issuer**

The Prospectus was signed by Kelden Olzhas, General Director of the Issuer, on 18 August 2020.

#### **9.4. Expert opinions included in a prospectus**

The Issuer extracted most of the information contained in this Prospectus from 2017 Annual Financial Statements, 2018 Annual Financial Statements and 2019 Annual Financial Statements. Information on Auditors described in the clause 8.1. of the Registration Document.

### **10. DOCUMENTS ON DISPLAY**

(a) Copies of the following documents:

- this Prospectus and any supplements thereto;
- the Charter;
- financial statements and independent Auditor's reports for the years ended December 31, 2019, December 31, 2018 and December 31, 2017,

may be inspected at, and are available from, the office of the Issuer at Republic of Kazakhstan, Almaty, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000, phone: +7 (727) 266-39-81, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted),

to the full performance of the Issuer and/ or the Guarantor of the Guaranteed Liabilities to the Bondholders.

Bondholders, representatives of AIFC authorized bodies can carry out this inspection by visiting the Issuer's office at the above address, notifying the Issuer of such visit 24 hours in advance (non-business days are not included at this time) or by e-mail to o.kelden@bastaufinance.kz, s.turmanbetova@bastaufinance.kz.

(b) The following documents:

- the original Guarantee signed by the Guarantor;
- the original agreement signed between the Representative of the Bondholders and the Issuer,

may be inspected at, and are available from, Representative of the Bondholders' office at Republic of Kazakhstan, Almaty, Bostandykskiy district, Manas str., 32a, apt. 201, phone 8 (727) 259-88-77, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), to the full performance of the Issuer and/ or the Guarantor of the Guaranteed Liabilities to the Bondholders.

Bondholders, representatives of AIFC authorized bodies can carry out this inspection by visiting the office of the Representative of the Bondholders at the above address, notifying the Representative of the Bondholders about such visit 24 hours in advance (non-business days are not included at this time) or by e-mail to mail@centras.kz.

(c) Copies of the following documents:

- the charter of the Guarantor;
- the Guarantor's financial statements and independent auditor's reports,

may be inspected at, and are available from, the Guarantor's office at Republic of Kazakhstan, Almaty, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000, +7 (727) 355-99-77 during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), to the full performance of the Issuer and/ or the Guarantor of the Guaranteed Liabilities to the Bondholders.

Bondholders, representatives of authorized bodies of AIFC can carry out this inspection by visiting the office of the Guarantor at the above address, notifying the Guarantor of such visit 24 hours in advance (non-business days are not included at this time) or by e-mail to office@alemagro.com.

## SECURITIES NOTE

### 1. KEY INFORMATION

#### 1.1. Risk factors

##### **(1) Delisting of the Bonds from the Official List may subject gains and coupon payments on the Bonds to tax in the Republic of Kazakhstan.**

In order for coupon payments due on the Bonds and gains realized by the Bondholders in relation to disposal, sale, exchange or transfer of the Bonds to be exempt from Kazakhstan withholding tax, it will be necessary for the Bonds to be admitted to the Official List as at the coupon payment date or the date of such disposal, sale, exchange or transfer of the Bonds.

No assurance can be given that the Bonds will remain admitted to the Official List as at each coupon payment date or during the term of the Bonds, or that there will be no material change in tax and securities laws in Kazakhstan. However, the Issuer is interested in finding the Bonds on the Official List, as this enables the Issuer to apply tax preferences provided for by the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre” (# 438-V ZRK of 7 December 2015). The Issuer will make every effort to comply with AIX requirements and to place Bonds on the AIX Official List for this reason. Also, the Issuer assumes that the short term of the Bonds circulation (2 years) and the liabilities of the Issuer to repurchase the Bonds during the Bonds circulation period reduce the risk for the Bondholders of negative changes in the tax legislation.

##### **(2) There is no public market for the Bonds**

There is no existing market for the Bonds, and there can be no assurance regarding the future development of a market for the Bonds. Application has been made for Admission. However, an active trading market in the Bonds may not develop or be maintained after listing. No assurance can be made as to the liquidity of any market that may develop for the Bonds, the ability of Bondholders to sell the Bonds or the price at which Bondholders may be able to sell the Bonds. The liquidity of any market for the Bonds will depend on the number of the Bondholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Issuer’s financial condition, performance and prospects, as well as recommendations of securities analysts.

If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and the trading price of the Bonds.

The Issuer undertakes liabilities in accordance with the clause 3.8. (1) of the Securities Note to repurchase the Bonds prior to their Maturity Date in order to reduce the impact on the Bondholders of this risk and to ensure liquidity on the Bonds.

##### **(3) The market price of the Bonds may be volatile**

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer’s operating results and those of the Issuer’s competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Bonds, as well as other factors.

The only significant factor assumed by the Issuer that could cause sharp fluctuations in the price of the Bonds is a decrease in the Issuer’s solvency. Such a decrease may be caused by deterioration in the quality of the Issuer’s loan portfolio. However, taking into account the approach to lending (high-quality borrowers with a proven track record, who carry out activities in the field of key importance for the



country's food security; availability of collateral), the Issuer does not imply a deterioration in its loan portfolio, which may cause sharp changes in the price of the Bonds

In addition, the Issuer shall carry out repurchase/ redemption of the Bonds at face value in order to reduce the negative consequences for the Bondholders in case of the above factors in accordance with the clause 3.8. of Securities Note section.

**(4) The Bondholders may be subject to exchange rate risks and currency controls.**

The Issuer will pay principal debt and interest on Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Issuer cannot influence the risk management policy of the Bondholders, including currency risks. Besides, in most cases it is impossible to formulate an accurate forecast of the U.S. dollar exchange rate against the currency of the country of which the Bondholder is resident.

In order to reduce the possible negative impact the Issuer has included in this Prospectus an indication that the Bondholders may incur losses or receive income on the Bonds less than he expected, if the U.S. dollar exchange rate in relation to the currency of the country of which the Bondholder is a resident.

**(5) Modification and waivers**

The terms and conditions of the offer (see "Securities Notes – 3.Terms and conditions of the offer"), contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority (in the cases specified in this Prospectus, Extraordinary Resolution is required).

The above risk factors relate to the Bonds and will primarily affect the Bondholders in the event that they sell the Bonds. The impact on the Issuer's business may be expressed in the reduction of investor confidence in the Issuer and have a negative impact on subsequent issues of the Issuer's securities, if the Issuer decides to implement such issues.

In order to prevent possible damage to the Bondholders this Prospectus provides that a decision on significant issues on the Bonds will be made on the basis of an Extraordinary decision of the General Meeting of Bondholders, which provides that the decision on these issues will not be made by a simple majority, but by a qualified.

**(6) General and specific risks relating to the industry in which the Issuer operates**

**Credit risk**

Credit risk is generally common for organizations engaged in lending activities to individuals and legal entities, which depends on the ability of borrowers of microfinance organizations to service their debts. However, the level of this risk has increased significantly since the beginning of the year given the social and economic processes currently underway. In addition, some microfinance institutions, including mostly individuals, are already experiencing a decline in the solvency of their customers due to restrictive measures under the declared state of emergency.

In this case, the Issuer's approach to managing and mitigating this type of risk is already showing its effectiveness, since among its customers legal entities are producers of agricultural products, whose

activities provide vital needs and are less prone to reducing demand from consumers. In addition, most of the loans issued are secured by property.

### **Regulatory risks**

The regulation of activity of microfinance organizations is transferred to the Agency of the Republic of Kazakhstan on regulation and development of financial market from January 1, 2020. In addition, from this date changes in the documents regulating the activities of microfinance organizations came into force. For example, expansion of opportunities for microfinance organizations on the securities market, increase in the maximum amount of lending, increase in the minimum amount of authorized capital and others.

The measures taken by the regulator are aimed at increasing transparency and protecting the rights of consumers of financial services and creating a regulated market for non-bank credit organizations, expanding the capabilities of microfinance organizations by increasing the maximum loan amount.

There is a risk that the regulator will take further measures to increase the requirements for microfinance organizations, which they will not be able to meet for some microfinance organizations at the same time, especially small ones.

The Issuer considers this risk to be low as it relates to rather large microfinance institutions operating in full compliance with the requirements of the regulator to the organization of activities and the level of prudential norms. The Issuer has systematized the work on providing reports and information to the regulator in order to further reduce the level of this risk.

### **1.2. Reasons for the offer**

The Bonds are issued and offered by the Issuer in order to develop and finance the Issuer's core business. The net proceeds from the issuance are expected to amount to approximately US\$6 558 000 after deduction of fees and expenses related to the Issue.

The Issuer estimates that the anticipated proceeds will be sufficient to fund all the proposed uses.

### **1.3. Creditworthiness of the Issuer**

#### ***Earnings coverage ratio***

According to the 2019 Annual Financial Statements, earnings coverage ratio for 2019 is equal to 10,3.

#### ***Prudential requirements***

Prudential standards and limits are presented by the Issuer for compliance in accordance with the requirements of the legislation of the Republic of Kazakhstan (including the resolution of the Board of the National Bank of the Republic of Kazakhstan dated November 14, 2019 № 192 “On the approval of prudential standards and other obligatory compliance by the microfinance organization, norms and limits, methods of their calculation”):

- the minimum amount of authorized capital is KZT 100 000 000, with the exception of a microfinance organization that has been registered with the authorized body for regulation, control and supervision of the financial market and financial organizations before January 1, 2020, for which the minimum amount of authorized capital is KZT 30 000 000 since January 1, 2020 years;
- the minimum amount of equity is KZT 100 000 000, with the exception of a microfinance organization that has been registered with the authorized body before January 1, 2020, for which the minimum amount of equity is KZT 30 000 000 since January 1, 2020;
- adequacy of the microfinance organization's own capital, necessary for compliance, in order to protect against risks inherent in its activities. The value of the coefficient k1 must be at least 0,1;

- the maximum risk per borrower, and is characterized by a coefficient k2, the value of which should not exceed 0,25;
- leverage coefficient, coefficient k3, the value of which should not exceed 10.

Criterion	December 31, 2019	December 31, 2018	Normative	Note
minimum authorized capital, KZT	258 401	161 000	30 000	Compliant
minimum owner's capital, KZT	286 767	174 924	30 000	Compliant
capital adequacy k1	0,55	0,85	>0,1	Compliant
maximum risk per borrower k2	0,07	0,09	<0,25	Compliant
leverage coefficient k3	0,81	0,17	<10	Compliant

### *Leverage indicators*

	Year ended 31 December		
	2019	2018	2017
Liabilities	232 395	26 103	101
Own capital	288 047	170 649	35 334
<b>Leverage</b>	<b>0,8</b>	<b>0,15</b>	<b>0,003</b>

### *Relevant credit ratings*

The Issuer and the Bonds do not have credit ratings.

### *Risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities to investors*

All relevant risk factors are described in the "Risk factors" section of the Registration Document.

## **1.4. Guarantees**

The Guarantor (Alem Agro Holding LLP) assumes full joint and several liability to each/ any Bondholder in case of failure to fulfill and/ or improper performance by the Issuer of its obligations under the Bonds by issuing the Guarantee (the written full joint guarantee of May 26, 2020). The original of the Guarantee is kept by the Representative of the Bondholders.

The Guarantee ensures the liabilities of the Issuer on the Bonds, as follows: 1) payment in full of the principal debt on the Bonds on their redemption or repurchase (within the limits of the face value of each Bond) and the coupon payment in the terms stipulated by this Prospectus; 2) Penalties accrued in favor of the Bondholders in accordance with the terms of this Prospectus and payable in connection with the late performance of the Issuer's liabilities on payment of the principal debt on the Bonds on their redemption and/ or coupon payment (the "**Guaranteed Liabilities**").

### *Any conditionality on the application of the Guarantee in the event of any default under the terms of the Bonds*

Any/ each Bondholder is entitled to demand from the Guarantor the repayment of the Issuer's debts to the Bondholders under the Guaranteed Liabilities in case of full or partial non-fulfillment of the Guaranteed Liabilities by the Issuer within the terms stipulated by this Prospectus. The implementation of this right is carried out in the manner indicated below and is regulated by this Prospectus and the terms of the Guarantee:

- 1) within 15 (fifteen) Business Days after the date of expiry of the Guaranteed Liabilities, a Bondholder shall send to the Representative of the Bondholders a written request for the repayment of the Issuer's debts to the Guarantee, accompanied by an extract from the register of the Bondholders, drawn up on the Record Date of the Creditors, confirming the right of this Bondholder to receive from the Issuer the

payments under the Guaranteed Liabilities. The specified written request must contain the bank details of the Bondholder, on which the repayment of the Issuer's debts on the Bonds to this Bondholder must be performed;

2) within 5 (five) Business Days after expiry of the term indicated in the previous paragraph, the Representative of the Bondholders shall draw up a payment request to the second tier banks together with the register of payment requests and other documents in case they will be requested by the bank/ banks. At the same time, the Representative of the Bondholders shall send a written notice to the Guarantor on the improper performance of the Guaranteed Liabilities under the Bonds and the realization of the rights of the Bondholders to repay the Issuer's debts to them by way of claiming cash from the Guarantor's accounts;

3) The bank receiving the payment request shall verify the payment document received from the Representative of the Bondholders and send it to the Guarantor's bank;

4) The payment request shall be executed by the Guarantor's bank by direct debiting of the Guarantor's bank account, taking into account the Guarantor's consent (indicated in the Prospectus and the text of the Guarantee) to withdraw cash from the Guarantor's bank account;

5) Cash shall be sent by the Guarantor's bank to the bank accounts of the Bondholder(s), specified by them in the relevant written requirements, sent to the Representative of the Bondholders.

Payment request made to collect overdue Guaranteed Liabilities shall be executed not later than three Business Days after the day of its submission.

**Record Date of the Creditors** - the Record Date, preceding the date of fully or partially unfulfilled payment on the Guaranteed Liabilities, resulting in debt to the Bondholders.

The Guarantor shall ensure on its bank account/ bank accounts the amount necessary for the full repayment of the Issuer's debts to the Bondholders under the Guaranteed Liabilities within 30 calendar days from the date of its receipt from the Representative of the Bondholders of the above written notification in case of insufficiency of funds on the bank account of the Guarantor at the moment of receipt by the bank of the Guarantor of the payment request. The Guarantor shall be liable under the Guarantee with all his property, if at the expiry of the indicated period the debt of the Issuer to the Bondholders is not fully repaid.

The Guarantor confirms its consent to the fact that the Guarantee gives the Bondholders the right to demand the repayment of the Issuer's debt to them in the non-acceptance order by direct debiting of the Guarantor's account(s) in any banks and organizations, performing certain types of banking operations, by means of presentation of payment claims, performed in the non-acceptance order in accordance with the conditions of the Guarantee.

The debt of the Issuer to whom under the Guaranteed Liabilities has remained outstanding in full or in part, in case the Guarantor has not fulfilled all or part of its liabilities under the Guarantee of any of the Bondholders has the right to apply to the court with a claim for the repayment of debt to it. The Bondholder has the right to apply to court independently or as part of a collective action, sent by the Representative of the Bondholders on behalf of the Bondholders, whose ownership at the Record Date of the Creditors was 50 percent or more of the placed (net of repurchased) Bonds. In this case, the Issuer and the Guarantor will have a joint and several liability in respect of the Bondholders.

Bondholders who have not submitted to the Representative of the Bondholders a written request to the Guarantor to repay the debt of the Issuer on the Bonds are entitled to submit such a request during the entire period of existence of the outstanding debt of the Issuer to such Bondholders.

The Representative of the Bondholders shall draw up a payment request to the second-tier banks following the results of each calendar quarter according to such written requirements.

The Guarantee is valid until the Issuer fully meets all Guaranteed Liabilities.

The text of the Guarantee is given in Annex 1 to this Prospectus.

***Any power of the Guarantor to veto changes to the Bondholders' rights***

The Guarantor does not have any power to veto changes to the Bondholders' rights.

***Disclosure by the Guarantor of the information about itself***

**The Guarantor's**

**name and legal form:** .....Alem Agro Holding Limited Liability Partnership.

**Location of**

**the Guarantor:** .....Kazakhstan, 050000, Almaty, microdistrict Samal-2, 105, apt. 85.

**BIN/ LEI of**

**the Guarantor:**.....BIN 150140002752/ LEI has not been assigned.

**The Guarantor's**

**contact details:**.....+7 (727) 355-99-77, [office@alemagro.com](mailto:office@alemagro.com), [www.alemagro.com](http://www.alemagro.com), Kazakhstan, Almaty, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000.

**Country of**

**incorporation:**.....The Guarantor is registered and carries out activities in accordance with the legislation of the Republic of Kazakhstan.

**The Guarantor's**

**principal activities:**.....Sale of plant protection products, seeds and micronutrient fertilizers.

It is part of the "Alem Agro Holding" Group of Companies, which consists of six separate companies. The ultimate controlling party of the Group is the citizens of the Republic of Kazakhstan: Baglan Birzhan Baglanuly, Temirbekov Kanat Amanbayevich, Abdykadyrov Amangeldy Akbatyrovich.

**Information on**

**the Guarantor's**

**participants:**.....Nurbekov D.A., citizen of the Republic of Kazakhstan (nominal holder of the share, actual owner Temirbekov K.A.) – 40%<sup>7</sup>;

Abdykadirova A.A., citizen of the Republic of Kazakhstan (nominal holder, actual holder of the share of Abdykadyrov A.A.) – 30%;

Makulbekova G.B. , citizen of the Republic of Kazakhstan (nominal holder, actual Baglan B.B.) – 20%;

Abylkhani B.E., citizen of the Republic of Kazakhstan (nominal holder, actual Temirbekov K.A.) – 10%.

***A brief description of the most material risk factors pertaining to the guarantor contained in the Prospectus***

**Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Guarantor does not have financial instruments with a floating interest rate, and accordingly is not exposed to interest rate risk.

**Currency risk** is the risk that the fair value or future cash flows of exposure to risk will fluctuate due to changes in foreign exchange rates. The exposure of the Guarantor and the Group to the risk of changes in exchange rates is primarily due to its operations with foreign suppliers. The Group is exposed to

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<sup>7</sup> Share in the authorized capital of the Guarantor.

foreign currency risk mainly in respect of cash and trade payables denominated in Euros, Russian Rubles, U.S. dollars and Kyrgyz Soms. In 2020, contracts with suppliers are concluded at a fixed rate calculated by suppliers, including through suppliers' offices located in Kazakhstan in order to minimize currency risk.

**Credit risk** is the risk that the Group may incur financial losses if counterparties fail to fulfill their obligations under a financial instrument or a customer agreement. Financial instruments that may expose the Group to credit risk consist of cash, trade receivables and loans issued.

The Group's risk is related to the possibility of a counterparty defaulting, with the maximum risk being equal to the carrying amount of the cash with respect to credit risk related to cash.

**Liquidity risk** is associated with the possibility that the Group may encounter difficulties in raising funds to meet its financial obligations. Liquidity risk may arise as a result of the inability to quickly realize a financial asset at a cost approximating its fair value. Liquidity requirements are regularly monitored and management monitors the availability of funds in an amount sufficient to fulfill obligations as they arise.

### 1.5. Representative of the Bondholders

The Issuer entered into the agreement by the Representative of the Bondholders in order to protect the rights and interests of the Bondholders on the terms and in the manner prescribed by the legislation of the Republic of Kazakhstan (the "**RB Agreement**"). The Representative of the Bondholders undertakes to represent the interests of the Bondholders to the Issuer by performing the following main functions:

- (a) Control over the fulfillment by the Issuer and Guarantor of their liabilities to the Bondholders, including:
- (i) the fulfillment by the Issuer and the Guarantor of the liabilities established by the Prospectus to the Bondholders;
  - (ii) timely payment of interest and principal debt on the Bonds ( in case of repayment of the Bonds);
  - (iii) the procedure and purposeful use of the money received by the Issuer as a result of the Bonds placement.

This function is implemented by the Representative of the Bondholders by analyzing information about the Issuer:

- posted on the Internet resources of the Depository of financial statements ([www.dfo.kz](http://www.dfo.kz)) and AIX;
  - published in the mass media;
  - contained in the periodic reports of the Issuer, provided in the manner and within the terms established by the RB Agreement;
  - contained in the information on the Issuer's performance of obligations to the Bondholders, provided to the Representative of the Bondholders in accordance with its requests.
- (b) Protection of the rights and interests of the Bondholders, carried out by the Representative of the Bondholders through the appeals:
- (i) to the Issuer and the Guarantor with the requirements on the fulfillment of their liabilities set by this Prospectus to the Bondholders;
  - (ii) to the court of AIFC with a claim for protection of the rights and interests of the Bondholders.

The Representative of the Bondholders is obliged to inform the Bondholders on a quarterly basis about the information provided or not provided, but subject to provision by the Issuer, by placing the corresponding report on its official internet resource: <https://cesec.kz/>.

The Representative of the Bondholders identifies the circumstances that may lead to a violation of the rights and interests of the Bondholders and takes measures aimed at protecting the rights and interests of the Bondholders on the issues of the Issuer's failure to fulfill the liabilities set out in this Prospectus, including by filing a lawsuit in court on behalf of the Bondholders in possession of which there are 50 (fifty) and more percent of the placed (less the redemption) bonds;

The Representative of the Bondholders shall provide Bondholders with information and documents related to its activities as a Representative of the Bondholders in response to their written requests;

**The text of the RB Agreement is given in Annex 2 to this Prospectus.**

## **2. INFORMATION RELATING TO THE BONDS OFFERED/ ADMITTED TO TRADING**

### **2.1. General information relating to Bonds**

The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholders that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the rules thereof, or the International Arbitration Center of the AIFC in accordance with the rules thereof, currently in effect, such rules shall be deemed incorporated herein.

**Type of the Bonds:** .....Secured coupon bonds (book-entry form).

**Registrar:** .....Astana International Exchange Registrar Limited (AIX Registrar), a company incorporated in AIFC under company identification number 180840900010 with its registered office at Mangilik El Avenue, building 15, Nur-Sultan, Kazakhstan.

**Form of the Bonds:** .....The Bonds will be issued in fully registered and dematerialised form under the Acting law of AIFC.

**Currency:** .....U.S. dollar.

**ISIN:** .....KZX000000385.

**Issue price:** .....The Issue price of the Bonds is [ this information will be determined in the Pricing Supplement after pricing of the Bonds]% of the face value of the Bonds.

#### **Number of the Bonds and the face value**

**of the Bond:** .....2 200 (two thousand two hundred) bonds with the face value of each Bond in the amount of US\$3 000 (three thousand U.S. dollars).

#### **The total amount**

**of the issue:** .....US\$6 600 000 (six million six hundred thousand U.S. dollars).

**Security:** .....a written guarantee of Alem Agro Holding LLP, the original of which is kept by the Representative of the Bondholders.

The Guarantor (Alem Agro Holding LLP) assumes full joint and several liability to each/ any Bondholder in case of failure to fulfill and/ or improper performance by the Issuer of its obligations under the Bonds by issuing the Guarantee (the written full joint guarantee of May 26, 2020), as the Guarantor for the Bonds. The original of the Guarantee is kept by the Representative of the Bondholders.

The Guarantee ensures the liabilities of the Issuer on the Bonds, as follows: 1) payment in full of the principal debt on the Bonds on their redemption or repurchase (within the limits of the face value of each Bond) and the coupon payment in the terms stipulated by this Prospectus; 2) Penalties accrued in favor of the Bondholders in accordance with the terms of this Prospectus and payable in connection with the late performance of the Issuer's liabilities on payment of the principal debt on the Bonds on their redemption and/ or coupon payment (the "**Guaranteed Liabilities**").

Any/ each Bondholder is entitled to demand from the Guarantor the repayment of the Issuer's debts to the Bondholders under the Guaranteed Liabilities in case of full or partial non-fulfillment of the Guaranteed Liabilities by the Issuer within the terms stipulated by this Prospectus. The implementation of this right is carried out in the manner indicated below and is regulated by this Prospectus and the terms of the Guarantee:

- 1) within 15 (fifteen) Business Days after the date of expiry of the Guaranteed Liabilities, a Bondholder shall send to the Representative of the Bondholders a written request for the repayment of the Issuer's debts to the Guarantee, accompanied by an extract from the register of the Bondholders, drawn up on the Record Date of the Creditors, confirming the right of this Bondholder to receive from the Issuer the payments under the Guaranteed Liabilities. The specified written request must contain the bank details of the Bondholder, on which the repayment of the Issuer's debts on the Bonds to this Bondholder must be performed;
- 2) within 5 (five) Business Days after expiry of the term indicated in the previous paragraph, the Representative of the Bondholders shall draw up a payment request to the second tier banks together with the register of payment requests and other documents in case they will be requested by the bank/ banks. At the same time, the Representative of the Bondholders shall send a written notice to the Guarantor on the improper performance of the Guaranteed Liabilities under the Bonds and the realization of the rights of the Bondholders to repay the Issuer's debts to them by way of claiming cash from the Guarantor's accounts.
- 3) The bank receiving the payment request shall verify the payment document received from the Representative of the Bondholders and send it to the Guarantor's bank.
- 4) The payment request shall be executed by the Guarantor's bank by direct debiting of the Guarantor's bank account, taking into account the Guarantor's consent (indicated in the Prospectus and the text of the Guarantee) to withdraw cash from its bank account.
- 5) Cash shall be sent by the Guarantor's bank to the bank accounts of the Bondholder(s), specified by them in the relevant written requirements, sent to the Representative of the Bondholders.

Payment request made to collect overdue Guaranteed Liabilities shall be executed not later than 3 (three) Business Days after the day of its submission.

**Record Date of the Creditors** - the Record Date, preceding the date of fully or partially unfulfilled payment on the Guaranteed Liabilities, resulting in debt to the Bondholders.

The Guarantor shall ensure on its bank account/ bank accounts the amount necessary for the full repayment of the Issuer's debts to the Bondholders under the Guaranteed Liabilities within 30 calendar days from the date of its receipt from the Representative of the Bondholders of the above written notification in case of insufficiency of funds on the bank account of the Guarantor at the moment of receipt by the bank of the Guarantor of the payment request. The Guarantor shall be liable under the Guarantee with all his property, if at the expiry of the indicated period the debt of the Issuer to the Bondholders is not fully repaid.

The Guarantor confirms its consent to the fact that the Guarantee gives the Bondholders the right to demand the repayment of the Issuer's debt to them in the non-acceptance order by direct debiting of the Guarantor's account(s) in any banks and organizations, performing certain types of banking operations, by means of presentation of payment claims, performed in the non-acceptance order in accordance with the conditions of the Guarantee.

The debt of the Issuer to whom under the Guaranteed Liabilities has remained outstanding in full or in part, in case the Guarantor has not fulfilled all or part of its liabilities under the Guarantee of any of the Bondholders has the right to apply to the court with a claim for the repayment of



debt to it. The Bondholder has the right to apply to court independently or as part of a collective action, sent by the Representative of the Bondholders on behalf of the Bondholders, whose ownership at the Record Date of the Creditors was 50 percent or more of the placed (net of repurchased) bonds. In this case, the Issuer and the Guarantor will have a joint and several liability in respect of the Bondholders.

Bondholders who have not submitted to the Representative of the Bondholders a written request to the Guarantor to repay the debt of the Issuer on the Bonds are entitled to submit such a request during the entire period of existence of the outstanding debt of the Issuer to such Bondholders.

The Representative of the Bondholders shall draw up a payment request to the second-tier banks following the results of each calendar quarter according to such written requirements.

The Guarantee is valid until the Issuer fully meets all Guaranteed Liabilities.

The text of the Guarantee is given in Annex 1 to this Prospectus.

**Issue date:** .....26 May 2020.

**Maturity date:** .....25 August 2022.

**Coupon Rate:**.....The Bonds will bear interest at the fixed rate of 5,25% per annum from and including 25 August 2020. The coupon payment will be made within 10 (ten) Business Days following February 24 and August 24 of each year of the Bonds' circulation.

**Bonds circulation term:** ....The term of the Bonds circulation is 2 (two) years from the beginning date of the Bonds circulation.

**Day count fraction:**.....30/360; Coupon payments on the Bonds shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each.

**Rights granted**

- to the Bondholder:** .....1) the right to receive a face value upon redemption of the Bonds in the manner and terms provided for by Prospectus;
- 2) the right to receive a fixed interest on the Bonds from their face value in the time and amount stipulated by Prospectus;
- 3) the right to receive information about the Issuer's activities and its financial condition in accordance with and in the manner prescribed by AIFC and AIX Rules and legislation of the Republic of Kazakhstan;
- 4) the right to satisfy their claims in respect of the Bonds in cases and in the manner prescribed by AIFC and AIX Rules and legislation of the Republic of Kazakhstan;
- 5) the right to declare all or part of the Bonds for repurchase in cases established by Prospectus;
- 6) the right to freely sell and otherwise dispose of the Bonds;
- 7) the right to demand redemption of the Bonds by the Issuer in cases provided for by Prospectus;
- 8) the right to demand repayment of the Issuer's debt from the Guarantor under the Guaranteed Liabilities;
- 9) the right to apply to court independently or as part of a collective action, sent by the Representative of the Bondholders on behalf of the Bondholders, whose ownership at the Record Date of the Creditors was 50 percent or more of the placed (net of repurchased) bonds. In this case, the Issuer and the Guarantee will have a joint and several liability in respect of the Bondholders.
- 10) other rights arising from the ownership of the Bonds in cases and in the manner prescribed by AIFC and AIX Rules and legislation of the Republic of Kazakhstan.

**Ranking:**.....The Bonds shall constitute direct, general and unconditional obligations of the Issuer which will rank pari passu among themselves and rank pari passu, in terms of payment rights, with all other current or future unsubordinated secured obligations of the Issuer, except for liabilities mandatorily preferred by law.

**The maturity date**

**and arrangements:** .....The Bonds will be redeemed during the period from August 25, 2022 to September 8, 2022 (inclusive).

Payments on the repayment of the principal debt on the Bonds are made simultaneously with the coupon payment on the last coupon period.

Repayment of the principal debt will be carried out by transferring money to the bank accounts of the Bondholders, who have the right to receive the specified payment and have been registered as the Bondholders by AIX Registrar as of 9 a.m. (according to the time of Nur-Sultan) on the Record Date.

**Restrictions on the free**

**transferability:**.....The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the AIX applicable from time to time.

**Admission to listing**

**and trading:** .....Application has been made for the Bonds to be admitted to the Official List of AIX and to be admitted to trading on the AIX.

**Depository:**.....Astana International Exchange Central Securities Depository Limited (AIX CSD).

**Miscellaneous:** .....For purposes of any calculation specified herein, a value shall be accurate to two decimal places.

**Representative**

**of the Bondholders:** .....“Centras Securities” Joint Stock Company.

Republic of Kazakhstan, Almaty, Bostandykskiy district, Manas str., 32a, apt. 201, 8 (727) 259-88-77, mail@centras.kz.

## **2.2. Coupon Rate and Yield**

**Date from which  
the calculation of interest**

**on the Bonds begins:** .....The accrual of remuneration on the Bonds begins on 25 August 2020.

Remuneration is accrued throughout the entire period of the Bonds circulation and ends on 24 August 2022, which is the last day of the Bonds circulation period and the last day of calculation of the Bonds remuneration.

**The time limit on  
the validity of claims  
to the Coupon Rate and  
repayment of principal** .....

The requirements in respect of the coupon payment are valid until the expiry of the period of the Bonds circulation. Requirements in respect of payment of accrued coupon payment and face value of the Bonds at their repurchase or redemption are effective until the Issuer and/ or the Guarantor fully performs the liability on these payments.

**Coupon Rate** .....The Bonds will bear interest at the fixed rate of 5,25% per annum from and including 25 August 2020

**Yield:** .....The yield on the Bonds is [this information will be determined in the Pricing Supplement after pricing of the Bonds]% and is calculated at the Allotment Date on the basis of the issue price. It is not an indication of future yield.

## **3. TERMS AND CONDITIONS OF THE OFFER**

### **3.1. Terms and conditions of the offer**

**The number of  
the Bonds offered:** .....2 200 Bonds

**Offer price range:** .....The offer price of the Bonds is expected to be in the range of 90% to 100% of the face value of the Bonds

**Categories of**

**potential investors:** .....The Bonds will be publicly offered in Kazakhstan to a wide range of investors

**Conflict of interests:** .....No person involved in the offering has any interest in the offering, which is material to the offering

**The offer period**

**opening date:** .....19 August 2020

**The offer period**

**closing date:** .....23 August 2020

**Offering method:** .....Offering of the Bonds will be made through subscription in accordance with the MAR Rules

**The Allotment Date:** .....24 August 2020

**Allotment of the Bonds:** ....Investors' applications for the purchase and distribution of Bonds will be collected by the Lead Manager based on the relevant decision of the Issuer. The Issuer may allot any Bonds to itself or any of its related persons or any of its Related Parties, without any restriction or may refuse to allot the Bonds subscribed by any subscribers.

**Notification process**

**for investors:** .....Prior to the start of the book-building process the Issuer will issue a notice setting out, among other things, the main terms and conditions of the book-building and settlement procedures in connection with the offering.

Dealings in the Bonds shall not commence prior to the Admission.

**Lead manager:** .....Vitis Advisors Group Limited Liability Partnership

Republic of Kazakhstan, Almaty, Medeuskiy district, Dostyk ave., 192/2, 8 (702) 515-02-65, info@vitisadvisor.com

The Issuer also appointed Vitis Advisors Group LLP as a book-runner in connection with the offering of the Bonds.

**Clearing and settlement:** ..The payment and settlement will be made through the settlement system of the AIX CSD in accordance with the rules and regulations of the AIX CSD (the "AIX CSD Rules"), in particular delivery of the Bonds through the system of the AIX CSD.

In order to participate in the offering of the Bonds, take delivery of the Bonds and trade the Bonds on the AIX, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member who must be a participant of AIX CSD. The Bonds will be held on behalf of investors in the relevant AIX Trading Member's custodial account at AIX CSD.

**Underwriter:** .....The Issuer did not appoint an underwriter for the Bonds.

**Placement agent:** .....The placement agent is Vitis Advisor Group LLP.

The placement agent did not provide guarantees for the placement of the Bonds and carries out activities on a "without a firm commitment" basis.

The size of the placing commission is the subject of an agreement concluded between the Issuer and the placement agent.

**Paying agent:** .....Bonds paying agent is not provided.

**Methods of payment**

**for the Bonds** .....The Bonds are paid in U.S. dollars at the bank details of the Issuer.

Payment for the purchased Bonds must be made in full. Partial payment of the Bonds as well as payment by installments is not allowed.

**Depository:** .....Astana International Exchange Central Securities Depository Limited (AIX CSD).

**3.2. Procedure and conditions for payment of interest on the Bonds**

The interest on the Bonds is paid to persons who have been registered as the Bondholders by the AIX Registrar as of 9 a.m. (according to the time of Nur-Sultan) on the Record Date.

The coupon payment will be made within 10 (ten) Business Days following February 24 and August 24 of each year of the Bonds' circulation.

Number of the coupon period	Record Date	The first day of the interest payment period	The last day of the interest payment period
1	February 24, 2021	February 25, 2021	March 11, 2021
2	August 24, 2021	August 25, 2021	September 8, 2021
3	February 24, 2022	February 25, 2022	March 14, 2022
4	August 24, 2022	August 25, 2022	September 8, 2022

The amount of the interest payable to each Bondholder at the payment date is calculated as the product of the face value of the placed Bonds owned by the respective Bondholder and the semi-annual coupon rate (the Coupon Rate divided by two).

Coupon payment for the last coupon period is made simultaneously with the payment of the principal debt on the Bonds.

### 3.3. Terms and conditions of redemption of the Bonds:

The Bonds will be redeemed during the period from August 25, 2022 to September 8, 2022 (inclusive).

Payments on the repayment of the principal debt on the Bonds are made simultaneously with the coupon payment on the last coupon period.

Repayment of the principal debt will be carried out by transferring money to the bank accounts of the Bondholders, who have the right to receive the specified payment and have been registered as the Bondholders by the AIX Registrar as of 9 a.m. (according to the time of Nur-Sultan) on the Record Date.

### 3.4. Penalty

The Issuer shall pay a penalty to the Bondholders for each day, on which any amount payable under the Bonds remains due and unpaid (the “**Unpaid Amount**”), at the rate equal to the Coupon Rate. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the Coupon Rate, the Unpaid Amount and the number of calendar days on which any such Unpaid Amount remains due and unpaid divided by 360, rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards.

### 3.5. Events of Default

If any one or more of the below events (each an “Event of Default”) shall occur, the Bondholder may give written notice to the Issuer at its registered office that such Bonds are immediately repurchased, at its principal amount together with accrued interest (if any) to the date of payment.

- (a) **Nonpayment:** the Issuer fails to pay the principal debt of any of the Bonds when the same becomes due and payable either at maturity, by declaration or otherwise or the Issuer is in default with respect to the coupon payment or additional amounts on any of the Bonds and such default in respect of interest or additional amounts continues for a period of five calendar days
- (b) **Breach of other obligations (Covenants):** the Issuer is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Bonds and such default or breach is not remedied within 30 calendar days after notice thereof has been given to the Issuer, as the case may be, by the Bondholders. So long as the Bonds remain outstanding, other obligations include:
  - (i) the Issuer will not enter into a single transaction or in a series of transactions (whether related or not) with a view to sell, lease with transfer of ownership rights, transfer or otherwise dispose of its assets involving aggregate disposition exceeding US\$1 000 000. The exception

is a transaction or series of transactions related to the application of hedging instruments by the Issuer, attracted as a result of the Bonds placement;

- (ii) The Issuer will not (i) declare, make or pay any dividend or other distribution (or interest on any unpaid dividend or other distribution) or repay or distribute any reserve constituting part of total equity, in cash or otherwise, or make any other distributions (whether by way of redemption, retirement, acquisition or otherwise) in respect of the Issuer's authorised capital, or (ii) pay any management, advisory or other fee to or to the order of the Sole Participant, or (iii) directly or indirectly voluntarily purchase, redeem or otherwise retire for value of authorized capital of the Issuer (any such action in (i), (ii) or (iii) being, a "**Restricted Payment**") at any time when an Event of Default has occurred and is continuing or would result therefrom.
- (iii) the Issuer will not undertake or introduce any amendments into its constitutional documents, including the Charter, that would alter the Issuer's principal business activities unless such amendments aim at expansion of such activities;
- (iv) the Issuer will not undertake any reorganization as a legal entity without prior written consent of Bondholders of at least three-fourth in principal debt of the Bonds outstanding;
- (v) In accordance with the Law of the Republic of Kazakhstan dated November 26, 2012 No. 56-V "On Microfinance Activities", the Issuer is obliged to comply with prudential standards and other mandatory norms and limits. The methodology for their calculation established by the authorized body.

The list of standards mandatory for compliance by the Issuer is determined by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated November 14, 2019 No. 192 "On approval of prudential standards and other mandatory compliance by the microfinance institution, norms and limits, and methods of their calculation".

- (vi) the Issuer will not amend the terms of the Bonds unless agreed upon in writing with the Bondholders of at least three-fourth in principal debt of the Bonds outstanding;
  - (vii) the Issuer will maintain the listing of the Bonds in the Official List;
  - (viii) the Issuer will not amend or substitute any entity in place of the Issuer as the principal debtor in respect of the Bonds, without prior written consent of the Bondholders of at least three-fourth in principal debt of the Bonds then outstanding;
  - (ix) the Issuer will not initiate a termination of the activity;
  - (x) the Issuer shall pay any penalty due to any Bondholder in accordance with Condition "Penalty" above.
- (c) **Cross default:**
- (i) any Indebtedness for Borrowed Money of the Issuer (a) becomes due and payable prior to the due date for payment thereof by reason of default by the Issuer or (b) is not repaid at maturity as extended by the period of grace, if any, applicable thereto or
  - (ii) any Indebtedness Guarantee given by the Issuer in respect of Indebtedness for Borrowed Money of any other Person is not honored when due and called, provided that the aggregate principal amount of such Indebtedness for Borrowed Money exceeds US\$500 000 (or its equivalent in other currencies)

- (d) **Bankruptcy:**
- (i) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, moratorium of payments or similar arrangements involving the Issuer or all or substantially all of its respective properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 45 days; or
  - (ii) the Issuer shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganization under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer, as the case may be, or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due.
- (e) **Judgements:** The failure by the Issuer to pay any final judgment in excess of US\$500 000 (or its equivalent in other currencies) which final judgment remains unpaid, and undischarged, and unwaived and unstayed for a period of more than 30 consecutive days after such judgement becomes final and non-appealable, and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment that is not promptly stayed
- (f) **Material compliance with applicable laws:** the Issuer fails to comply in any respect with any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable the Issuer lawfully to exercise its rights or perform or comply with its obligations under the Bonds or to ensure that those obligations are legally binding and enforceable or to ensure that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force
- (g) **Invalidity or Unenforceability:**
- (i) the validity of the Bonds is contested by the Issuer or the Issuer shall deny any of its obligations under the Bonds (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or
  - (ii) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Bonds or
  - (iii) all or any of the Issuer's obligations set out in the Bonds, shall be or become unenforceable or invalid
- (h) **Government Intervention:**
- (i) all or any substantial part of the undertaking, assets and revenue of the Issuer is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or
  - (ii) the Issuer is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets, revenue.

### 3.6. Meetings of Bondholders

The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of this Prospectus require the approval of a Bondholders' meeting.

A meeting of the Bondholders shall be called by the General Director by giving all Bondholders listed on the register of the Bondholders and the Representative of the Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the terms of the Bonds that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of the Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and/ or conditions contained in this Securities Note, or in any other part of the Prospectus related to the terms of the Bonds, may only be made with the approval of the Issuer and of the Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of the Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% of the principal debt on the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the General Director to the Bondholders present at that meeting. The Issuer shall within 2 days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than 7 days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of the Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

The voting process shall be managed by a secretary appointed on the meeting.

The proposal placed before a meeting of Bondholders shall only be considered approved if the Bondholders in person or by proxy, representing at least 75% of the principal debt on the Bonds then outstanding, present at the meeting at the time when the vote is being taken and shall have voted in favor of the proposal.

If the proposal placed before a meeting of Bondholders relate to any of the items indicated below, in this case an Extraordinary Resolution is required:

- (i) interest rate, methods of payment on the Bonds;
- (ii) the conditions and procedure for the placement, circulation, redemption, repurchasing of the Bonds;
- (iii) Events of Default, covenants;
- (iv) the Security;
- (v) use of proceeds;
- (vi) rights of the Bondholders.

### 3.7. Notices

#### To the Bondholders

All notices to the Bondholders shall be deemed to have been duly given if, so long as the Bonds are in the Official List and so long as the rules of the AIX so require, by publication (i) on the internet website of the AIX at [www.aix.kz](http://www.aix.kz) or (ii) otherwise in accordance with the regulations of the AIX. If the Bonds are excluded from the Official List, any notice shall be sent to the Bondholders by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the register, and any such notice shall be deemed to have been given on the fourth day after the date of mailing.

#### To the Issuer

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at Kazakhstan, Almaty city, Almalinskiy district, Abylay Khan Avenue, building 135, 309, zip code 050000 and will be deemed to have been validly given when delivered.

### 3.8. Terms and conditions of the Bonds repurchase

#### (1) repurchase of the Bonds at the option of the Issuer

The Issuer is obliged to announce the repurchase of Bonds in the organized or unorganized markets within the time and amount stipulated by the following schedule:

Date of announcement of repurchase by the Issuer	Volume of the repurchase	First date of the repurchase period	Last date of the repurchase period
February 8, 2021	50% of the placed Bonds	February 22, 2021	February 23, 2021
August 6, 2021	100% of the placed Bonds	August 20, 2021	August 23, 2021

Bonds repurchase price determined by the Issuer:

- the implementation of foreclosures on the organized securities market - at a price, established as a result of trading on the AIX on the date of repurchase;
- upon repurchase in an unorganized market - at a price agreed by the Issuer and the Bonds holder planning to sell the Bonds owned by him upon repurchasing by the Issuer.

The Issuer is obliged to inform the Bondholders about the repurchase by posting the appropriate information message on the official AIX Internet resource. Published information should contain the following information:

- the number of repurchasing Bonds;
- the date of repurchase of the Bonds;
- method of repurchasing of the Bonds including market (organized or unorganized);



- method of submitting applications by the Bondholders who wish to sell their Bonds to the Issuer.

Repurchase of the placed Bonds by the Issuer is carried out on the day determined in the Issuer's announcement.

Bonds repurchase in organized and/ or unorganized markets will not be deemed redeemed and the Issuer is entitled to sell back its repurchased Bonds in organized and unorganized securities markets during the entire term of their circulation.

## **(2) redemption of the Bonds in case of the Event of Default**

The Issuer, within 3 (three) Business Days following the day of any of the Events of Default, is obliged to inform the Bondholders about this Event of Default with a detailed description of the reasons for the announcement of the Event of Default. Bringing this information to the notice of the Bondholders is carried out by posting the corresponding information message on the official AIX Internet resource.

The Bondholders have the right to submit to the Issuer, and the Issuer is obliged to accept written claims for the redemption of their Bonds indicating the number of Bonds declared for redemption within 15 (fifteen) calendar days following the first publication of information about the violation by the Issuer of any of the covenants.

The Sole Participant must make relevant corporate decisions and take necessary actions to execute received claims within 30 (thirty) calendar days following the last day of the period of acceptance of the written redemption claims in the event that at least one written claim for the redemption of the Bonds is received.

The Issuer is obliged at the request of the Bondholders to redeem the Bonds at the highest of the following prices:

- the price corresponding to the face value of the Bonds, taking into account the accumulated interest;
- fair market price of the Bonds.

Bondholders who have not submitted a claim for redemption are entitled to redeem their Bonds at the end of their circulation period specified in this Prospectus.

## **3.9. Taxation**

*The following is a general description of certain material tax considerations relating to the Bonds. This summary is based upon the laws, regulations, decrees, rulings, income tax conventions (treaties), published administrative practice and judicial decisions in effect at the date hereof. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set out herein. Any such changes or interpretations may be retroactive and could affect the tax consequences of ownership of the Bonds by Bondholders. This summary does not purport to be a legal opinion or contain a complete analysis of all tax considerations relating to the Bonds. Prospective investors in the Bonds should consult their tax advisers as to which countries' tax laws could be relevant to their acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/ or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries.*

*The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.*

*Also, prospective investors should note that an appointment by an investor in the Bonds, or any Person (as defined in the Conditions) through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction may have tax implications. Prospective investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

## **Republic of Kazakhstan Taxation**

*The following is a general summary of Kazakhstan tax consequences as at the date hereof in relation to payments of interest made under the Bonds and in relation to the sale or transfer of the Bonds. It is not exhaustive and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Bonds.*

### **Interest**

Payment of interest on the Bonds to residents of Kazakhstan or to non-residents who either have a registered branch or representative office in Kazakhstan or maintain a permanent establishment in Kazakhstan (together, “**Kazakhstan Holders**”), other than to individuals (who are exempt) and Kazakhstan investment funds and certain other entities, will be subject to Kazakhstan withholding tax according to Tax Code of the Republic of Kazakhstan.

The withholding tax on interest mentioned above would not apply if the Bonds are included, as at the date of accrual of interest, in the official list of Astana International Exchange. See “*Risk Factors – Risks Relating to the Bonds - Delisting of the Bonds from the official list of the Astana International Exchange may subject interest payments on the Bonds to tax in the Republic of Kazakhstan*”.

### **Gains**

Any gains realised by Kazakhstan Holders in relation to the Bonds which are included, as at the date of sale, in the official list of Astana International Exchange and sold through open trades on Astana International Exchange are not subject to Kazakhstan income tax. See “*Risk Factors – Risks Relating to the Bonds - Delisting of the Bonds from the official list of the Astana International Exchange may subject interest payments on the Bonds to tax in the Republic of Kazakhstan*”.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR PURCHASER. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE BONDS IN LIGHT OF THE PURCHASER’S OWN CIRCUMSTANCES.**

## **4. OTHER INFORMATION**

### **4.1. Audit and source of information including use of expert reports**

Issuer’s financial statements’ audit for 2017 and 2019 was carried out by the UHY Sapa Consulting Limited Liability Partnership. The audit for 2017 was conducted for the first time, because the Issuer’s record registration was carried out in December 2017 and therefore the Issuer did not carry out microfinance activities during 2017. The Issuer’s financial statements for 2018 were audited by Baker Tilly Qazaqstan Limited Liability Partnership.

In accordance with the findings of the auditors, the Issuer’s financial statements for the years ended December 31, 2017, December 31, 2018 and December 31, 2019 reliably represent, in all material respects, the Issuer’s financial position and financial performance at the indicated dates in accordance with International Financial Reporting Standards.

Auditors' reports for the indicated periods do not contain any qualifications.

Responsibility for the preparation of the audited financial statements, as well as for ensuring the internal control system necessary for the preparation of financial statements that do not contain material misstatements, rests with the Issuer's management.

## **5. ADMISSION TO TRADING**

### **5.1. Key dates of admission to trading**

#### **Admission**

**to the Official List:** .....Proposed date – 25 August 2020.

#### **Admission**

**to trading on AIX:**.....Proposed date – 26 August 2020.

### **5.2. Estimation of the total expenses related to the admission to trading**

Fees associated with admission of Bonds to the Official List of AIX and to trading on the AIX are expected to be US\$30 000.

## DEFINITIONS

- “**Admission**”: .....the admission of the Issuer’s Bonds to the Official List of securities maintained by the Astana International Exchange Ltd. and to trading on the Astana International Exchange Ltd.
- “**AIFC**”: .....Astana International Financial Center
- “**AIX**”: .....Astana International Exchange Ltd.
- “**AIX CSD**”: .....Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting law of the AIFC responsible for daily cash and securities settlement and depository activities
- “**AIX Registrar**”: .....Astana International Exchange Registrar Limited
- “**AIX Trading Member**”: .....any legal entity who has a valid and active trading Membership Agreement with AIX and engaged in trading on the AIX Markets. The list of AIX Trading Members are posted on the AIX website under “AIX Membership – Trading Members”
- “**Allotment Date**” .....the date of allotment of the Bonds
- “**Auditor 1**”: .....UHY SAPA Consulting Limited Liability Partnership
- “**Auditor 2**”: .....Baker Tilly Qazaqstan Limited Liability Partnership;
- “**Auditors**”: .....the Auditor 1 and the Auditor 2 together
- “**Bondholder**”/ “**Bondholders**”: A holder/ holders of the Bonds
- “**Borrowed Money**”: .....means any indebtedness of any Person for or in respect of (i) moneys borrowed, (ii) amounts raised by acceptance under any acceptance credit facility, (iii) amounts raised pursuant to any Bond purchase facility or the issue of Bonds, notes, debentures, loan stock or similar instruments, (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases, (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service and (vi) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a with recourse basis) having the commercial effect of a borrowing.
- “**Business Day**” .....means a day (other than a Saturday or a Sunday) on which banks, AIX and foreign exchange markets are open for business in the relevant place of presentation and settle operations/ payments in U.S. dollars.
- Information on holidays and non-business days are posted on the AIX website under “News - AIX Market Notice”.
- If any date for payment in respect of any Bond is not a Business Day, the Bondholder shall not be entitled to payment until the next following

- Business Day nor to any interest or other sum in respect of such postponed payment
- “**Charter**”.....the charter of the Issuer approved by the decision of the Sole Participant - the protocol № 12-01-2020 dated January 12, 2020
- “**Constitution**”.....the Issuer’s constituent documents
- “**Coupon Rate**”.....the fixed interest rate of 5,25% per annum from
- “**Earnings coverage ratio**”.....ratio equal to net income plus: income taxes, interest on long-term-debt, amortization of debt financing and after-tax dividends declared during the period together with undeclared dividends, if any, divided by interest on long-term-debt plus amortization of debt financing and pre-tax dividends
- “**Event of Default**”.....a partial or complete failure to fulfill the Issuer’s obligations on the Bonds described in the Prospectus
- “**Extraordinary Resolution**”.....decision of the general meeting of Bondholders, subject to the following conditions:
- (1) Bondholders voted for this decision, owning at least 85 percent of the bonds of the total number of the placed Bonds (except repurchased Bonds),
  - (2) if there are persons (two or more) among Bondholders who own 10 or more percent of the Bonds (not counting repurchased Bonds), 75 or more percent of such Bondholders should vote for the decision
- “**Group**”.....“Alem Agro Holding” Group of Companies
- “**Guaranteed Liabilities**”.....the Issuer’s liabilities on the Bonds, as follows: 1) payment in full of the principal debt on the Bonds on their redemption or repurchase (within the limits of the face value of each Bond) and the coupon payment in the terms stipulated by this Prospectus; 2) Penalties accrued in favor of the Bondholders in accordance with the terms of this Prospectus and payable in connection with the late performance of the Issuer’s liabilities on payment of the principal debt on the Bonds on their redemption and/ or coupon payment
- “**Guarantor**”.....Alem Agro Holding Limited Liability Partnership
- “**Guarantee**”.....written full joint guarantee issued by the Guarantor regarding the Issuer’s obligations on the Bonds
- “**IFRS**”.....International Financial Reporting Standards
- “**Indebtedness Guarantee**”.....means in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation) (i) any obligation to purchase such indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness, (iii) any indemnity against the consequences of a default in the payment of such indebtedness and (iv) any other agreement to be responsible for repayment of such indebtedness.

- “**Issuer**”:.....Limited Liability Partnership Microfinance Organization Bastau Agro Finance
- “**Kazakhstan Holders**”: .....residents of Kazakhstan or to non-residents who either have a registered branch or representative office in Kazakhstan or maintain a permanent establishment in Kazakhstan
- “**Lead Manager**”:.....Vitis Advisors Group Limited Liability Partnership, the Issuer’s consultant on issues of issuance and placement
- “**MAR Rules**”: .....the Astana International Financial Center AIFC Market Rules (AIFC Rules No. FR0003 of 2017)
- “**Maturity Date**”:.....25 August 2022
- “**Official List**”:.....the Official List of securities maintained by the Astana International Exchange Ltd.
- “**Penalty**”:.....a penalty paid by the Issuer to the Bondholders for each day, on which there is any Unpaid Amount. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the Coupon Rate, the Unpaid Amount and the number of calendar days on which any such Unpaid Amount remains due and unpaid divided by 360, rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards
- “**Person**”: .....any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other legal entity, whether or not having separate legal personality
- “**Pricing Supplement**” .....a document containing the specific terms of the issue price and yield of the Bonds and prepared in connection with the Prospectus
- “**Record Date**”: .....the last day of the period for which interest and/ or principal debt on the Bonds are paid
- “**Record Date of the Creditors**” .....the Record Date, preceding the date of fully or partially unfulfilled payment on the Guaranteed Liabilities, resulting in debt to the Bondholders.
- “**Security**”:.....a written guarantee of Alem Agro Holding LLP (AlemAgro Holding)
- “**Sole Participant**” .....Alem Agro Holding LLP (AlemAgro Holding) as the sole participant of the Issuer
- “**RB Agreement**” .....an agreement entered into between the Issuer and the Representative of the Bondholders in order to protect the rights and interests of the Bondholders on the terms and in the manner prescribed by the legislation of the Republic of Kazakhstan
- “**Related parties**” .....the companies belonging to the Group as well as Ultimate Beneficiary Owners
- “**Representative of the Bondholders**”:.....“Centras Securities” Joint Stock Company

“Restricted Payment”: .....(i) payment of any dividend or other distribution (or interest on any unpaid dividend or other distribution) or repayment or distribution any reserve constituting part of total equity, in cash or otherwise, or any other distributions (whether by way of redemption, retirement, acquisition or otherwise) in respect of the Issuer’s authorised capital, or (ii) payment any management, advisory or other fee to or to the order of the Sole participant of the Issuer, or (iii) directly or indirectly voluntarily purchase, redeem or otherwise retire for value of authorized capital of the Issuer

“Ultimate Beneficiary Owners” ..... Baglan B., Temirbekov K., Abdykadyrov A.

“Unpaid Amount”: ..... any amount payable under the Bonds which remains due and unpaid

“2017 Annual Financial Statements” ..... the Issuer’s financial statement for the years ended 31 December 2017 that has been audited by the Auditor 1.

“2018 Annual Financial Statements” ..... the Issuer’s financial statement for the years ended 31 December 2018 that has been audited by the Auditor 2.

“2019 Annual Financial Statements” ..... the Issuer’s financial statement for the years ended 31 December 2019 that has been audited by the Auditor 1.

General Director  
Kelden Olzhas  
August 18, 2020



## ANNEX 1. The Guarantee

<p style="text-align: center;"><b>GUARANTEE</b></p> <p style="text-align: center;">among</p> <p style="text-align: center;"><b>Alem Agro Holding Limited Liability Partnership</b> (АлемАгро Холдинг)</p> <p style="text-align: center;">and</p> <p style="text-align: center;"><b>Microfinance Organization «Bastau Agro Finance»</b> <b>Limited Liability Partnership</b></p> <p style="text-align: center;">in favour of</p> <p style="text-align: center;"><b>Bondholder for Microfinance Organization</b> <b>«Bastau Agro Finance» Limited Liability Partnership</b></p>	<p style="text-align: center;"><b>ГАРАНТИЯ</b></p> <p style="text-align: center;">между</p> <p style="text-align: center;">Товариществом с ограниченной ответственностью «Алем Агро Холдинг (АлемАгро Холдинг)</p> <p style="text-align: center;">и</p> <p style="text-align: center;">Товариществом с ограниченной ответственностью «Микрофинансовая организация «Бастау АгроФинанс»</p> <p style="text-align: center;">в интересах</p> <p style="text-align: center;">Держателей облигаций Товарищества с ограниченной ответственностью «Микрофинансовая организация Бастау АгроФинанс»</p>
<p><b>Content</b></p> <p>Parties ..... 1</p> <p>Background ..... 2</p> <p>Agreed terms and conditions ..... 2</p> <p>1... Definitions and interpretation..... 2</p> <p>2... Guarantee and indemnity..... 4</p> <p>3... Bondholders protections..... 4</p> <p>4... Interest..... 6</p> <p>5... Representations and warranties..... 6</p> <p>6... Accounts..... 8</p> <p>7... Termination ..... 8</p> <p>8... Discharge conditional..... 8</p> <p>9... Payments ..... 8</p> <p>10. Guarantor’s rights and limitations..... 9</p> <p>11. Evidence of amounts and certificates ..... 9</p> <p>12. Remedies, waivers, amendments and consents . 10</p> <p>13. Severance ..... 10</p> <p>14. Third party rights..... 10</p> <p>15. Counterparts ..... 11</p> <p>16. Notices ..... 11</p> <p>17. Governing law ..... 12</p> <p>18. Jurisdiction ..... 12</p>	<p><b>Оглавление</b></p> <p>Стороны ..... 1</p> <p>Основание ..... 2</p> <p>Согласованные условия ..... 2</p> <p>1. .. Определения и толкование ..... 2</p> <p>2. .. Гарантия и компенсация ..... 4</p> <p>3. .. Защита прав Держателей облигаций ..... 4</p> <p>4. .. Вознаграждение ..... 6</p> <p>5. .. Заверения и гарантии ..... 6</p> <p>6. .. Счета ..... 8</p> <p>7. .. Истечение срока ..... 8</p> <p>8. .. Условное освобождение от ответственности. 8</p> <p>9. .. Выплаты ..... 8</p> <p>10. Права и ограничения Гаранта ..... 9</p> <p>11. Подтверждение сумм и прав ..... 9</p> <p>12. Средства правовой защиты, отказы, изменения и согласия ..... 10</p> <p>13. Удаление ..... 10</p> <p>14. Права третьих лиц..... 10</p> <p>15. Дубликаты ..... 11</p> <p>16. Уведомления ..... 11</p> <p>17. Регулирующий закон ..... 12</p> <p>18. Юрисдикция ..... 12</p>
<p><i>This deed is dated May 26, 2020</i></p>	<p><i>Дата гарантии: 26 мая 2020 года</i></p>
<p><b>Parties</b></p> <p>(1) Alem Agro Holding Limited Liability Partnership (АлемАгро Холдинг), BIN 150140002752, the Republic of Kazakhstan, Almaty city, Medeu district, Samal-2 microdistrict, 105, ap. 85 (hereinafter referred to as a «<b>Guarantor</b>»);</p> <p>(2) Microfinance Organization «Bastau Agro Finance» Limited Liability Partnership, Kazakhstan, Almaty city, Almaty district, Abylay Khan Avenue, building 135 («White Tower» business center), 309, zip code 050000, BIN 170540026867, Acc. at NurBank JSC KZ 568 490 1KZ 001 661 861 RCBIC NURSKZKX, Beneficiary Code 15 (hereinafter referred to as an «<b>Issuer</b>»).</p>	<p><b>Стороны</b></p> <p>(1) Товарищество с ограниченной ответственностью «Алем Агро Холдинг (АлемАгро Холдинг), БИН 150140002752, Республика Казахстан, город Алматы, Медеуский район, микрорайон Самал-2, 105, кв. 85 (далее – «<b>Гарант</b>»);</p> <p>(2) Товарищество с ограниченной ответственностью «Микрофинансовая организация «Бастау Агро Финанс», Казахстан, г. Алматы, Алмалинский район, пр-т Абылай Хана, 135 (Бизнес центр «White Tower»), 309, индекс 050000, БИН 170540026867, расчетный счет KZ 568 490 1KZ 001 661 861 в АО «Нурбанк», БИК NURSKZKX, Кбе 15 (далее – «<b>Эмитент</b>»);</p>



<p><b>Background</b></p> <p>(A) The Issuer plans to issue and place the Bonds, as they are defined below, at Astana International Exchange.</p> <p>(B) The Guarantor undertakes to be jointly and severally liable with the Issuer for the full performance of the Issuer's obligations for the Bonds to the Bondholders.</p>	<p><b>Основание</b></p> <p>(А) Эмитент планирует осуществить выпуск и размещение Облигаций, как они определены ниже, на Astana International Exchange.</p> <p>(В) Гарант обязуется солидарно с Эмитентом отвечать за полное исполнение обязательств Эмитента по Облигациям перед Держателями облигаций.</p>
<p><b>Agreed terms and conditions</b></p> <p><b>1. Definitions and interpretation</b></p> <p>The following definitions apply in this guarantee:</p> <p><b>Astana International Exchange</b> (hereinafter referred to as "AIX"): a legal entity that provides organizational and technical support for trading in financial instruments at Astana International Financial Centre.</p> <p><b>Bondholder:</b> Each/any individual or legal entity, whose title to the Bonds is confirmed by an extract from the register maintained by AIX Registrar, as it is defined below.</p> <p><b>Bonds:</b> issue of the Issuer's USD denominated debt securities with a total nominal value of USD 6,600,000 for a period of two years, with assigned ISIN KZX000000385.</p> <p><b>Prospectus:</b> Bonds issue prospectus made due to issue of the Bonds in accordance with AIX requirements and approved by AIX on August 18, 2020.</p> <p><b>Business Day:</b> the weekdays, when days are considered business ones within Astana International Financial Centre, other than a Saturday, Sunday or public holidays in accordance with the regulations in force and/or applicable within Astana International Financial Centre.</p> <p><b>Guaranteed Obligations:</b> obligations of the Issuer on the Bonds, namely 1) payment in full of the principal debt on the Bonds on their redemption or repurchase (within the nominal value of each Bond) and coupon interest in the time periods stipulated in the Prospectus; 2) Penalty accrued for the benefit of the Bondholders in accordance with the terms and conditions of the Prospectus drawn up at the issuance of the Bonds and to be paid due to the late performance of obligations by the Issuer on payment of the nominal value of the Bonds on their redemption or repurchase and/or paying the coupon interest.</p> <p><b>Obligor:</b> the Issuer or the Guarantor.</p> <p><b>Rights:</b> any security or other right or benefit whether arising by set-off, counterclaim, subrogation, indemnity, proof in liquidation or otherwise and whether from contribution or otherwise.</p>	<p><b>Согласованные условия</b></p> <p><b>1. Определения и толкование</b></p> <p>В настоящей гарантии применяются следующие определения:</p> <p><b>Astana International Exchange</b> (далее – "AIX"): юридическое лицо, осуществляющее организационное и техническое обеспечение торгов финансовыми инструментами в Международном финансовом центре «Астана».</p> <p><b>Держатель облигаций:</b> Каждое / любое физическое или юридическое лицо, чье право собственности на Облигации подтверждается выпиской из реестра, который ведет Регистратор AIX, как это определено ниже.</p> <p><b>Облигации:</b> выпуск долговых ценных бумаг Эмитента, номинированных в долларах США, общей номинальной стоимостью 6 600 000 долларов США сроком на два года, которым присвоен ISIN KZX000000385.</p> <p><b>Проспект:</b> проспект выпуска Облигаций, составленный в связи с выпуском Облигаций в соответствии с требованиями AIX и утвержденный AIX 18 августа 2020 года.</p> <p><b>Рабочий день:</b> дни недели, когда дни считаются рабочими на территории Astana International Financial Centre, кроме субботы, воскресенья или государственных праздников в соответствии с нормативными правовыми актами, действующими и/или распространяющимся на территории Astana International Financial Centre.</p> <p><b>Гарантированные обязательства:</b> обязательства Эмитента по Облигациям, а именно 1) выплата в полном объеме основного долга по Облигациям при их погашении или выкупе (в пределах номинала каждой Облигации) и купонного вознаграждения в сроки, предусмотренные Проспектом; 2) штрафные санкции (Penalty), начисленные в пользу Держателей облигаций в соответствии с условиями Проспекта, составленного при выпуске Облигаций, и подлежащие выплате в связи с несвоевременным исполнением Эмитентом обязательств по выплате номинальной стоимости Облигаций при их погашении или выкупе и/или выплате купонного вознаграждения.</p> <p><b>Должник:</b> Эмитент или Гарант.</p> <p><b>Права:</b> любое обеспечительное или иное право, или выгода, возникающие в результате зачета, встречного иска, суброгации, возмещения убытков, доказательства ликвидации, а также в результате вклада или иным образом.</p>

**In this guarantee:**

- (a) clause and paragraph headings shall not affect the interpretation of this guarantee;
- (b) a reference to a person shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having legal personality) and that person's personal representatives, successors, permitted assigns and permitted transferees;
- (c) unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- (d) unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- (e) a reference to Bondholder shall include the Bondholder's successors, permitted assigns and permitted transferees;
- (f) a reference to a statute or law is a reference to it as amended, extended or re-enacted from time to time;
- (g) a reference to a statute or law shall include all subordinate legislation made from time to time under that statute or statutory provision;
- (h) a reference to writing or written includes fax and email;
- (i) a reference to this guarantee (or any provision of it) or to any other agreement or document referred to in this guarantee is a reference to this guarantee, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this guarantee);
- (j) unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this guarantee and a reference to a paragraph is to a paragraph of the relevant Schedule;
- (k) any words following the terms including, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- (l) a reference to an amendment includes a novation, re-enactment, supplement or variation (and amended shall be construed accordingly);
- (m) a reference to assets includes present and future properties, undertakings, revenues, rights and benefits of the Guarantor;

**В настоящей гарантии:**

- (a) наименования пунктов и разделов не должны влиять на толкование настоящей гарантии;
- (b) указание на лицо должно включать ссылку на физическое лицо, фирму, компанию, корпорацию, партнерство, некорпоративную группу лиц, правительство, государство или государственное агентство или любую ассоциацию, траст, совместное предприятие или консорциум (независимо от того, имеют ли они правосубъектность) и личных представителей данных лиц, правопреемников, разрешенных правопреемников и разрешенных получателей;
- (c) если контекст не требует иного, слов в единственном числе включают множественное число и слова во множественном числе включают единственное число;
- (d) если контекст не требует иного, ссылка на один пол относится к другим полам;
- (e) ссылка на Держатель облигаций включает в себя правопреемников Держатель облигаций, разрешенных правопреемников и разрешенных получателей;
- (f) Ссылка на нормативный правовой акт или закон является ссылкой на него с внесенными в него поправками, продленными или периодически вводимыми в действие;
- (g) Ссылка на нормативный правовой акт или закон включает все подзаконные акты, периодически вводимые в соответствии с этим статутом или положением;
- (h) Ссылка на письменную или печатную информацию включает факс и электронную почту;
- (i) ссылка на эту гарантию (или любое ее положение) или на любое другое соглашение или документ, упомянутый в этой гарантии, является ссылкой на эту гарантию, это положение или такое другое соглашение или документ с поправками (в каждом случае, за исключением случаев нарушения положений этой гарантии);
- (j) если контекст не требует иного, ссылка на положение или Приложение относится к положению или Приложению к данной гарантии, а ссылка на параграф - к параграфу соответствующего Приложения;
- (k) любые слова, следующие за терминами, включая, в частности, например, или любое подобное выражение, должны толковаться как иллюстративные и не должны ограничивать смысл слов, описания, определения, фразы или термина, предшествующих этим терминам;
- (l) ссылка на поправку включает новацию, повторное вступление в силу, дополнение или изменение (и исправленная интерпретируется соответственно);
- (m) ссылка на активы включает текущее и будущее имущество, обязательства, доходы, права и выгоды Гаранта;

<p>(n) a reference to an authorisation includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;</p> <p>(o) a reference to determines or determined means, unless the contrary is indicated, a determination made at the discretion of the person making it; and</p> <p>(p) a reference to a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organization.</p>	<p>(n) ссылка на разрешение включает утверждение, разрешение, согласие, освобождение, подачу, лицензию, нотариальное заверение, регистрацию и разрешение;</p> <p>(o) ссылка на определяемое или определенное, если не указано иное, означает определение, сделанное по усмотрению лица, делающего это; и</p> <p>(p) ссылка регулирование включает любой нормативный акт, правило, официальную директиву, запрос или руководство (независимо от того, имеют ли они силу закона) какого-либо правительственного, межправительственного или наднационального органа, агентства, департамента или регулирующего органа, саморегулируемого или другого органа или организации.</p>
<p><b>2. Guarantee and indemnity</b></p> <p>2.1. In view of the fact that the Bondholder acquires the Bonds under the terms and conditions of the Prospectus at AIX platform, at the discretion of the Bondholder, the Guarantor shall guarantee the Bondholders the payment upon the Guaranteed Obligations and agree with to an undisputable and acceptance-free write-off from the Guarantor's accounts in any second-tier bank of the Issuer's outstanding obligation amount, when the Issuer does not pay on any of the Issuer's Guaranteed Obligations when due.</p> <p>2.2. The Guarantor hereby assumes full joint and several liability to each/any Bondholder when default and/or improper performance by the Issuer of its Bond obligations to the Bondholders.</p>	<p><b>2. Гарантия и компенсация</b></p> <p>2.1. В связи с тем, что Держатель облигаций приобретает Облигации на условиях, предусмотренных Проспектом, на площадке AIX, по усмотрению Держателя облигаций, Гарант гарантирует Держателям облигаций осуществлять выплаты по Гарантированным обязательствам и предоставляет согласие на безакцептное списание со счетов Гаранта в любом банке второго уровня на сумму неисполненных обязательств Эмитента, когда Эмитент не осуществляет выплат по любому из Гарантированных обязательств Эмитента при наступлении срока их погашения.</p> <p>2.2. Настоящим, Гарант принимает на себя полную солидарную ответственность перед каждым/любым Держателем облигаций в случае неисполнения и/или ненадлежащего исполнения Эмитентом своих обязательств перед Держателями облигаций по Облигациям.</p>
<p><b>3. Bondholder protections</b></p> <p>3.1. This guarantee is a security to cover on time the ultimate balance (required balance) owing to the Bondholders by each Obligor in respect of the Guaranteed Obligations.</p> <p>3.2. The liability of the Guarantor under this guarantee shall not be reduced, discharged or otherwise adversely affected by:</p> <p>(1) any intermediate payment, discharge in whole or in part of the Guaranteed Obligations until full performance of the Issuer's obligations to pay the nominal value of the Bonds and the Bond coupon interests on their redemption or repurchase;</p> <p>(2) any variation, extension, discharge, compromise, dealing with, exchange or renewal of any right or remedy which the Bondholder may now or after the date of this guarantee have from or against of the Obligor and any other person in connection with the Guaranteed Obligations;</p>	<p><b>3. Защита прав Держателей облигаций</b></p> <p>3.1. Настоящая гарантия является обеспечением для своевременного покрытия окончательного остатка (требуемого остатка), причитающегося Держателям облигаций каждым Должником в отношении Гарантированных обязательств.</p> <p>3.2. Ответственность Гаранта в рамках настоящей гарантии не должна уменьшаться, сниматься или каким-либо образом пострадать в результате:</p> <p>(1) любого промежуточного платежа, полного или частичного погашения Гарантированных обязательств до полного исполнения Эмитентом обязательств по выплате номинальной стоимости Облигаций и купонного вознаграждения по Облигациям при их погашении или выкупе;</p> <p>(2) любых изменений, продлений, освобождений, компромиссов, сделок, обмена или возобновления любого права или средства правовой защиты, которые Держатель облигаций может иметь сейчас или после даты настоящей гарантии от Должника и/или любого другого лица в связи с Гарантированными обязательствами;</p>

(3) any termination, amendment, variation, novation, replacement or supplement of or to any of the Guaranteed Obligations;

(4) any grant of time, indulgence, waiver or concession to an Obligor or any other person;

(5) any insolvency, bankruptcy, liquidation, incapacity, limitation, disability, the discharge by operation of law, or any change in the constitution, name or style of an Obligor or any other person;

(6) any invalidity, illegality, unenforceability, irregularity or frustration of any actual or purported obligation of an Obligor or any other person in connection with the Guaranteed Obligations;

(7) any claim or enforcement of payment from an Obligor or any other person;

(8) any act or omission which would not have discharged or affected the liability of any Guarantor had it been a principal Debtor instead of a Guarantor;

(9) any other act or omission except an express written release of the Guarantor by the Bondholders from liability under the Guaranteed Obligations.

3.3. The Bondholder shall not be obliged before taking steps to enforce any of its rights and remedies under this guarantee:

(1) to take any action or obtain judgment in any court against an Obligor or any other person, excluding actions provided for by the Prospectus if the Issuer or the Guarantor fails to fulfill its obligations under the Guaranteed Obligations;

(2) to make or file any claim in a bankruptcy, liquidation or insolvency of the Obligor except for exercise of the Bondholder's right to appeal to the courts as provided for in the Prospectus;

(3) to make demand, enforce or seek to enforce any claim, right or remedy against the Obligor or the Guarantor.

3.4. The Guarantor warrants to the Bondholder that it has not taken or not received, and shall not take any instructions/obligations in respect of/against the Obligor, its liquidator, an administrator, co-guarantor or any other person in connection with any liability hereby of, or payment by, a Guarantor under this guarantee but:

(3) любого прекращения, изменения, модификации, новации, замены или дополнения любого из Гарантированных обязательств или любого из них;

(4) любого предоставления времени, отсрочки платежа, отказа или уступки Должнику или любому другому лицу;

(5) любой несостоятельности, банкротства, ликвидации, недееспособности, ограничения, инвалидности, освобождения от ответственности в силу закона или любого изменения конституции, имени/ наименовании Должника или любого другого лица;

(6) любой недействительности, незаконности, неисполнимости, неправильности или нарушения любого фактического или предполагаемого обязательства Должника или любого другого лица в связи с Гарантированными обязательствами;

(7) любого требования или принудительного исполнения платежа от Должника или любого другого лица;

(8) любого действия или бездействия, которое не освобождало бы от ответственности или не затрагивало бы ответственность Гаранта, если бы он был главным Должником, а не Гарантом;

(9) любого другого действия или бездействия, за исключением прямого письменного освобождения Гаранта Держателем облигаций от ответственности по Гарантированным обязательствам.

3.3. Держатель облигаций перед принятием мер по обеспечению любых своих прав и средств правовой защиты в соответствии с настоящей гарантией, не обязан:

(1) предпринять любые действия или добиться решения в суде в отношении Должника или любого другого лица, за исключением действий, предусмотренных Проспектом, в случае неисполнения Эмитентом или Гарантом своих обязательств по Гарантированным обязательствам;

(2) предъявить или подать любой иск в связи с банкротством, ликвидацией или неплатежеспособностью Должника, за исключением реализации права Держателя облигаций по обращению в судебные органы в случаях, предусмотренных Проспектом;

(3) требовать, принудительно исполнять или добиваться принудительного исполнения любого требования, права или средства правовой защиты в отношении Должника или Гарант.

3.4. Гарант заверяет Держателя облигаций, что он не принимал и не получал, и не будет получать, каких-либо поручений/обязательств в отношении/против Должника, его ликвидатора, администратора, со-поручителя или любого другого лица в связи с любой ответственностью в рамках настоящей гарантии или оплатой со стороны Гаранта в соответствии с настоящей гарантией, за исключением:

<p>(1) if any of the rights is taken, exercised or received by the Guarantor, those rights and all monies at any time received or held in respect of those rights shall be held by that Guarantor and may be applied in or towards the discharge of the Guaranteed Obligations under this guarantee;</p> <p>(2) on demands by the Bondholder to the Guarantor it shall promptly transfer, pay to the Bondholder all monies from time to time held by the Guarantor when the Issuer fails to fulfil obligations or fulfills them in part.</p>	<p>(1) если какое-либо из прав было взято, осуществлено или получено Гарантом, то эти права и все денежные средства в любой момент времени, полученные или хранящиеся в отношении этих прав, принадлежат этому Гаранту и могут быть применены в отношении исполнения Гарантированных обязательств по настоящей гарантии;</p> <p>(2) требований Держателя облигаций к Гаранту в случае наличия неисполненных или неполного исполнения обязательств Эмитента, обязан незамедлительно передать, выплатить Держателю облигаций все денежные средства, время от времени находящиеся у Гаранта.</p>
<p><b>4. Interest</b></p> <p>4.1. The Guarantor shall pay the Bond coupon interest to the Bondholder in accordance with and on the conditions provided for in the Prospectus on all sums demanded under this guarantee from the date of non-fulfillment or improper fulfillment of obligations by the Issuer and demand by the Bondholders.</p> <p>4.2. Interests shall accrue as provided for in the Prospectus.</p>	<p><b>4. Вознаграждение</b></p> <p>4.1. Гарант выплачивает купонное вознаграждение по Облигациям Держателю облигаций в соответствии и на условиях, предусмотренных Проспектом на все суммы, требуемые в соответствии с настоящей гарантией, начиная с даты неисполнения или ненадлежащего исполнения обязательств Эмитентом и предъявления требования Держателями облигаций.</p> <p>4.2. Проценты начисляются в соответствии с условиями Проспекта.</p>
<p><b>5. Representations and warranties</b></p> <p>5.1. The Guarantor makes the representations and warranties set out in this section 5 and clause 3.4 to the Bondholder on the date of Bonds purchase.</p> <p>5.2. Guarantor:</p> <p>(1) is a duly incorporated limited liability partnership validly existing under the laws, acting in accordance with jurisdiction and under its jurisdiction of incorporation.</p> <p>(2) has the power to own its assets and carry on its business as it is being conducted.</p> <p>5.3. The Guarantor has the power to execute and perform its obligations under this guarantee and the transactions contemplated by them.</p> <p>5.4. The execution and transfer of obligations and transactions contemplated by this guarantee does not and will not contravene any of a Guarantor's documents, any agreement or instrument binding on a Guarantor or its assets, or any applicable law or regulation.</p> <p>5.5 The Guarantor has taken all necessary action and obtained all required or desirable consents to enable it to perform its obligations under this guarantee and to make this guarantee admissible in evidence in its jurisdiction of incorporation. Any such authorisations are in full force and effect.</p>	<p><b>5. Заверения и гарантии</b></p> <p>5.1. Гарант предоставляет заверения и дает гарантии, изложенные в настоящем разделе 5 и пункте 3.4, Держателю облигаций на дату приобретения Облигаций.</p> <p>5.2. Гарант:</p> <p>(1) является надлежащим образом зарегистрированным товариществом с ограниченной ответственностью, надлежащим образом существующим в соответствии с законодательством, действующим в соответствии с юрисдикцией, под юрисдикцией которой оно учреждено.</p> <p>(2) имеет право владеть своими активами и вести свою деятельность в процессе ее осуществления.</p> <p>5.3. Гарант имеет право исполнять и исполнять свои обязательства по настоящей гарантии и предусмотренным обязательствами сделкам.</p> <p>5.4. Исполнение и передача обязательств и сделок, предусмотренных настоящей гарантией, не противоречит никаким документам Гаранта, любому соглашению или документу, имеющему обязательную силу для Гаранта или его активов, а также любому применимому законодательству или постановлению.</p> <p>5.5 Гарант предпринял все необходимые действия и получил все необходимые или желательные разрешения, чтобы позволить ему выполнить свои обязательства по данной гарантии и сделать эту гарантию приемлемой в качестве доказательства в своей юрисдикции по регистрации. Любые такие разрешения имеют полную силу и действие.</p>

5.6. The Guarantor's obligations under this guarantee are, subject to any general principles of law limiting obligations, legal, valid, binding and enforceable.

5.7. No litigation, arbitration or administrative proceedings are taking place, pending or, to any Guarantor's knowledge, threatened against it or any of its assets.

5.8. None of the Guarantor's assets is entitled to immunity on any grounds from any legal action or proceeding (including, without limitation, suit, attachment prior to judgment, execution or other enforcement). As an exception, the trademarks (the name of the Guarantor) and other information recognized by the Guarantor as a trade secret shall have immunity.

5.9. No event or circumstance is outstanding which constitutes a default under any deed or instrument which is binding on the Guarantor, or to which its assets are subject, which might have a material adverse effect on a Guarantor's ability to perform its obligations under this guarantee.

5.10. The Guarantor's payment obligations under this guarantee rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

5.11. Any court decision received within Astana International Financial Centre (in accordance with the Constitutional law of the Republic of Kazakhstan "On Astana International Financial Center" dd. December 7, 2015 No. 438-V.) in relation to this guarantee will be recognised and enforced in any jurisdiction of the Guarantor's location and/or its property.

5.12. The Guarantor is not required under the laws of its jurisdiction of incorporation to make any deduction for, or on account of, Tax from any payment it may make under this guarantee.

5.13. Under the laws of the Guarantor's jurisdiction of incorporation, it is not necessary that this guarantee be filed or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar Tax be paid on or in relation to this guarantee or the transactions contemplated by it.

5.6. Обязательства Гаранта по настоящей гарантии, с учетом любых общих принципов права, ограничивающих обязательства, являются юридическими, действительными, обязательными и имеющими исковую силу.

5.7. Никакие судебные, арбитражные или административные разбирательства не проводятся, не находятся на рассмотрении или, насколько известно Гаранту, не угрожают ему или любому из его активов.

5.8. Ни один из активов Гаранта не имеет права на иммунитет на любых основаниях от любого судебного иска или производства (включая, без ограничения, иск, наложение ареста до вынесения судебного решения, исполнения или иного приведения в исполнение). В качестве исключения, иммунитетом обладают, товарные знаки (наименование Гаранта) и иная информация, признанная Гарантом коммерческой тайной.

5.9. Ни одно событие или обстоятельство не является непогашенным, что представляет собой неисполнение обязательств по какому-либо акту или инструменту, имеющему обязательную силу для Гаранта, или к которому относятся его активы, что может оказать существенное неблагоприятное воздействие на способность Поручителя выполнять свои обязательства по настоящей гарантии.

5.10. Платежные обязательства Гаранта по этой гарантии, по меньшей мере, равны требованиям всех его других необеспеченных и несубординированных кредиторов, за исключением обязательств, которым закон в обязательном порядке отдает предпочтение в отношении компаний в целом.

5.11. Любое судебное решение, полученное на территории Astana International Financial Centre (в соответствии с Конституционным законом Республики Казахстан «О Международном финансовом центре «Астана» от 7 декабря 2015 года № 438-V.) в связи с настоящей гарантией, будет признано и приведено в исполнение в любой юрисдикции, где находится Гарант и/или его имущество.

5.12. Гарант не обязан в соответствии с законодательством юрисдикции своей регистрации производить какой-либо вычет налога или в счет него из любого платежа, который он может произвести в соответствии с настоящей гарантией.

5.13. В соответствии с законодательством, действующим в юрисдикции Гаранта, не обязательно, чтобы эта гарантия была подана или зарегистрирована в каком-либо суде или другом органе в этой юрисдикции, или чтобы была любая печать, уплачен регистрационный или аналогичный налог на эту гарантию или в связи с ней или в связи с предполагаемыми сделками.

<p><b>6. Accounts</b></p> <p>6.1. The Guarantor may at any time and from time to time apply all or any monies held in any suspense account in or towards satisfaction of any of the monies, obligations and liabilities as the Guarantor, in its absolute discretion, may conclusively determine.</p>	<p><b>6. Счета</b></p> <p>6.1. Гарант может в любое время и время от времени применять все или любые денежные средства, хранящиеся на промежуточном счете или для удовлетворения любых денежных средств, обязательств, которые могут быть окончательно определены Гарантом по его абсолютному усмотрению.</p>
<p><b>7. Termination</b></p> <p>7.1. This guarantee is irrevocable for the Guarantor and shall be in force until the Issuer fully fulfills its Guaranteed obligations.</p>	<p><b>7. Истечение срока</b></p> <p>7.1. Настоящая гарантия является безотзывной со стороны Гаранта и действует до полного исполнения Эмитентом Гарантированных обязательств.</p>
<p><b>8. Discharge conditional</b></p> <p>8.1. Any release, discharge or settlement between the Guarantor and the Bondholder in relation to this guarantee shall be conditional on no right, security, disposition or payment to the Bondholder by an Obligor or any other person in respect of the Guaranteed Obligations being avoided, set aside or ordered to be refunded pursuant to any enactment or law relating to breach of obligations by any person, bankruptcy, liquidation, administration, protection from the Bondholders generally or insolvency or for any other reason.</p> <p>8.2. If any right, security, disposition or payment referred to in clause 8.1 is avoided, set aside or ordered to be refunded, the Bondholder shall be entitled subsequently to enforce this guarantee against the Guarantor as if such release, discharge or payment had not occurred and any such right, security, disposition or payment had not been given or made.</p>	<p><b>8. Условное освобождение от ответственности</b></p> <p>8.1. Любое освобождение, исполнение или урегулирование между Гарантом и Держателем облигаций в связи с настоящей гарантией не зависит от каких-либо прав, обеспечения, распоряжения или выплаты Держателю облигаций со стороны Должника или любого другого лица в отношении Гарантированных обязательств, которые были расторгнуты, отменены или предписаны к возмещению в соответствии с любым законодательным актом или законом, касающимся нарушения обязательств любым лицом, банкротства, ликвидации, управления, защиты от Держателей облигаций в целом или неплатежеспособности или по любой другой причине.</p> <p>8.2. Если какое-либо право, обеспечение, распоряжение или платеж, упомянутые в пункте 8.1. избегаются, резервируются или приказываются к возмещению, то Держатель облигаций имеет право впоследствии принудительно исполнить данную гарантию в отношении Гаранта, как если бы такое освобождение, распоряжение или платеж не были осуществлены, а любое такое право, обеспечение, распоряжение или платеж не были предоставлены или осуществлены.</p>
<p><b>9. Payments</b></p> <p>9.1. All sums payable by the Guarantor under this guarantee shall be paid in full to the Bondholder in the currency in which the Guaranteed Obligations are payable:</p> <p>(1) without any set-off, conditions or counterclaims unless otherwise stipulated in the Bond purchase agreement;</p> <p>(2) free and clear of any deduction or withholding except as may be required by law or regulations which are binding on the Guarantor.</p> <p>9.2. If the Guarantor is required to make any deduction or withholding by any law or regulation in the Guarantor's jurisdiction from any payment due under this guarantee, the payment due from the Guarantor shall be increased to an amount which (after making any deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.</p>	<p><b>9. Выплаты</b></p> <p>9.1. Все суммы, выплачиваемые Гарантом по настоящей гарантии, оплачиваются Держателю облигаций в полном объеме в валюте, в которой оплачиваются Гарантированные обязательства:</p> <p>(1) без каких-либо зачетов, условий или встречных претензий, если иное не оговорено договором о покупке Облигаций;</p> <p>(2) без каких-либо вычетов или удержаний, за исключением случаев, предусмотренных законом или нормативными актами, которые являются обязательными для Гаранта.</p> <p>9.2. Если в соответствии с каким-либо законом или постановлением в юрисдикции Гаранта от какого-либо платежа, причитающегося по настоящей гарантии, требуется вычет или удержание, то платеж, причитающийся с Гаранта, увеличивается до суммы, которая остается (после вычета или удержания суммы), равную платежу, которая подлежала бы выплате, если бы не было необходимости в вычете или удержании.</p>

9.3. Following any deduction or withholding, or any payment required in connection with that deduction or withholding, the Guarantor shall promptly deliver or procure delivery to the Bondholder evidence reasonably satisfactory to the Bondholder that either a withholding or deduction has been made or any appropriate payment paid to the relevant taxing authority (as applicable).

9.3. После любого вычета или удержания, или любого платежа, требуемого в связи с таким вычетом или удержанием, Гарант незамедлительно доставляет или обеспечивает доставку Держателю облигаций доказательства, разумно удовлетворительные для Держателя облигаций, какое-либо удержание, либо любой соответствующий платеж был произведен соответствующему налоговому органу (в зависимости от обстоятельств).

**10. Guarantor's rights and limitations**

10.1. The Guarantor may not assign any of its rights or transfer any of its obligations under this guarantee or enter into any transactions that would result in any of these rights or obligations passing to another person.

10.2. Within validity of this guarantee, the Guarantor may enter into any contractual or other relationships with third parties that do not result in violation of the rights of Bondholders provided for in section 3 of this guarantee, including obtaining financing, investments, financial assistance, and so on. This Guarantee does not restrict the Guarantor's freedom of business activity.

**10. Права и ограничения Гаранта**

10.1. Гарант не может переуступать какие-либо из своих прав или передавать какие-либо из своих обязательств по настоящей гарантии или заключать какие-либо сделки, в результате которых любое из этих прав или обязательств перейдет к другому лицу.

10.2. Гарант в период действия настоящей гарантии вправе вступать в любые договорные и иные взаимоотношения с третьими лицами, результатом которых не станет нарушение прав Держателей облигаций, предусмотренное разделом 3 настоящей гарантии, в том числе по вопросам получения финансирования, инвестиций, материальной помощи и так далее. Настоящая Гарантия не ограничивает Гаранта в свободе предпринимательской деятельности.

**11. Evidence of amounts and certificates**

11.1. Extract from the register of Bondholders, indicating the rights of the Bondholder to the Bonds owned and the right of the Bondholder to receive payments on the Bonds and no supporting data from the Issuer on the payment of obligations on any amounts payable under this guarantee is (when no any manifest error) conclusive evidence of the matter to which it relates and shall contain reasonable details of the basis of determination.

**11. Подтверждение сумм и прав**

11.1. Выписка из реестра Держателей облигаций с указанием прав Держателя облигаций на принадлежащие ему Облигации и право на получение Держателем облигаций выплат по Облигациям и отсутствие подтверждающих данных Эмитента об оплате обязательств, по суммам подлежащей уплате по настоящей гарантии, является (при отсутствии явной ошибки) убедительным доказательством вопроса, к которому она относится, и должно содержать разумные основания для определения.

**12. Remedies, waivers, amendments and consents**

12.1. A waiver of any right or remedy under this guarantee or by law, or any consent given under this guarantee, is only effective if given in writing and signed by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.


**12. Средства правовой защиты, отказы, поправки и согласия**

12.1. Отказ от любого права или средства правовой защиты в соответствии с настоящей гарантией или по закону, или любое согласие, данное в соответствии с настоящей гарантией, вступает в силу только в том случае, если оно дано в письменной форме и подписано отказывающейся или соглашающейся стороной, и не считается отказом от любого другого нарушения или невыполнения обязательств. Она применяется только в обстоятельствах, в которых она предоставлена, и не препятствует стороне, предоставившей ее, впоследствии полагаться на соответствующее положение.



<p>12.2. A failure or delay by a party to exercise any right or remedy provided under this guarantee or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this guarantee. No single or partial exercise of any right or remedy provided under this guarantee or by law shall prevent or restrict the further exercise of that or any other right or remedy.</p> <p>12.3. The rights and remedies provided under this guarantee are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.</p>	<p>12.2. Невыполнение или задержка стороной какого-либо права или средства правовой защиты, предусмотренного настоящей гарантией или законом, не представляет собой отказ от этого или любого другого права или средства правовой защиты, препятствует или ограничивает любое дальнейшее осуществление этого или любого другого права или средства правовой защиты или представляет собой избрание для подтверждения этой гарантии. Никакое однократное или частичное осуществление любого права или средства правовой защиты, предусмотренного настоящей гарантией или законом, не должно препятствовать или ограничивать дальнейшее осуществление этого или любого другого права или средства правовой защиты.</p> <p>12.3. Права и средства правовой защиты, предусмотренные настоящей гарантией, являются совокупными и дополняют, и не исключают любые права и средства правовой защиты, предусмотренные законом.</p>
<p><b>13. Severance</b></p> <p>13.1. If any provision (or part of a provision) of this guarantee is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause shall not affect the legality, validity and enforceability of the rest of this guarantee.</p>	<p><b>13. Удаление</b></p> <p>13.1. Если какое-либо положение (или часть положения) настоящей гарантии является или становится недействительным, незаконным или не имеющим исковой силы, оно считается измененным в минимальной степени, необходимой для того, чтобы сделать его действительным, законным и имеющим исковую силу. Если такое изменение невозможно, то соответствующее положение (или часть положения) считается удаленным. Любое изменение или исключение положения (или части положения) в соответствии с настоящим пунктом не влияет на законность, действительность и осуществимость остальной части данной гарантии.</p>
<p><b>14. Third party rights</b></p> <p>14.1. Except as expressly provided elsewhere in this guarantee a person who is not a party to this guarantee shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this guarantee. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.</p> <p>14.2. The rights of the parties to rescind, terminate or agree any amendment or waiver under this guarantee are not subject to the consent of any other person.</p>	<p><b>14. Права третьих лиц</b></p> <p>14.1. За исключением случаев, явно оговоренных в других положениях данной гарантии лицо, не являющееся стороной данной гарантии, не имеет никаких прав в соответствии с Законом о договорах (правах третьих лиц) от 1999 г. на принудительное исполнение или пользование преимуществами любого условия данной гарантии. Это не влияет на любое право или средство правовой защиты третьей стороны, которое существует или доступно, кроме данного Закона.</p> <p>14.2. Права сторон на аннулирование, прекращение или согласование любого изменения или отказа в соответствии с настоящей гарантией не зависят от согласия любого другого лица.</p>
<p><b>15. Counterparts</b></p> <p>15.1. This guarantee is made as one copy, which original one is kept by the Bondholders' representative: Centras Securities Joint Stock Company, the Republic of Kazakhstan, Almaty city, Bostandyk district, Manas str., 32a, apt. 201, 8 (727) 259-88-77, mail@centras.kz.</p>	<p><b>15. Дубликаты</b></p> <p>15.1. Настоящая гарантия составлена в одном экземпляре, оригинал которого находится на хранении у представителя Держателей облигаций: Акционерное общество «Сентрас Секьюритиз», Republic of Kazakhstan, Almaty, Bostandykskiy district, Manas str., 32a, apt. 201, 8 (727) 259-88-77, mail@centras.kz.</p>

<p>15.2. The Bondholder has the right to receive a copy of this guarantee from the person specified in clause 15.1. without paying any fees, except for the cost of making the corresponding copy of the guarantee.</p> <p>15.3. A copy of this guarantee signed by the Guarantor is an integral part to the Prospectus.</p>	<p>15.2. Держатель облигаций имеет право получить у лица, указанного в пункте 15.1. копию настоящей гарантии без оплаты каких-либо комиссий, за исключением стоимости изготовления соответствующей копии гарантии.</p> <p>15.3. Копия настоящей гарантии, подписанной Гарантом, является неотъемлемой частью Проспекта.</p>
<p><b>16. Notices</b></p> <p><b>16.1. Delivery</b></p> <p>Any notice or other communication given to a party under or in connection with this guarantee shall be:</p> <p>(1) in writing;</p> <p>(2) delivered by pre-paid post to the Guarantor's address;</p> <p>(3) sent to:</p> <p>(i) the Guarantor at: The Republic of Kazakhstan, Almaty city, Almaly district, Abylay khan Avenue, building 135. Attention: B.Baglan, the Director General</p> <p>(ii) the Bondholder at: the address specified in the register of Bondholders, received by the Guarantor or the Issuer from the registrar under the relevant request.</p> <p>or to any other address as is notified in writing by one party to the other from time to time.</p> <p><b>16.2. Receipt</b></p> <p>Any notice or other communication given under or in connection with this guarantee shall be deemed to have been received:</p> <p>(1) if delivered by hand, at the time it is left at the relevant address;</p> <p>(2) if posted by pre-paid post at the Guarantor's address</p> <p>A notice or other communication given as described in clause 16 herein, and has been received after 2 PM local time, shall be deemed to have been received on the next Business Day. For the purposes of this clause, all references to time are to local time in the place of deemed receipt.</p> <p>16.3. This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.</p> <p>16.4. A notice or other communication given under or in connection with this guarantee is not valid if sent by email.</p>	<p><b>16. Уведомления</b></p> <p><b>16.1. Доставка</b></p> <p>Любое уведомление или другое сообщение, направленное стороне в соответствии с настоящей гарантией или в связи с ней, должно быть:</p> <p>(1) в письменном виде;</p> <p>(2) доставляется почтовой службой с оплаченной доставкой по адресу Гаранта;</p> <p>(3) отправлено:</p> <p>(i) Гаранту: Республика Казахстан, город Алматы, Алмалинский район, проспект Абылай хана, дом 135 Внимание: Генерального директора Баглан Б. Б.</p> <p>(ii) Держателю облигаций: по адресу, указанному в реестре Держателей облигаций, полученному Гарантом или Эмитентом от регистратора на основании соответствующего запроса.</p> <p>или на любой другой адрес, о чем время от времени в письменной форме уведомляет сторона другую сторону.</p> <p><b>16.2. Получение</b></p> <p>Любое уведомление или другое сообщение, направленное в соответствии с настоящей гарантией или в связи с ней, считается полученным:</p> <p>(1) если доставлено вручную, то в момент, когда оно доставлено по соответствующему адресу;</p> <p>(2) если доставка осуществляется почтовой службой с оплаченной доставкой по адресу Гаранта.</p> <p>Уведомление или другое сообщение, отправленное в соответствии с разделом 16 настоящей гарантии, поступавшие после 14:00 часов местного времени, считается полученным на следующий Рабочий день. Для целей настоящего пункта все ссылки на время относятся к местному времени в месте предполагаемого получения.</p> <p>16.3. Настоящий пункт не распространяется на обслуживание каких-либо разбирательств или других документов в рамках какого-либо судебного иска или, где это применимо, любого арбитража или другого метода разрешения споров.</p> <p>16.4. Уведомление или другое сообщение, предоставленное в соответствии с настоящей гарантией или в связи с ней, не является действительным, если оно отправлено по электронной почте.</p>

<p><b>17. Governing law</b></p> <p>17.1. This guarantee and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by, and construed in accordance with the laws in force within Astana International Financial Centre in accordance with the Constitutional Law of the Republic of Kazakhstan “On Astana International Financial Centre” dated 7 December 2015 № 438-V.</p> <p>17.2. The Guarantor irrevocably consents to any process in any proceedings under clause 18 being served on it in accordance with the provisions of this guarantee relating to service of notices. Nothing contained in this guarantee shall affect the right to serve process in any other manner permitted by law.</p>	<p><b>17. Регулирующий закон</b></p> <p>17.1. Настоящая гарантия и любые споры или претензии (включая внедоговорные споры или претензии), возникающие из нее или в связи с ней, ее предметом или образованием, регулируются и толкуются в соответствии с законодательством, действующим на территории Astana International Financial Centre в соответствии с Конституционным законом Республики Казахстан «О Международном финансовом центре «Астана» от 7 декабря 2015 года № 438-V.</p> <p>17.2. Гарант дает безотзывное согласие на любой процесс в рамках любого судебного разбирательства согласно пункту 18 в соответствии с положениями настоящей гарантии, относящимися к вручению уведомлений. Ничто, содержащееся в настоящей гарантии, не должно влиять на право обслуживания процесса любым другим способом, разрешенным законом.</p>
<p><b>18. Jurisdiction</b></p> <p>18.1. Each party irrevocably agrees that, subject as provided below, the courts within Astana International Financial Centre shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this guarantee or its subject matter or formation. Nothing in this clause shall limit the right of the Bondholder to take proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.</p>	<p><b>18. Юрисдикция</b></p> <p>18.1. Каждая сторона безоговорочно соглашается с тем, что, при условии, как это предусмотрено ниже, суды, действующие на территории Astana International Financial Centre, будут иметь исключительную юрисдикцию в отношении любого спора или претензии (включая внедоговорные споры или претензии), вытекающие из или в связи с данной гарантией или ее предметом, или образованием. Ничто в настоящем пункте не ограничивает право Держателя облигаций возбуждать разбирательство против Гаранта в любом другом суде компетентной юрисдикции, равно как и возбуждение разбирательства в одной или нескольких юрисдикциях не препятствует возбуждению разбирательства в любых других юрисдикциях, как параллельно, так и не параллельно, в той степени, в какой это разрешено законом такой другой юрисдикции.</p>
<p>This document has been executed as a deed and takes effect on the date stated at the beginning of it.</p>	<p>Настоящий документ оформлен в виде акта и вступает в силу с даты, указанной на первой странице.</p>
<p>Executed as a deed by Alem Agro Holding LLP (АлемАгро Холдинг) acting by Baglan Birzhan.</p>	<p>Executed as a deed by Alem Agro Holding LLP (АлемАгро Холдинг) acting by Baglan Birzhan.</p>
<p>May 26, 2020</p> 	<p>26 мая 2020 года</p> 

May 26, 2020

## ANNEX 2. Lobbying Services Agreement

(approved with the Resolution of the Management Board of the Representative

(Minutes dated October 1, 2018)

### Lobbying Services Agreement

Almaty

\_\_\_\_\_ 2020

**LLP Microfinance Company Bastau Agro Finance**, hereinafter - the Issuer, represented by Kelden Olzhas - General Director, acting on the basis of the Charter, and

**“Centras Securities” Joint Stock Company**, hereinafter - the Representative, represented by Murat Akinov - Chairman of the Management Board, acting on the basis of the Charter, hereinafter jointly referred to as the “Parties” and individually as the “Party”, have entered into this Lobbying Services Agreement (hereinafter - the Agreement), on the following.

#### 1. Subject of Agreement

- 1.1. Pursuant to this Agreement, in order to protect the rights and interests of Bondholders with the details of the issue specified in clause 1.2. of this Agreement, on the terms and in the manner prescribed by the legislation of the Republic of Kazakhstan and the legislation of the Astana International Financial Center, and this Agreement, the Representative undertakes to represent the interests of Bondholders before the Issuer, and the Issuer undertakes to pay for the services of the Representative in the amount and in the manner provided for by the Agreement.
- 1.2. Bond issue details (hereinafter referred to in the singular as the Bond, in the plural as the Bonds):
  - 1.2.1. Type of Bonds – secured bonds issued in accordance with the legislation of the Astana International Financial Center, ISIN KZX000000385.
- 1.3. Control over the performance of obligations by the Issuer and the Guarantor to the Bondholders shall be carried out by the Representative due to analysis of the information about the Issuer:
  - 1) placed on the Internet resources of the financial statements depository including annual financial statements and an audit report (if any) recognized in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting, and a stock exchange, including securities issued by the Issuer;
  - 2) published in the media;
  - 3) contained in the periodic reports of the Issuer, provided in the manner and terms established by the Agreement;
  - 4) contained in the information on the Issuer’s performance of obligations to Bondholders provided to the Representative as per requests.
- 1.4. Protection of the rights and interests of the Bondholders shall be carried out by the Representative by applying to the:
  - 1.4.1. Issuer and Guarantor with the requirements to perform its obligations established by the relevant Bond Issue Prospectus (hereinafter - the Prospectus) to the Bondholders;
  - 1.4.2. Authorized body and other state bodies of the Republic of Kazakhstan;
  - 1.4.3. Court with a statement of claim to protect the rights and interests of the Bondholders.

- 1.5. The date of the first report on the Orders execution on writing off and crediting securities (bonds) in accordance with the legislation of the Astana International Financial Center shall be considered as the commencement date for the Representative's services provision.

## **2. Rights and Obligations of the Parties**

- 2.1. Duties and responsibilities of the Representative:

### **2.1.1. Representative shall regularly monitor:**

- 2.1.1.1. the Issuer to comply with obligations established by the Prospectus to the Bondholders;
- 2.1.1.2. timely bond payments;
- 2.1.1.3. procedure and Issuer's intended use of the money received as a result of the bonds flotation.

### **2.1.2. Representative shall be obliged to inform:**

- 2.1.2.1. Bondholders:

- about circumstances that may lead to a violation of the rights and interests of the Bondholders, or about already violated rights and interests of the Bondholders including the fact when the property condition being security for the Issuer's obligations performance to the Bondholders, or the Guarantor's financial condition for secured bonds (if any) do not ensure the performance of the Issuer's obligations in full - within 3 (three) calendar days from the date when it became known about the specified circumstances;
- about results of control over the Issuer's obligations performance stipulated by subclause 2.1.1. of the Agreement;

- 2.1.2.2. Bondholders and the authorized body - about Issuer's failure to submit or untimely submission of the information stipulated by the Agreement - within a period not later than 1 (one) month following the reporting quarter;

- 2.1.2.3. Bondholders and the authorized body - about the information provided by the Issuer in accordance with the Agreement, as well as on its actions in accordance with subclause (1, 1-1, 2, 3, 3-1 and 4) Article 20.1 of the Law of the Republic of Kazakhstan On Securities Market (hereinafter - the Law) and about results of such actions:

- on a quarterly basis, no later than the last calendar day of the second month following the reporting quarter - in relation to Issuers whose securities are not traded on a stock exchange operating in a foreign state;
- not later than the last calendar day of the month following the month wherein the Representative received information from the Issuer, provided for by paragraph 3 of subclause 1) of clause 10 of the Rules for the Bondholders to perform their duties and obligations, early termination of powers, as well as the requirements to Lobbying Services Agreement concluded by and between the Issuer and Bondholder's representative, and the terms for providing information to the authorized body approved by the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan dated February 24, 2012 No. 88 - in relation to the Issuers, whose securities are included in the list of the stock exchange operating on the territory of the Republic of Kazakhstan and circulate on a stock exchange operating on the territory of a foreign state.

Information on the Representative's performance of its duties and obligations, submitted to the authorized body and Bondholders in relation to the Issuer whose securities are not traded on the stock exchange, shall contain the Issuer's financial statements for the reporting quarter.

- 2.1.2.4. Bondholders, the authorized body and the stock exchange (if the Bonds are included in the official list of the stock exchange) - about the non-performance or improper performance of obligations by the Issuer to pay remuneration and (or) the par value of the Bonds, as well as about occurrence of events that entail consequences related with non-performance of the conditions provided for in Article 15.2 of the Law of the Republic of Kazakhstan On Securities Market and the Prospectus - no later than 1 (one) Business Day from the date of the information receipt with a description of the measures taken by the Representative as part of the implementation of its duties and rights under the Agreement;
- 2.1.2.5. Bondholders, the authorized body and the stock exchange (if the Bonds are included in the official list of the stock exchange) - about the termination of its powers as a Representative - within 5 (five) Business Days from the date of the Agreement termination or from the date of the Agreement expiration;
- 2.1.2.6. Issuer - about the Representative's license termination to carry out broker and (or) dealer activities in the securities market and (or) termination of the Representative's activities due to reorganization, liquidation in accordance with the legislation of the Republic of Kazakhstan, in writing - within 3 (three) calendar days from the licenses termination date and (or) adoption of a resolution by the Representative's authorized body on reorganization, liquidation of the Representative.
- 2.1.3. In order to perform its duties, as per the Agreement and the legislation of the Republic of Kazakhstan, the Representative shall notify the Bondholders by publishing information in the media that meet the requirements of the legislation of the Republic of Kazakhstan on its Internet resource (<http://www.cesec.kz/>).
- 2.1.4. Representative shall identify circumstances that may lead to a violation of the rights and interests of the Bondholders, and take measures aimed at protecting the rights and interests of the Bondholders in relation to the Issuer's failure to perform obligations established by the Prospectus including by filing a claim in court on behalf of the Bondholders who owns 50 (fifty) and more percent of the issued (minus redeemed) bonds of the Issuer;
- 2.1.5. The Representative provides the authorized body and Bondholders, upon their written requests, with information and documents related to its activities as a Representative;
- 2.1.6. Representative undertakes not to disclose or distribute information constituting insider information, banking, commercial and other secrets protected by the legislation of the Republic of Kazakhstan;
- 2.1.7. Representative requests data and information from the Issuer solely for the purpose of protecting the rights and interests of the Bondholders; acts in good faith not exceeding its powers under the Agreement and interfering with the Issuer's activities; takes all measures necessary to properly perform its obligations under the Agreement and the legislation of the Republic of Kazakhstan;
- 2.1.8. Duties and obligations of the Representative (performed exclusively if the secured Bonds are available):
  - 2.1.8.1. Exercise control over the property condition being security for the Issuer's obligations performance to the Bondholders (collateral), and the Guarantor's financial condition (if any) through:

- 1) familiarization with the originals of documents confirming the Issuer's rights to the collateralized property;
  - 2) receiving information from the Issuer on the state of the pledged property and from the Guarantor for the secured Bonds (if any) on its financial state as of any date at the request of the Representative;
  - 3) receiving from the Issuer, the guarantor for secured bonds (if any) a copy of its financial statements for the quarter and for any date at the request of the Representative;
  - 4) conducting an annual analysis of the financial condition of the Issuer, the guarantor for secured bonds (if any) on the basis of its financial and/ or audited financial statements (if any);
  - 5) monitoring of the Issuer's financial condition and analysis of its corporate events;
- 2.1.8.2. representation of the Bondholders' interests in legal relations related to the registration of the right of pledge to property, which is the security for the performance of the Issuer's obligations to the Bondholders;
- 2.1.8.3. inform the authorized body and the Bondholders about the property condition which is the security for the Issuer's obligations performance to the Bondholders;
- 2.1.8.4. conclude a pledge agreement with the Issuer in relation to property that is a security for the fulfillment of the Issuer's obligations to the Bondholders;
- 2.1.8.5. sell the pledged property in accordance with the legislation of the Republic of Kazakhstan, in case the Issuer fails to fulfill its obligations to the Bondholders.
- 2.1.9. The Representative takes other actions aimed at fulfilling its duties and obligations in accordance with the legislation of the Republic of Kazakhstan and the Agreement.

## **2.2. Representative shall be entitled:**

- 2.2.1. In order to implement the duties specified in the legislation of the Republic of Kazakhstan and the Agreement, send written requests to the Issuer, request from the Issuer in view of the restrictions established by the legislation of the Republic of Kazakhstan in terms of disclosing banking secrets and other secrets protected by law, documents relating to the performance of its obligations to Bondholders as per the Agreement and receive response/ documents from the Issuer in the manner and terms established by Annex 1 to the Agreement;
- 2.2.2. require Issuer to provide data/ information on performance of its obligations to the Bondholders established by the Prospectus and the Agreement;
- 2.2.3. act in the name and on behalf of the Bondholders in relations with third parties, including government bodies and courts, under the Powers of Attorney and/ or a Fiduciary Agreement issued by the Bondholders within their competence in accordance with the Prospectus and the legislation of the Republic of Kazakhstan;
- 2.2.4. initiate amendments and additions to the Agreement in case of amendments and additions to the legislation of the Republic of Kazakhstan regulating activities in the securities market, and, accordingly, the relationship of the Parties to the Agreement;
- 2.2.5. exercise other rights aimed at protecting the rights and legitimate interests of Bondholders in accordance with the Prospectus, the legislation of the Republic of Kazakhstan and the Agreement.

### **2.3. Issuer shall be obliged:**

- 2.3.1. timely and in full to provide the Representative with periodic reports, information, documents and other information concerning the Issuer's performance of its obligations to the Bondholders, according to the list and within the timeframes provided for in Annex 1 to the Agreement, subject to the restrictions established by the legislation of the Republic of Kazakhstan in terms of disclosing banking and other secrets protected by law;
- 2.3.2. timely and in full pay the Representative remuneration in accordance with Article 3 of the Agreement;
- 2.3.3. not to disclose information constituting commercial and other secrets protected by the legislation of the Republic of Kazakhstan;
- 2.3.4. ensure replacement and (or) restoration of the property pledged by the Issuer in the event of its complete or partial loss, damage or decrease in the appraised value (if there are secured Bonds), in the manner and terms agreed by the Parties and drawn up by an Addendum to the Agreement - if there are secured Bonds;
- 2.3.5. take other actions aimed at fulfilling its duties in accordance with the legislation of the Republic of Kazakhstan, the Prospectus and the Agreement, to comply with the conditions specified in the Prospectus.

### **2.4. Issuer shall be entitled:**

- 2.4.1. require the Representative to properly perform its duties and obligations in accordance with the legislation of the Republic of Kazakhstan, the Prospectus and the Agreement;
- 2.4.2. initiate amendments and additions to the Agreement in case of amendments and additions to the legislation of the Republic of Kazakhstan regulating activities in the securities market, and, accordingly, the relationship of the Parties to the Agreement, as well as in the event of amendments and additions to the Issuer's internal documents, provided that such amendments and additions do not contradict the legislation of the Republic of Kazakhstan.

## **3. Remuneration and Payment Procedure**

- 3.1. Remuneration for the services provided is 90 (ninety) Monthly Calculation Indicators (the MCI amount is established by the legislation of the Republic of Kazakhstan as of the date of payment) for each issue of Bonds per month (VAT is not charged), and shall be paid monthly during the Agreement validity from the commencement date of the services provision in accordance with clause 1.5. of this Agreement. The cost of the remuneration may be revised annually in view of the increase in the official level of inflation and shall be subject to decrease in the event of deflation. The cost of remuneration shall also be subject to any upward change reflecting the confirmed additional volumes of procedures necessary for the Representative to carry out procedures or additional requirements of Bondholders to provide information by the Representative. The amount of remuneration may be revised as agreed by the Parties by signing an Addendum to the Agreement.
- 3.2. The remuneration specified in clause 3.1 of the Agreement shall be paid by the Issuer by transferring money to the Representative upon the Parties have signed the Certificate of Completion (Services Rendered), within 10 (ten) business days from the date the Issuer receives the invoice for payment according to the details specified in the last Article of the Agreement.
- 3.3. Certificate of Completion (Services Rendered) shall be signed by the Issuer within 3 (three) business days from the date of its receipt. The Certificate of Completion (Services Rendered) shall



be sent by the Representative to the Issuer on purpose together with an invoice for payment no later than the 5th (fifth) day of the month following the reporting month.

- 3.4. The Issuer does not reimburse the Representative's overhead costs for the fulfillment of its obligations.

#### **4. Document Flow Procedure**

- 4.1. All notifications, inquiries, information and other messages required or provided for under the Agreement due to the fulfillment of the obligations of the Parties shall be drawn up in writing signed by the first manager or its substitute or an authorized official and can be sent electronically or by facsimile communications, and, if necessary and (or) at the request of one of the Parties, can be duplicated on paper, and shall be considered duly sent, transmitted, received or delivered in all cases (taking into account the availability of confirmation documents on delivery/ receipt or a return message about delivery/ receipt electronically or by fax). In case of duplication on paper, the documents are provided on purpose at the location of the recipient or sent by mail.
- 4.2. By an official letter, the Parties provide information about either changes in information about their employee (their employees) indicating the last name, first name, if any - patronymic, position, name of the unit, its (their) e-mail, contact phone numbers and fax numbers, which will be authorized to send and (or) receive documents, notices and (or) information required or provided for by the Agreement.
- 4.3. In some cases, according to the written request of the Bondholder, the Representative shall send the Bondholder the required information via electronic or facsimile communication with subsequent provision of it on paper on purpose (at the expense of the Bondholder) at the location of the Bondholder or by mail.

#### **5. Responsibility of the Parties and Disputes Settlement**

- 5.1. For non-performance or improper performance of obligations under the Agreement, the Parties shall be liable in accordance with the legislation of the Republic of Kazakhstan and the Agreement.
- 5.2. If the Issuer fails to perform its obligations to pay remuneration to the Representative on time, the Issuer shall pay a penalty in the amount of 0.01% (zero point one hundredth of a percent) of the overdue amount for each day of delay but not more than 10% (ten percent) of the overdue amount.
- 5.3. If the Representative discloses or disseminates information constituting insider information, banking, commercial and other secrets protected by the law of the Republic of Kazakhstan, without Issuer's written approval, with the exception of obligations to disclose them in accordance with the terms of the Agreement and (or) the legislation of the Republic Kazakhstan, the Representative shall be liable in accordance with the legislation of the Republic of Kazakhstan with compensation for proven losses incurred by the Issuer as a result of violation of such an obligation. Losses of the Issuer shall be reimbursed by the Representative only if the Issuer proves the fact of Representative's violation of the obligation and that the losses incurred by the Issuer are directly related to the violation of the obligation by the Representative.

The Parties agree to take all measures to eliminate disagreements that have arisen between them through bilateral negotiations and sending claims in the manner specified in the Agreement.

The Parties have agreed on a mandatory pre-trial procedure for resolving disputes. A notified Party shall be obliged to consider the claim and respond on the merits - to confirm consent to full or

partial satisfaction or report full or partial refusal to satisfy the claim no later than 5 (five) calendar days from the date of actual receipt of the claim. All claims must be submitted with supporting documentation explaining the nature of the claim.

Any dispute, of a contractual or non-contractual nature, arising from or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be subject to the exclusive jurisdiction of the AIFC Court. The language to be used in the proceedings is English. This Agreement is governed by the Legislation in force in the territory of the AIFC and the Legislation of the Republic of Kazakhstan.

In case of litigation and other proceedings related to representation/ protection of the Bondholders' interests violated through the fault of the Issuer, all legal and related costs in full shall be borne by the Issuer.

## **6. Procedure and grounds for early termination of Representative's powers**

- 6.1. The Representative's powers may be terminated ahead of schedule upon the occurrence of one of the following conditions:
  - 6.1.1. termination of the license to carry out brokerage and (or) dealer activities in the securities market. Upon the occurrence of the specified condition, the Representative shall be obliged, within 3 (three) calendar days from the date of the occurrence of such an event, to notify the Issuer, Bondholders, the stock exchange (if the Bonds are included in the official list of the stock exchange) and the authorized body by sending them appropriate written notice;
  - 6.1.2. termination of the Representative's activities due to reorganization, liquidation in accordance with the legislation of the Republic of Kazakhstan. Upon the occurrence of the specified condition, the Representative shall be obliged, within 3 (three) calendar days from the date of the occurrence of such an event, to notify the Issuer, Bondholders, the stock exchange (if the Bonds are included in the official list of the stock exchange) and the authorized body by sending them appropriate written notice;
  - 6.1.3. as agreed by the Parties. In this case, the Parties shall exchange written notifications on Agreement termination no later than 30 (thirty) calendar days before the expected date of termination;
  - 6.1.4. at the initiative of the Issuer, if 10 (ten) and more percent of the Bondholders have applied to the Issuer with a request to change the Representative. Upon the occurrence of the specified condition, the Issuer shall take measures to terminate the Agreement within 7 (seven) business days;
  - 6.1.5. based on a court judgment to terminate the Agreement. Upon the occurrence of the specified condition, the Agreement shall be terminated from the date/ event indicated in the verdict of the judicial authority.
- 6.2. A Party to the Agreement shall be entitled to unilaterally terminate the Agreement with the other Party to the Agreement if one of the Parties has information about the involvement of the other Party to the Agreement in the legalization (laundering) of income from illegal means and (or) the financing of terrorism recognized in accordance with the Law of the Republic of Kazakhstan "On Counteracting the Legalization (Laundering) of Illegally Obtained Incomes and the Financing of Terrorism", having previously notified in writing of the termination of the Agreement, at least 5 (five) business days prior to termination.

- 6.3. The Agreement shall be valid until the termination of the Representative's powers in the cases provided for in this Article, and in terms of monetary obligations, until their full performance by the Parties under the terms of the Agreement.
- 6.4. In case of suspension or termination of the Representative's license to carry out broker and (or) dealer activities, the Parties shall act in accordance with the regulatory legal acts of the authorized body

## **7. Force Majeure**

- 7.1. The Parties shall be released from liability for full or partial, or improper performance of obligations under the Agreement, if this failure becomes a result of Force Majeure circumstances that have arisen after the conclusion and (or) during the period of the Agreement, which the Parties could not foresee or prevent, and which directly influenced the obligations to be performed by the Parties under the Agreement.
- 7.2. The Parties have agreed to recognize (but not limited to) the following events as Force Majeure: earthquake, flood, fire, other disasters and disasters of a natural and man-made nature, military actions, acts of terrorism, strikes, changes in legislation entailing the impossibility of performing obligations arising in any moment of the Agreement, and provided that these circumstances do not depend on the will of the Parties and make it impossible for either of the Parties to fulfill its obligations under the Agreement, as well as other circumstances beyond the reasonable control of the Parties.
- 7.3. If a Party fails to perform its obligations under the Agreement due to the Force Majeure circumstances, it shall be obliged, no later than 3 (three) business days from the moment of the onset or termination of the Force Majeure circumstances, to notify the other Party of the onset or termination of the Force Majeure circumstances. A proper confirmation of the occurrence of Force Majeure circumstances will be documents issued by authorized bodies/ organizations.
- 7.4. If a Party fails to notify and (or) untimely notify the other Party about its impossibility to perform obligations under the Agreement due to the force majeure circumstances, this Party shall be deprived of the right to refer to the fact of the Force Majeure circumstances occurred.
- 7.5. In the event of Force Majeure circumstances, the term for the Party to fulfill its obligations under the Agreement shall be postponed in proportion to the time during which these circumstances and their consequences operate.
- 7.6. If the Force Majeure circumstances and their consequences continue to operate for more than 2 (two) months, the Parties shall conduct additional negotiations to identify acceptable alternative ways of executing the Agreement and (or) will take a decision to terminate it.
- 7.7. If the Parties make a decision to terminate the Agreement due to the duration of Force Majeure circumstances, the Issuer shall pay remuneration to the Representative for the actual period of time for the provision of services.

## **8. Representation and Guarantees of the Parties**

- 8.1. The Parties hereby represent and guarantee that the Agreement is signed by persons authorized to sign this type of documents to perform obligations under the Agreement.
- 8.2. The Representative hereby represents and guarantees its professional activities in the securities market performed on the basis of license No. 0401200886 issued by the Agency of the Republic

of Kazakhstan for the Regulation and Supervision of Financial Market and Financial Organizations to engage in brokerage and dealer activities in the securities market with the right to maintain client accounts as nominal holder.

- 8.3. The Agreement constitutes a legally valid and enforceable obligation of the Parties that can be enforced in relation to the Party that has not performed the obligation in accordance with the terms of the Agreement.
- 8.4. The performance by the Parties of actions in accordance with the Agreement does not contradict and will not be in conflict with any provision of the constituent documents of the Parties or the legislation of the Republic of Kazakhstan, as well as the obligations of the Parties under any other agreement or contract.

## **9. Confidentiality**

- 9.1. The Parties to the Agreement have agreed that information about the subject and terms of the Agreement, as well as financial, commercial, insider and other information obtained by them in the course of concluding and executing the Agreement, is confidential information.
- 9.2. The transfer of confidential information to third parties, publication or other disclosure of it by one Party shall be possible only after obtaining the written consent of the other Party on the basis of the relevant written request of the Party, as well as in cases stipulated by the legislation of the Republic of Kazakhstan.
- 9.3. In case of disclosure or distribution of confidential information of the other Party by either Party in violation of the requirements of the Agreement, the guilty Party shall be liable in accordance with the legislation of the Republic of Kazakhstan with compensation for losses incurred by the other Party due to the disclosure of such information.
- 9.4. Upon termination of the Agreement and (or) its early termination, the obligations of the Parties to maintain confidentiality shall be valid for 5 (five) subsequent years.
- 9.5. The Representative does not have the right, without prior written agreement with the Issuer, to use the fact of the Agreement conclusion and (or) the terms (conditions) of the Agreement for advertising purposes and (or) other purposes involving familiarization of a significant number of persons who are not employees of the Issuer.
- 9.6. Provisions of this Article do not apply to the Representative's obligation to post information on results of its activity and information provided by the Issuer to be published on the Representative's Internet resource. (<http://www.cesec.kz/>).

## **10. Miscellaneous**

- 10.1. The Parties have agreed to establish the legal obligations of the Parties on anti-corruption behavior within the Agreement.
- 10.2. Any amendments and additions to the Agreement will be valid subject to they are made in writing, signed by authorized representatives of the Parties and sealed by the Parties.
- 10.3. The Party that has changed its location (legal address and (or) actual address) and (or) bank details shall notify the other Party to the Agreement in writing no later than 3 (three) business days from the date of the occurrence of these events.

- 10.4. This document is the complete agreement reached between the Parties and supersedes all previous agreements and intentions of the Parties, both oral and written, in relation to the subject of the Agreement.
- 10.5. The rights and (or) obligations of one of the Parties under the Agreement cannot be transferred to third parties.
- 10.6. Agreement is concluded in Russian language, as well as in English, in duplicate, one for each Party. In case of inconsistency of the text of the Agreement in English language with the Russian language, the priority shall be given to the text of the Agreement in Russian.
- 10.7. The Agreement comes into force from the date of its signing and shall be valid until the Parties fully perform all their obligations under the Agreement.

## 11. Details and Signatures

<i>Representative</i>	<i>Issuer</i>
<b>“Centras Securities” Joint Stock Company</b> 32 A Manas str., Office 201, Almaty, 050008 BIN 040340005474 IIC KZ46826A1KZTD2021653; BIC ALMNKZKA JSC “ATF Bank” Beneficiary Code 15	<b>LLP Microfinance Company Bastau Agro Finance</b> 135 Abylay Khan ave., Office 309, Almaty. BIN 170540026867 IIC KZ 568 490 1KZ 001 661 861 BIC NURSKZKX “NurBank” JSC Beneficiary Code 15
Chairman of the Board  <div style="text-align: right;">_____ <b>M. Akinov</b></div>	General Director  <div style="text-align: right;">_____ <b>O. Kelden</b></div>

Annex 1 to the Lobbying Services Agreement № \_\_\_\_\_

dated \_\_\_\_\_ 2020

### List of Periodic Reports, Information, Documents and Data of the Limited Liability Issuer and their Submission Terms

№	List of periodic reports, information, documents and data	Submission Terms
1	information on compliance with the conditions provided by the Article 15, Paragraph 2 of the Republic of Kazakhstan Law “On the Securities Market” and the Bond Issue Prospectus.	on a monthly basis, not later than the 5 (fifth) day of the month, following the reporting month, as of the first day of the month.
2	information on compliance (violation) of restrictions (covenants) established by the Bond Issue Prospectus.	on a quarterly basis, within 10 (ten) calendar days from the end date of each quarter.

3	<p>information and any documents related to the targeted use of funds received from the Bonds placement, except the information and documents that violate the requirements of the current legislation of the Republic of Kazakhstan, in terms of disclosing secrets protected by the Law</p>	<p>on a quarterly basis, within 15 (fifteen) calendar days from each quarter end date, starting from the date of Bonds placement to the date of Bonds full placement.</p>
4	<p>copies of the quarterly financial statements</p> <p>* An Issuer with a subsidiary submits unconsolidated financial statements in case consolidated financial statements are not available.</p> <p>* An Issuer whose securities are included in the list of a stock exchange operating in the territory of the Republic of Kazakhstan and circulate on the site of a stock exchange operating in a foreign state, submits financial statements for the reporting quarter (if this issuer has a subsidiary, consolidated financial statements) within the time limits established by the internal documents of the stock exchange operating in the territory of the Republic of Kazakhstan, the list of which includes the issuer's securities.</p>	<p>on a quarterly basis, not later than the month, following the reporting quarter; within the terms established by the internal documents of the stock exchange operating within the territory of the Republic of Kazakhstan, the list of which includes the issuer's securities - for the issuer, whose securities are listed on the stock exchange operating within the territory of the Republic of Kazakhstan, and circulate on the site of the stock exchange operating in the territory of foreign country.</p>
6	<p>copies of the Annual Auditing Reports</p>	<p>within 30 (thirty) calendar days from the date of their approval at general meeting of participants of the Issuer; within the terms established by the internal documents of the stock exchange operating within the territory of the Republic of Kazakhstan, the list of which includes the issuer's securities - for the issuer, whose securities are listed on the stock exchange operating within the territory of the Republic of Kazakhstan, and circulate on the site of the stock exchange operating in the territory of foreign country;</p>
7	<p>copies of the annual financial statements</p> <p>* An Issuer with a subsidiary submits unconsolidated financial statements in case consolidated financial statements are not available.</p>	<p>within 30 (thirty) calendar days from the date of their approval at general meeting of participants of the Issuer; within the terms established by the internal documents of the stock exchange operating within the territory of the Republic of Kazakhstan, the list of which includes the issuer's securities - for the issuer, whose securities are listed on the stock exchange operating within the territory of the Republic of Kazakhstan, and circulate on the site of the stock exchange operating in the territory of foreign country;</p>

8	information on the upcoming general meeting of the Issuer's participants, with the provision of materials on the agenda of such a meeting, if the agenda of this meeting contains issues affecting the rights and interests of the Bond holders	not later than 3 (three) working days prior to the date of the general meeting of the Issuer participants.
9	information on the upcoming general meeting of Bond holders, with the provision of materials on the agenda of such a meeting	not later than 3 (three) working days prior to the date of the general meeting of the Issuer participants.
10	information on the occurrence of cases entailing consequences associated with non-fulfillment of the conditions stipulated by Article 15, Paragraph 2 of the Republic of Kazakhstan Law "On the Securities Market" and the Bond Issue Prospectus	not later than 3 (three) working days from the date of occurrence of such cases.
11	information on the conclusion of a major transaction by the Issuer in accordance with the legislation of the Republic of Kazakhstan	within 5 (five) working days from the date of the conclusion of such a transaction.
12	information on payment of interest and/ or payment of the principal debt under the Bonds. * A confirmation letter would be provided.	within 5 (five) calendar days from the date of the such payments finalization.
13	information on early redemption of Bonds	within 5 (five) calendar days from the date of early redemption.
14	information on the list of Bond holders (register of Bond holders): - as of the 1st day of the next month following after the reporting quarter, - as of the date of fixing the register of Bond holders for payment of interest and (or) the par value on the placed bonds (less the redeemed bonds), - as of the other dates upon the written request of the Representative	within 15 (fifteen) calendar days after the end of the reporting quarter.  within 10 (ten) calendar days from the date of receipt of a written request from the Representative.
15	information on the performance of other obligations to the Bond holders established by the Prospectus	within 10 (ten) calendar days from the date of receipt of a written request from the Representative.
16	information on decisions taken by the Issuer affecting the rights and interests of the Bond holders	within 10 (ten) calendar days from the date of such decision
17	information on Bonds placement	within 10 (ten) calendar days from the date of Bonds placement.
18	information on Bonds redemption	within 10 (ten) calendar days from the date of Bonds redemption.
19	information on changes in the Issuer's activities affecting the interests of the Bond holders, in compliance with the Article 102, Paragraph 2 of the Law of the Republic of Kazakhstan "On the Securities Market"	within 10 (ten) calendar days from the date of such amendments occurrence.

20	information on the receipt by the Issuer of loans for an amount exceeding 5 (five) and more percent of the value of the Issuer's assets with the provision of documents related to the receipt of such loans by the Issuer	within 10 (ten) calendar days from the date of such loan receipt.
21	information on cancellation by the Issuer of the bond issue	within 2 (two) working days from the date of cancellation of the Bonds.
22	other additional information requested by the Representative that affects the interests of the Bond holders *Information can be sent to the Representative in electronic format and, subsequently, without fail, duplicated on paper, signed by the first head of the Issuer.	within 10 (ten) calendar days from the date of receipt of a written request from the Representative.
If there is a security/ pledge, the Issuer additionally provides the following:		
23	Pledge agreement/ amendments and additions to it registered at the authorized body	within 5 (five) calendar days from the date of registration
24	documents related to the change in the subject of the pledge, entailing the introduction of amendments and additions to the pledge agreement	within 5 (five) calendar days from the date of their signing by the Issuer
25	information and documents related to the availability of collateral/ pledge	on a quarterly basis, within 10 (ten) calendar days from the end date of each quarter

<i><b>Representative</b></i>	<i><b>Issuer</b></i>
<b>“Centras Securities” Joint Stock Company</b> 32 A Manas str., Office 201, Almaty, 050008 BIN 040340005474 IIC KZ46826A1KZTD2021653; BIC ALMNKZKA JSC “ATF Bank” Beneficiary Code 15	<b>LLP Microfinance Company Bastau Agro Finance</b> 135 Abylay Khan ave., Office 309, Almaty. BIN 170540026867 IIC KZ 568 490 1KZ 001 661 861 BIC NURSKZKX “NurBank” JSC Beneficiary Code 15
Chairman of the Board  <p style="text-align: right;"><b>M. Akinov</b></p>	General Director  <p style="text-align: right;"><b>O. Kelden</b></p>



### ANNEX 3. Responsibility statement

- (a) The Issuer, having made all the reasonable enquiries, accepts responsibility for this Prospectus and any supplements to the Prospectus that may be made by the Issuer. The Issuer confirms that this Prospectus complies and any supplements to the Prospectus that may be made by the Issuer are/ will comply with the requirements set out in Section 69 of the AIFC Framework Regulations #18 of 2018 and Part 1 of the MAR Rules.

The most of the information reflected in this Prospectus has been received by the Issuer from the Auditors' reports, his constituent documents, public data placed on the website of the authorized state bodies. The Issuer confirms that such information has been accurately reproduced and is able to ascertain from the information published by such third parties that no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

On behalf of the Issuer, the General director of the Issuer confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations #18 of 2018 and Part 1 of the MAR Rules and contains all information which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus is correct to the best of their knowledge and that no material facts or circumstances have been omitted.

- (b) The Guarantor is responsible for the information contained in the Prospectus, which to any extent relates to the Guarantor and/ or the Guarantee in accordance with MAR 1.9.1. (f).
- (c) The Issuer's Supervisory Board is responsible for the information contained in the Prospectus, which to any extent relates to the Issuer's financial activity and financial statements.
- (d) The persons responsible for the content of this Prospectus are those responsible for the content of this Prospectus in accordance with clauses (a), (b) and (c) of this Annex, and MAR 1.9.1.

In accordance with MAR 1.9.1. (c) (i) **Kelden Olzhas as the General Director Issuer**

In accordance with MAR 1.9.1. (f) (i) **Birzhan Baglan as the General Director of the Guarantor**

In accordance with MAR 1.9.1. (e) **Birzhan Baglan as the Chairman of the Supervisory Board of the Issuer**



**ANNEX 4. Financial statements and independent auditor's reports for the years ended 31 December 2017, 31 December 2018 and 31 December 2019**

**“Microfinance Organization “Bastau Agro Finance”  
Limited liability partnership**

Financial statements and independent auditor's report for the year ended December 31, 2017

**Content**

Independent auditor's report ..... 3  
Management's confirmation..... 5

**Separate financial statements**

Statement of financial position..... 7  
Statement of profit or loss and other comprehensive income ..... 8  
Statement of changes in equity..... 9  
Cash flow statement ..... 10  
  
Notes to the separate financial statements..... 11

**Approved** \_\_\_\_\_  
**General director Nurgaziyev T.E.**  
(State license MFY-2 №0000069 dated October 5, 2010)

### **INDEPENDENT AUDITOR'S REPORT**

**To Founders and Management of "Microfinance Organization "Bastau Agro Finance" LLP**

#### **Opinion**

We conducted an audit of the attached financial statements of the "Microfinance Organization "Bastau Agro Finance" Limited liabilities partnership (hereinafter referred to as the "Company"), which includes a statement of financial position, a statement of profit or loss and other comprehensive income, a cash flow statement and statement of changes in equity for the year ended on that date, as well as notes to the financial statements, including a brief overview of the main accounting policies on December 31, 2017.

In our opinion, the financial statement has been prepared in all material respects in accordance with the requirements of the applicable concept for the preparation of financial statement and provide true and reliable presentation of the financial position of Company on December 31, 2017 financial results and cash flows for year ended on that date in accordance with International Financial Reporting Standards.

#### **The basis for the expression of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the "*Auditor's Responsibility for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with the Code of Ethics of Professional Accountants of the Council on International Ethics Standards for Accountants (CIESA Code), and we have fulfilled other ethical obligations in accordance with the CIESA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to warrant the expression of our opinion.

#### **Other information**

The audit of the financial statements of the Company was carried out for the first time for the year ended December 31, 2017.

#### **Key audit issues**

Key audit issues are those issues that, in our professional judgment, were of the greatest importance to our audit of the financial statements for the current period. These issues were considered in the context of our audit of the financial statements as a whole and in the formation of our opinion on these statements, and we do not express a separate opinion on these issues.

#### **Management responsibility for the preparation of the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare financial statements that are free from material misstatement due to fraud or error.

Management is responsible for assessing the ability of the Company to continue to operate, for disclosing, as appropriate, information related to business continuity in preparing the financial statements, and for preparing statements based on the going concern assumption, unless management intends to liquidate the Company and terminate its activities or when management does not have a practical alternative to liquidation or termination of the Company.

#### **Auditor's responsibility for the audit of financial statement**

Our goal is to obtain reasonable assurance that the financial statement is free from material misstatement, whether due to fraud or error, and in the issuance of an audit opinion that contains our opinion. Reasonable confidence is a high degree of certainty, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing always reveals significant distortions if exist. Distortions can be the result of unfair acts or mistakes and are considered significant if one can reasonably assume that individually or collectively they can affect the economic decisions of users made on the basis of this financial statement.

We apply professional judgment and maintain professional skepticism throughout the audit conducted in accordance with International Standards on Auditing. In addition, we perform the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; We develop and conduct audit procedures in response to these risks; we obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of undetected material misstatement as a result of unfair acts is higher than the risk of not detecting a significant distortion as a result of an error, as unfair acts may include collusion, fraud, intentional omission, misrepresentation of information or actions bypassing the internal control system;
- we obtain an understanding of the internal control system that is relevant to the audit in order to develop audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- we assess the proper nature of the accounting policy applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- we conclude that the management has accepted the assumption of continuity of business and, on the basis of the audit evidence obtained, the conclusion is whether there is significant uncertainty in connection with events or conditions that may raise significant doubts about the Company's ability to continue its business. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence received before the date of our audit report. However, future events or conditions may lead to the Company losing its ability to continue its business activities;
- we assess the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements present the underlying operations and events in a manner that ensures their reliable representation.

We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned volume and timing of the audit, significant observations on the results of the audit, as well as significant shortcomings of the internal control system that we identify during the audit.

We also present to those responsible for corporate governance a statement that we have complied with all ethical requirements regarding independence and informed these persons about all relationships and other issues that can reasonably be considered to influence the independence of the auditor, and, if necessary, appropriate precautions.

**General director,**

**Auditor:**

Qualification Certificate № 0318

Dated from May 2, 1997.

**T.E. Nurgazyev**

**Team leader,**

**Auditor (CAP, IFRS, DipFM, DipFRA, DipFI):**

**S.A. Seitmagzimova**

Dated of February 7, 2020 year

RK, Almaty, md. Mamyr - 4, 14

**Acknowledgment of the responsibility  
for the preparation and approval of financial statement for the year  
ended December 31, 2017**

The following statement, which should be read in conjunction with the description of the responsibilities of independent auditors contained in the submitted independent auditors report, is made to distinguish between the responsibilities of auditors and management regarding the financial statements of “Microfinance Organization “Bastau Agro Finance” Limited liabilities partnership (hereinafter “the Company”). The management of “Microfinance Organization “Bastau Agro Finance” LLP is responsible for preparing separate financial statements, reliably reflecting in all material aspects, financial condition, results of operations, cash flow on December 31, 2017, in accordance with the requirements of International Financial Reporting Standards (IFRS).

In preparing the separate financial statements, the management of the Company is responsible for:

- selection of appropriate accounting principles and their consistent application;
- application of reasonable estimates and calculations;
- compliance with IFRS and disclosure of all material deviations from IFRS in the comments to the financial statements;
- preparation of financial statements taking into account the assumption that the Company will continue to operate in the foreseeable future, unless this assumption is unlawful.

Management is also responsible for:

- development, implementation and operation of an effective and reliable internal control system of the Company;
- maintaining an appropriate accounting system that allows, at any time with a reasonable degree of accuracy, to prepare information on the financial position of the Company and ensure that the financial statements comply with the requirements of IFRS
- accounting in accordance with the legislation and accounting standards of the Republic of Kazakhstan and IFRS;
- taking measures within its competence to ensure the safety of the Company’s assets;
- identification and prevention of fraud, errors and other abuses.

These financial statements for the period ended December 31, 2017 were approved by the management of “Microfinance Organization “Bastau Agro Finance” LLP on February 7, 2020.

**General director:**

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**Olzhas Kelden**

**STATEMENT OF FINANCIAL POSITION**

<i>In thousands of Kazakhstani Tenge</i>	Note	2017	2016
<b>ASSETS</b>			
Long-term assets			
Deferred tax assets	13	3	-
<b>Total long-term assets</b>		<b>3</b>	<b>-</b>
Short-term assets			
Cash and cash equivalents	4	35 134	-
Short-term financial assets	5	223	-
Current tax assets	6	75	-
<b>Total short-term assets</b>		<b>35 432</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>35 435</b>	<b>-</b>
<b>CAPITAL AND LIABILITIES</b>			
Capital			
Authorized capital	7	35 600	-
Retained earnings (uncovered loss)	8	(266)	-
<b>Total capital</b>		<b>35 334</b>	<b>-</b>
Short-term liabilities			
Tax liabilities	9	51	-
Liabilities for other obligatory payments	10	50	-
<b>Total short-term liabilities</b>		<b>101</b>	<b>-</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>35 435</b>	<b>-</b>

The financial statements were approved by management on February 7, 2020 and were signed on behalf of the management:

General director

\_\_\_\_\_  
Olzhas Kelden

*The notes on pages from 10 to 21 are an integral part of these financial statements.*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>In thousands of Kazakhstani Tenge</i>	Note	2017	2016
Revenue from sales		-	-
Cost of goods sold		-	-
Gross profit		-	-
Administrative expenses	11	(768)	-
Financial income	12	499	-
Profit before tax		(269)	-
Income tax savings	13	3	-
Profit / loss for the period		(266)	-
Other comprehensive income		-	-
Revaluation of fixed assets		-	-
Total comprehensive income for the period		(266)	-

General director

\_\_\_\_\_  
Olzhas Kelden

*The notes on pages from 10 to 21 are an integral part of these financial statements.*



**STATEMENT OF CHANGES IN EQUITY**

	Note	Authorized capital	Reserve capital	Retained earnings	Total capital
Balance on December 31, 2015		-	-	-	-
Changes in accounting policies		-	-	-	-
Recalculated balance		-	-	-	-
Profit / loss for the period		-	-	-	-
Other comprehensive income		-	-	-	-
Dividends		-	-	-	-
Issue of shares - owners contributions		-	-	-	-
Balance on December 31, 2016	7, 8	-	-	-	-
Profit / loss for the period	8	-	-	(266)	(266)
Other comprehensive income		-	-	-	-
Owners contributions	7	35 600	-	-	35 600
Balance on December 31, 2017	7, 8	35 600	-	(266)	35 334

General director

\_\_\_\_\_  
Olzhas Kelden

*The notes on pages from 10 to 21 are an integral part of these financial statements.*

**CASH FLOW STATEMENT**

<i>In thousands of Kazakhstani Tenge</i>	2017	2016
<b>Cash flow from operating activities:</b>		
Total cash inflow	236	-
including:		
sale of goods, services	-	-
advances received	-	-
other supply	236	-
Total cash outflow	702	-
including:		
payments to suppliers for goods and services	61	-
advances paid	15	-
wages payments	510	-
payment of interest on loans	-	-
corporate income tax and other payments to the budget	116	-
other payments	-	-
<b>Net cash from operating activities</b>	<b>(466)</b>	<b>-</b>
<b>Cash flow from investing activities:</b>		
<b>Total cash inflow</b>	<b>-</b>	<b>-</b>
including:		
sale of fixed assets	-	-
repayment of loans granted to other organizations	-	-
other supply	-	-
<b>Total cash outflow</b>	<b>-</b>	<b>-</b>
including:		
acquisition of fixed assets	-	-
acquisition of intangible assets	-	-
loans to other organizations	-	-
other payments	-	-
<b>Net cash from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financial activities:</b>		
<b>Total cash inflow</b>	<b>35 600</b>	<b>-</b>
including:		
issue of shares and other securities	<b>35 600</b>	<b>-</b>
receiving loans	-	-
other supply	-	-
<b>Total cash outflow</b>	<b>-</b>	<b>-</b>
including:		
repayment of loans	-	-
dividends payment	-	-
other payments	-	-
<b>Net cash from financial activities</b>	<b>35 600</b>	<b>-</b>
<b>The effect of exchange rates against tenge</b>	<b>-</b>	<b>-</b>
<b>Total: Increase + / - decrease in cash</b>	<b>35 134</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>35 134</b>	<b>-</b>

General director

\_\_\_\_\_  
Olzhas Kelden

*The notes on pages from 10 to 21 are an integral part of these financial statements.*

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**NOTES TO THE FINANCIAL STATEMENTS**

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## **1. GENERAL INFORMATION**

The financial statements of the “Microfinance Organization “Bastau Agro Finance” LLP (hereinafter referred to as the “Company”) for the year ended December 31, 2017 were approved for issue on February 7, 2020.

“Microfinance Organization “Bastau Agro Finance” LLP was re-registered by the Office for the Registration of Rights to Real Estate and Legal Entities of the branch of the State Corporation “Government for Citizens” Non-public Joint Stock Company in the city of Almaty on December 25, 2017, the date of initial registration is May 26, 2017. BIN 170 540 026 867, certificate of registration with VAT series 60001 № 1199312 dated April 17, 2018.

Notification № KZ22VGY00000365 was issued on December 21, 2017 by the National Bank of the Republic of Kazakhstan on the inclusion of the Company in the register of microfinance organizations № 05.17.014 dated December 21, 2017.

The Company has a permanent residence in the Republic of Kazakhstan. The Company’s office is located at the address: Republic of Kazakhstan, 050000, Almaty, Almalinsky district, Abylay Khan Avenue, house 135, office 309.

The main objective of the Company is to obtain net income from its charter activities.

The subjects of the Company’s activities in accordance with the Charter are:

- The provision of microloans to individuals and legal entities, with or without collateral, including taking pledged property against the granted microloan, in the manner and on the conditions established by the legislation of the Republic of Kazakhstan;
- Attracting loans (except for attracting money in the form of a loan from citizens as an entrepreneurial activity) and grants from residents and non-residents of the Republic of Kazakhstan;
- Placement of temporarily free assets on deposits of second-tier banks and in other ways that do not contradict the legislation of the Republic of Kazakhstan;
- Use and disposal of collateral obtained as security for microcredit in the manner prescribed by the current legislation of the Republic of Kazakhstan;
- Acquisition of shares and participatory interests in the authorized capital of credit bureaus, microcredit organizations, organizations providing collection services for banknotes, coins and valuables, and organizations licensed for security activities;
- Realization of own property;
- Providing advisory services on issues related to the provision of microloans;
- Lease of property (rental) of own property;
- Implementation of special literature on the activities of microfinance organizations on any type of storage medium;
- Conclusion of insurance contracts on behalf of and on behalf of insurance organizations-residents of the Republic of Kazakhstan as an insurance agent;
- Carrying out the functions of an agent-issuer of electronic money in accordance with the legislation of the Republic of Kazakhstan;
- Conclusion in the organized securities market of transactions with derivative financial instruments made for hedging purposes;
- Implementation of leasing activities.

The Company does not have representative offices or branches.

## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

### **Declaration of conformity**

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

### **Business conditions in Kazakhstan**

The Republic of Kazakhstan continues to carry out economic reforms and develop its legislative, tax and regulatory framework, as required by the conditions of a market economy. The future stability of the Kazakhstani economy is more dependent on these reforms and developments, on the effectiveness of economic, financial and monetary measures undertaken by the government.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

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**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS (continuation)**

**Business conditions in Kazakhstan (continuation)**

The Kazakhstan economy is sensitive to a decline in business activity and a slowdown in economic development in the world. The ongoing global financial crisis has caused instability in the capital market, a significant deterioration in liquidity in the banking sector and more stringent lending conditions in Kazakhstan.

In this regard, the Company implements a strategy of independence from the policy of state bodies and the state of affairs in the banking sector by building an ecosystem with minimizing the impact of external factors, including through:

- research and analysis of market trends (including business areas of borrowers);
- determination of the target segment of business customers mainly producing export-oriented agricultural products that are in significant demand;
- building a chain of suppliers and consumers;
- abstinence from financing in Kazakhstan banks;
- refusal from consumer lending (in order to eliminate the risks of reducing the solvency of the population).

The Company's management is confident that it is taking appropriate measures to support the sustainability of the Company's operations in the current environment. The actual impact of future business conditions may differ from their management estimates.

**The principle of business continuity**

The accompanying financial statements have been prepared on a going concern basis, which involves the sale of assets and the settlement of liabilities in the ordinary course of business. The ability of the Company to continue operating as an operating enterprise is more dependent on the demand for these types of services, the competitiveness and ability of borrowers to repay loans.

Functions and task of the Company are planned to expand areas of activity in accordance with the Charter, increase the volume of services rendered, implement joint projects and carry out types of activities on the profile of the Company to implement the subject.

Management believes that the financial position of the Company allows continuing operations for the foreseeable future. These financial statements have been prepared on a going concern basis.

These financial statements do not reflect any adjustments that might be required if the Company could not adhere to the principle of continuing operations.

**Functional and presentation currency**

The national currency of the Republic of Kazakhstan is Kazakhstani tenge, and this same currency is functional for the Company and it contains these financial statements. All figures are presented in tenge and rounded to the (nearest) thousand.

**Use of professional judgment, estimates and assumptions**

In preparing these financial statements in accordance with IFRS, management used professional judgments, assumptions and estimates relating to the recognition of assets and liabilities and disclosures about contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and key assumptions are reviewed based on going concern. Changes in accounting calculations are reflected in the period in which these changes occurred.

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that could cause significant adjustments to the carrying amounts of assets and liabilities during the next financial year are discussed below.

*Reserves*

The Company makes reserves for doubtful accounts receivable, advances paid and other current assets. It is necessary to take into account the previous and expected results of the client when evaluating doubtful accounts. Changes in the economy, industry, or specific client conditions may require adjustments to the provisions for doubtful accounts recognized in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS (continuation)**

**Use of professional judgment, estimates and assumptions (continuation)**

*Taxation*

Management considers as possible obligations certain areas of non-compliance with tax legislation, which it cannot dispute or does not believe that it can successfully appeal against if additional taxes are accrued by tax authorities in assessing tax risks. This definition requires significant judgments and may change as a result of changes in tax laws and regulations and the current result of compliance checks by the tax authorities.

*Useful life of fixed assets*

The useful life is determined in terms of the estimated usefulness of the asset. The asset management policy of the Company provides for the disposal of assets after a certain time or after consumption of a certain proportion of future economic benefits embodied in assets. An estimate of the useful life of an asset is made using professional judgment based on experience with similar assets. The Company estimates the remaining useful life of fixed assets, at least at the end of each financial year, and if expectations differ from previously made estimates, then the changes are accounted for as changes in accounting estimates in accordance with IFRS 8 “Accounting policies, changes in accounting estimates and errors”.

**3. KEY ACCOUNTING POLICIES**

*Accepted standards and interpretations*

The following International Financial Reporting Standards (IFRIC) was amended in 2017:

- Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization” are introduced from January 1, 2017.
- Revision of disclosure requirements (amendments to IAS 7 “Statement of Cash Flows”);
- Recognition of deferred tax assets in relation to unrealized losses (amendments to IAS 12 “Income taxes”)

*New standards and interpretations*

The Company did not apply the following IFRS and IFRIC Interpretations, which were issued but were not yet effective on December 31, 2017:

- IFRS 15 “Revenue from contracts with customers”, introduced from January 1, 2018;
- IFRS 9 “Financial Instruments”, introduced from January 1, 2018;
- IFRS 16 “Leases”, introduced from January 1, 2019.

The Company does not expect that the adoption of the above standards and interpretations will have a significant impact on the results of operations and the financial position of the Company.

**Fixed assets**

Fixed assets are recorded at cost, excluding current service costs, less accumulated depreciation and accumulated impairment losses. This cost includes the cost of spare parts for machinery and equipment at the time such costs are incurred, if the criteria for their recognition are met.

The initial cost of fixed assets includes the purchase price, including import duties and non-refundable taxes, as well as any costs directly related to bringing the assets into working condition and delivery to the place of intended use.

Depreciation is charged using the **straight-line** method of writing off value using the following useful lives:

<b>Depreciation group</b>	<b>Useful life (years)</b>
Computers and peripherals	3
Office furniture and equipment	5

Expenses incurred after the assets were put into operation, such as maintenance, overhaul and overhaul expenses, are usually recognized in the statement of profit or loss and other comprehensive income in the period in which such expenses are incurred. Expenses that have led to an increase in future economic benefits that are expected to be received from the use of an item of fixed assets in excess of the originally estimated standard productivity (increase in useful life, capacity, etc.) are capitalized as the additional cost of fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

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**3. KEY ACCOUNTING POLICIES (continuation)**

**Fixed assets (continuation)**

The derecognition of fixed assets occurs upon disposal or if no future economic benefits are expected from the use or disposal of the asset. Income or expense arising from the derecognition of an asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is included in the statement of comprehensive income for the reporting year in which the asset is derecognized.

The residual value of an asset, its useful lives and depreciation methods are reviewed and, if necessary, adjusted at the end of each financial year. Value and accumulated depreciation are excluded from the statements, and any income or expense arising from their disposal is included in the statement of profit or loss and other comprehensive income when assets are sold or disposed of.

The Company annually carries out an inventory of fixed assets in order to ensure the reliability of accounting data and financial statements.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs:

- Or in the main market for a given asset or liability;
- Or in the absence of a main market in the most favorable market for a given asset or liability.

The Company should have access to the main or most favorable market. The fair value of an asset or liability is measured using assumptions that market participants would use in pricing the asset or liability. It is assumed that market participants act in their best interests. The fair value measurement of a non-financial asset takes into account the ability of a market participant to generate the economic benefits of using the asset in the best and most efficient manner.

The Company uses valuation techniques that are acceptable in the circumstances and for which sufficient data are available to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the hierarchy of fair value sources described below based on inputs from the lowest level that are significant for measuring fair value as a whole:

- Level 1 - market quotes for prices in an active market for identical assets or liabilities (without any adjustments);
- Level 2 - valuation models in which the initial data that are significant for the fair value measurement, related to the lowest hierarchy level, are directly or indirectly observable in the market;
- Level 3 — valuation models in which inputs that are relevant to fair value measurements that relate to the lowest hierarchy level are not observable on the market.

The Company determines the fact of transfer between levels of hierarchy sources, re-analyzing the classification (based on the initial data of the lowest level, which are significant for assessing the fair value as a whole) at the end of each reporting period in the case of assets and liabilities that are recognized in the financial statements on a periodic basis.

**Recognition of interest income**

*Effective interest method*

Interest income for all financial instruments measured at amortized cost is calculated using the effective interest method according to IFRS 9 “Financial Instruments”. Effective interest rate (EIR) is the rate that discounts estimated future cash receipts over the expected life of the financial instrument or, where appropriate, a shorter period, right up to the net carrying amount of the financial asset.

EIR (and therefore the amortized cost of an asset) is calculated taking into account the discount or premium received on acquisition, fees and expenses, which are an integral part of EIR. The Company recognizes interest income using the rate of return, which is the best estimate of the constant rate of return over the expected life of the loan. Consequently, they recognize the effect of the potentially different interest rates applied at different stages and other characteristics of the product life cycle (including prepayment, penalty interest and fees).

The adjustment is recognized in the statement of financial position as a positive or negative change in the carrying amount of the asset and as an increase or decrease in interest income if cash flow expectations for financial assets are reviewed for reasons other than credit risk. The amount of this adjustment is subsequently amortized and recognized in profit or loss as “interest and similar income”.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

**3. KEY ACCOUNTING POLICIES (continuation)**

**Recognition of interest income (continuation)**

*Interest and similar income*

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit-impaired assets.

The Company calculates interest income applying EIR to the net amortized cost of the financial asset in the case of a financial asset that becomes credit-impaired, and therefore relates to level 3. The Company returns to the calculation of interest income based on gross value if a default on a financial asset is liquidated and it is no longer credit-impaired.

**Financial instruments**

*Initial recognition*

Financial assets and financial liabilities are initially recognized at the transaction date, i.e. the date on which the Company becomes a party to an agreement determining the terms of the relevant instrument.

The classification of financial instruments upon initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value, including or excluding transaction costs, unless financial assets and financial liabilities are measured at fair value basis.

*Categories of valuation of financial assets and financial liabilities*

The Company classifies all its financial assets, loans and financial lease arrears based on the business model used for asset management and contractual terms of assets as measured at amortized cost

Financial liabilities, namely loans received, are measured at amortized cost.

**Financial assets and financial liabilities**

*Funds in banks, loans to customers measured at amortized cost*

The Company measures bank deposits, loans and borrowings to customers, and other financial investments at amortized cost only if both of the following conditions are met:

- a financial asset is held in the framework of a business model, the purpose of which is to hold financial assets to receive cash flows stipulated by the contract;
- the contractual terms of the financial asset determine receipt of cash flows on specified dates, which are solely payments against the principal amount of the debt and interest on the outstanding portion of the principal amount of the debt.

*Borrowed funds*

Borrowings are subsequently measured at amortized cost after initial recognition. Amortized cost is calculated taking into account all discounts or premiums from the release of funds and transaction costs, which are an integral part of EIR.

*Reclassification of financial assets and financial liabilities*

The Company does not reclassify financial assets after their initial recognition.

**Derecognition of financial assets and financial liabilities**

*Derecognition due to material modification of the terms of the instrument*

The Company ceases to recognize a financial asset, such as a loan provided to a customer, if the terms of the contract are revised so that in essence it becomes a new loan, and the difference is recognized in profit or loss from derecognition before the impairment loss is recognized. Loans are classified as Stage 1 for the purposes of assessing asset assessment, unless the loan created is considered to be an acquired or created credit-impaired (ACCI) asset at initial recognition.

The modification does not result in derecognition if the modification does not result in a significant change in cash flows. The Bank recognizes a gain or loss from the modification before impairment loss is recognized based on changes in cash flows discounted at the initial EIR.

*Financial assets*

The Company derecognizes financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) when expired the contractual rights to receive cash flows from the asset.

*Financial liabilities*

The Company derecognizes financial liability when the obligation under the contract is discharged, canceled or terminated upon expiry.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

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**3. KEY ACCOUNTING POLICIES (continuation)**

**Collateral assessment**

The Company seeks to use collateral where possible to reduce credit risks on financial assets. Collateral takes various forms, such as cash, guarantees, real estate, stocks, and other mechanisms for improving credit quality. Collateral, except when it has been enforced, is not reflected in the statement of financial position of the Company. However, the fair value of collateral is taken into account when determining ECLs. As a rule, it is evaluated at least at the conclusion of the contract and reassessed annually.

**Trade and other accounts payables**

Trade and other accounts payables are recorded at historical cost, which is the fair value of the amount to be paid in future for goods and services received, regardless of whether or not the Company has been billed.

Income and expenses are recognized in the profit and loss period when the recognition of accounts payable or its impairment is recognized, as well as in the depreciation process.

**Cash and cash equivalents**

Cash and cash equivalents include due from banks. There is no cash register, as the Company's goal is to minimize the risks of negative consequences due to cash turnover.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is determined based on the weighted average method and includes expenditure incurred in the acquisition, production or conversion costs and other costs incurred in bringing the inventories to their present location and bring them to the appropriate state.

Stocks of raw materials are recorded at amounts that do not exceed expected amounts recoverable in the ordinary course of business.

**Provisions**

Provisions are recognized if the Company has a current obligation (legal or constructive) arising from a past event, there is a significant probability that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of such obligation can be made. Provisions are discounted at the current pre-tax rate, which reflects current market assessments and, when applicable, the risks specific to a particular liability if the effect of the time value of money is material. Increase in the provision due to the passage of time is recognized as a financial expense if discounting is applied.

**Employee benefits**

*Wage system*

The Company independently determines the forms and system of remuneration, provides in labor contracts and staffing schedules the size of tariff rates and salaries, while considering government tariffs as the minimum guarantee for remunerating employees and specialists of appropriate qualifications. The form, system and amount of remuneration, as well as other types of income of employees are established by the Company's pay rules and the current legislation of the Republic of Kazakhstan.

*Pension contributions*

The Company withholds 10% of the salary of its employees as deductions to the Unified State Pension Fund in accordance with the state pension plan of the Republic of Kazakhstan.

The Company has no obligation to pay employees after they retire, which require accrual.

*Social Security*

The Company is obliged to pay mandatory social contributions for its employees, which are received in special personal accounts opened with the State Social Insurance Fund in accordance with the current legislation on social security.

These accumulations can be used within the limits established by the state only for the payment of benefits for permanent disability and losses of work, as well as while you are on maternity leave.

**Expenses recognition**

Expenses are recognized at the time of occurrence and shown in the financial statements in the period to which they relate on an accrual basis.



**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

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**3. KEY ACCOUNTING POLICIES (continuation)**

**Income recognition**

Income tax for the year includes current income tax and deferred tax. Income tax is recognized in the statement of comprehensive income, except for the extent to which it relates to items directly attributable to equity, in which case it is recognized in equity.

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

Deferred tax assets and liabilities are calculated for all temporary differences using the balance sheet method. Deferred taxes are determined for all temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements, except for the occurrence of deferred income tax resulting from the initial recognition of goodwill, asset or liability in a transaction that is not a business combination and which, at the time of its the transaction does not affect accounting income or tax income or loss. Deferred tax asset is only recognized to the extent that it is probable that taxable income will be available that can be reduced by deductible temporary differences. Deferred tax assets and liabilities are calculated at tax rates that are expected to be applied during the period the asset is realized or the liability is settled, based on tax rates that were effective or practically put into effect at the reporting date.

**Authorized capital**

Authorized capital is recognized at historical cost.

**Contingent assets and contingent liabilities**

Contingent assets are not recognized in the financial statements. Then the related asset is not a contingent asset and is accounted for accordingly when the sale of income is certain.

Contingent liabilities are not accounted for in the financial statements, but disclosed if the possibility of an outflow of resources associated with an outflow of economic benefits becomes probable.

**Events after the reporting date**

Events after the end of the reporting year that provide evidence of the conditions that existed at the date the statement of financial position were prepared (corrective events) are recorded in the financial statements. Events that occurred at the end of the reporting year and are not corrective events are disclosed in the notes to the statements, if they are material.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

**4. CASH AND CASH EQUIVALENTS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
Cash on current account in national currency with banks:	<b>134</b>	-
Including: “Nurbank” JSC	134	-
Cash on deposit account in tenge:	<b>35 000</b>	-
Including: “Nurbank” JSC	35 000	-
	<b>35 134</b>	-

Current accounts were interest-free on December 31, 2017.

The deposit was placed under the “Optimal” deposit bank agreement № 01-17/66-0038 dated from of November 3, 2017 for a period of 12 months at 9% per annum with partial withdrawal and replenishment.

**5. SHORT-TERM FINANCIAL ASSETS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
Short- term rewards received	<b>223</b>	-
	<b>223</b>	-

The movement on interest on the deposit (Note 4) is presented below:

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
Balance at the beginning of the period	-	-
Interest accrued	499	-
Withholding income tax withheld at source (Note 6)	(75)	-
Interest paid	(201)	-
	<b>223</b>	-

**6. CURRENT TAX ASSETS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
Income tax (Note 5)	<b>75</b>	-
Other taxes	<b>550</b>	-
Liabilities for pension contributions	-	-
	<b>550</b>	-

**7. AUTHORIZED CAPITAL**

The sole participant in the Company was “Alem Agro Holding” LLP. The size of the authorized capital was 35 600 thousand tenge.

The authorized capital has been fully formed. The interests, composition and amounts in the authorized capital have not changed on December 31, 2017.

**8. RETAINED EARNINGS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
Retained earnings / losses at beginning of year	-	-
Profit / loss for the reporting year	<b>(266)</b>	-
Other comprehensive income from write-off of depreciation for revalued FA	-	-
	<b>(266)</b>	-

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

**9. TAX LIABILITIES**

<i>In thousands of Kazakhstani Tenge</i>	2017	2016
Individual income tax	26	-
Social tax	25	-
	<b>51</b>	<b>-</b>

**10. LIABILITIES FOR OTHER OBLIGATORY PAYMENTS**

<i>In thousands of Kazakhstani Tenge</i>	2017	2016
Liabilities for pension contributions	31	-
Liabilities for social contributions	14	-
Liabilities for contributions to social health insurance	5	-
	<b>50</b>	<b>-</b>

**11. ADMINISTRATIVE EXPENSES**

<i>In thousands of Kazakhstani Tenge</i>	2017	2016
Wage accruals and staff expenses	624	-
Deductions from wages and other taxes, fees	68	-
Bank services	13	-
Communication services	4	-
Staff training and continuing education expenses	55	-
Other expenses	4	-
	<b>768</b>	<b>-</b>

**12. FINANCIAL INCOME**

<i>In thousands of Kazakhstani Tenge</i>	2017	2016
Interest income on deposits	499	-
	<b>499</b>	<b>-</b>

**13. INCOME TAX**

<i>In thousands of Kazakhstani Tenge</i>	2017	2016
Current income tax	-	-
Deferred tax asset / liability	3	-
	<b>3</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

**13. INCOME TAX (continuation)**

Reconciliation of income tax expenses applicable to income before income tax at the statutory tax rate of 20%, with current income tax expenses for the years ended December 31, is given below:

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
<b>Profit / Loss before tax</b>	<b>(269)</b>	-
<b>(Savings) / income tax expense on accounting income</b>	<b>54</b>	-
Tax effect of items not attributable to deductions or income not subject to taxation for tax purposes	<b>(54)</b>	-
<b>Income tax expenses</b>	<b>-</b>	<b>-</b>

The deferred tax balance calculated by applying the statutory tax rates for 2017 to the temporary differences between the basis for calculating assets and liabilities and the amounts recognized in the financial statements include the following on December 31:

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
<b>Deferred tax asset</b>	<b>(3)</b>	-
Taxes	(3)	-
<b>Deferred tax liability</b>	<b>-</b>	-
Fixed assets and intangible assets	-	-
<b>Recognized deferred tax liability (asset)</b>	<b>(3)</b>	<b>-</b>

**14. TRANSACTIONS WITH RELATED PARTIES**

**Terms and conditions of related party transactions**

Transactions with related parties were carried out on terms agreed between the parties. Transactions with related parties were carried out on terms agreed between the parties. Balance balances at the end of the year are not secured.

The following table shows the total amount of transactions that were concluded with related parties in 2017 and the corresponding balances on December 31, 2017:

<i>In thousands of Kazakhstani Tenge</i>	<b>2017</b>	<b>2016</b>
<b>Formed authorized capital</b>	<b>35 600</b>	-
- "Alem Agro Holding" LLP (Note 7)	35 600	-

**Key management personnel remuneration.**

Key management personnel include the Chairman of the Supervisory Board, totaling 1 person on December 31, 2017 (in 2016 - 0 people). The total amount of remuneration to key management personnel amounted to 123,4 thousand tenge for the year ended December 31, 2017 (in 2016 – 0,0 thousand tenge), which is mainly represented by the salaries of these individuals.

**15. FINANCIAL INSTRUMENTS, GOALS AND FINANCIAL RISK MANAGEMENT POLICIES**

**Market risks**

The Company is exposed to market risks arising from open positions in currencies, which, in turn, are subject to general and individual market fluctuations. The Company manages market risks by periodically assessing potential losses that may arise as a result of adverse changes in market conditions, as well as by setting appropriate requirements for profitability and collateral.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

**15. FINANCIAL INSTRUMENTS, GOALS AND FINANCIAL RISK MANAGEMENT POLICIES (continuation)**

**Credit risk**

Financial instruments that potentially expose the Company to credit risk exposure primarily represent receivables. Despite the fact that the Company may incur losses in the amount of the full value of these instruments in case of non-fulfillment by its counterparties of its obligations, it does not consider that the probability of such losses exists. The Company does not require collateral for financial instruments subject to credit risk.

The Company has no credit risk associated with receivables, as there are no trade receivables.

The Company places its funds in financial institutions with a high level of creditworthiness.

**Liquidity risk**

Liquidity risk is associated with the possibility that the Company will encounter difficulties in raising funds to fulfill its financial obligations. Liquidity risk may arise as a result of the inability to quickly realize a financial asset at a cost approaching its fair value.

Liquidity requirements are regularly monitored and management monitors the availability of funds in an amount sufficient to meet obligations as they arise.

The following is an analysis of the Company's financial liabilities by maturity on December 31, 2017 and December 31, 2016:

<i>In thousands of Kazakhstani Tenge</i>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>More than 1 year</b>	<b>Total</b>
<b>2017 year</b>				
Trade and other accounts payables				
Tax liabilities	<b>51</b>	-	-	<b>51</b>
Liabilities for other obligatory payments	<b>50</b>	-	-	<b>50</b>
Other short-term liabilities				
	<b>101</b>	-	-	<b>101</b>

**16. CONTINGENCIES AND CONTRACTUAL OBLIGATIONS**

**Trials**

There are no ongoing legal proceedings or unresolved claims that could have a material effect on the results of operations or the financial position of the Company, and which would not have been accrued or disclosed in these financial statements according to management.

**Contingent liabilities**

The Company estimates the likelihood of the occurrence of material obligations taking into account specific circumstances and reflects the corresponding reserve in its financial statements only in cases where it is probable that the events leading to the occurrence of the obligation will actually occur, and the amount of the corresponding obligation can be reasonably determined. These financial statements reflected the provisions for employee vacations and the provision for doubtful claims.

**Tax risks**

Kazakhstan's tax laws and regulations are subject to ongoing changes and varying interpretations. There are frequent cases of differences of opinion between local, regional and republican tax authorities. The current system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Penalties include fines, as a rule, in the amount of 50% of the amount of additionally accrued taxes, and interest charged at the refinancing rate established by the National Bank of the Republic of Kazakhstan, multiplied by 1,25. As a result, the amount of penalties and interest may be several times higher than the amount of taxes payable. Financial periods remain open for review by the tax authorities for the five calendar years preceding the year in which the audit is conducted.

Reviews may cover longer periods under certain circumstances. Management believes that the interpretation of the applicable law is appropriate and it is probable that the Company's tax position will be confirmed on December 31, 2017.

**NOTES TO THE FINANCIAL STATEMENTS (continuation)**

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**17. SUBSEQUENT EVENTS**

Any events in the financial and economic activities of the Company that resulted in changes in the value of assets and liabilities did not occur after the date of issue of the report.

Events that occurred after the end of the reporting year are not corrective events.

**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements for the year ended December 31, 2017 were approved by management on February 7, 2020 for issuance and signed on behalf of the management:

**General director**

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**Olzhas Kelden**

**“Microfinance Organization “Bastau Agro Finance”  
Limited liability partnership**

Financial statements and independent auditor’s report for the year ended December 31,  
2018

**INDEPENDENT AUDITOR’S REPORT**

Financial statements

Statement of financial positions ..... 1  
Statement of profit or loss and other comprehensive income ..... 2  
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## INDEPENDENT AUDITOR'S REPORT

To Founders and Management of "Microfinance Organization "Bastau Agro Finance" LLP

### **Opinion**

We conducted an audit of the attached financial statements of the "Microfinance Organization "Bastau Agro Finance" Limited liabilities partnership (hereinafter referred to as the "Company"), which includes a statement of financial position, a statement of profit or loss and other comprehensive income, a cash flow statement and statement of changes in equity for the year ended on that date, as well as notes to the financial statements, including a brief overview of the main accounting policies on December 31, 2018.

In our opinion, the financial statement has been prepared in all material respects in accordance with the requirements of the applicable concept for the preparation of financial statement and provide true and reliable presentation of the financial position of Company on December 31, 2018 financial results and cash flows for year ended on that date in accordance with International Financial Reporting Standards (IFRS).

### **The basis for the expression of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the "Auditor's Responsibility for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics of Professional Accountants of the Council on International Ethics Standards for Accountants (CIESA Code), and we have fulfilled other ethical obligations in accordance with the CIESA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to warrant the expression of our opinion with reservation.

### **Management's responsibility and those responsible for corporate governance for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare financial statements that are free from material misstatement due to fraud or error. Management is responsible for assessing the ability of the Company to continue to operate continuously, for disclosing, as appropriate, information related to business continuity, and for preparing financial statements based on the going concern assumption, unless management intends to liquidate the Company, discontinue its activity or, when it does not have any other real alternative, other than liquidation or termination of activity in preparing the financial statements.

### **Auditor's responsibility for the audit of financial statement**

Our goal is to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance represents a high degree of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always reveal material misstatement, if any. Misstatements may be the result of fraud or error and are considered material if it can reasonably be assumed that, individually or collectively, they can affect the economic decisions made on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit as part of an audit conducted in accordance with International Standards on Auditing. In addition, we perform the following:

- identify and evaluate the risks of material misstatement of the financial statements due to fraud or error; We develop and conduct audit procedures in response to these risks; We obtain audit evidence that is sufficient and appropriate to serve as the basis for our opinion. The risk of non-detection of material misstatement as a result of fraud is higher than the risk of non-detection of material misstatement as a result of an error, as fraud can include conspiracy, forgery, intentional omission, misrepresentation of information or actions that bypass the internal control system;
- we obtain an understanding of the internal control system that is relevant to the audit in order to develop audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- we assess the proper nature of the accounting policy applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- we conclude that the management has accepted the assumption of continuity of business and, on the basis of the audit evidence obtained, the conclusion is whether there is significant uncertainty in connection with events or conditions that may raise significant doubts about the Company's ability to continue its business. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence received before the date of our audit report. However, future events or conditions may lead to the Company losing its ability to continue its business activities;
- we assess the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements present the underlying operations and events in a manner that ensures their reliable representation;
- we obtain sufficient appropriate audit evidence regarding the financial information about the organizations or economic activities within the Company in order to express an opinion on the financial statements. We are responsible for the overall management, supervision and implementation of the audit mission of the Company. We are fully responsible for our audit opinion.

We carry out information interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify during the audit process.

The partner responsible for the audit, based on the results of which the present opinion of the independent auditor is issued – Alexander Nazarkulov.

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Alexander Nazarkulov  
Auditor / Director  
“Baker Tilly Astana” LLP

Auditor Qualification Certificate  
№ MF-0000059 dated January 6, 2012

State license for engaging in audit activities in the  
Republic of Kazakhstan № 19001854, issued by the  
Committee of Internal State Audit of the Ministry  
of Finance of the Republic of Kazakhstan on  
January 29, 2019.

Republic of Kazakhstan, Almaty  
md. Samal-3  
house 25, office 80

February 28, 2019

**STATEMENT OF FINANCIAL POSITION**

**on December 31, 2018**

<i>In thousands of Kazakhstani Tenge</i>	Note	<b>December 31, 2018</b>	December 31, 2017
<b>ASSETS</b>			
Cash and cash equivalents	6	<b>98.908</b>	35.134
Loans issued	7	<b>78.972</b>	–
Debt on financial leasing	8	<b>18.207</b>	–
Other short-term assets		<b>334</b>	–
Fixed assets		<b>34</b>	–
<b>TOTAL ASSETS</b>		<b>196.455</b>	<b>35.134</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>LIABILITIES</b>			
Loans received	9	<b>25.167</b>	–
Corporate income tax payable		<b>1.351</b>	–
Other short-term liabilities		<b>376</b>	101
Deferred tax liabilities		<b>692</b>	–
<b>TOTAL LIABILITIES</b>		<b>27.586</b>	<b>101</b>
<b>CAPITAL</b>			
Authorized capital	12	<b>161.000</b>	35.600
Retained earnings		<b>7.869</b>	(567)
<b>TOTAL CAPITAL</b>		<b>168.869</b>	<b>35.033</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>196.455</b>	<b>35.134</b>

*Accounting policies and explanatory notes are  
an integral part of these financial statements.*

It signed and authorized for release on February 28, 2019:

Director

\_\_\_\_\_  
*mr*

Chief accountant

\_\_\_\_\_  
*ms.*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME on December 31, 2018**

<i>In thousands of Kazakhstani Tenge</i>	Note	<b>2018 year</b>	2017 year (unaudited)
Interest income			
Loans issued		<b>8.379</b>	–
Deposits		<b>1.086</b>	201
Leasing		<b>1.260</b>	–
		<b>10.725</b>	201
Interest expenses			
Loans received		<b>(254)</b>	–
Net interest income		<b>10.471</b>	201
Loan loss expenses	5	<b>(1.420)</b>	–
Net interest income		<b>9.051</b>	201
Revenue from government subsidies		<b>3.000</b>	–
Income from discounting loan received		<b>5.087</b>	–
Staff expenses		<b>(5.835)</b>	(692)
Other operating expenses	13	<b>(824)</b>	(76)
Profit / (loss) before tax		<b>10.479</b>	(567)
Income tax expenses	11	<b>(2.043)</b>	–
Profit / (loss) for the year		<b>8.436</b>	(567)
Other comprehensive income for the year		–	–
Total comprehensive income / (loss) for the year		<b>8.436</b>	(567)

*Accounting policies and explanatory notes are  
an integral part of these financial statements.*

It signed and authorized for release on February 28, 2019:

Director

\_\_\_\_\_

*mr*

Chief accountant

\_\_\_\_\_

*ms.*

**Limited Liability Partnership Microfinance Organization Bastau Agro Finance  
Financial statements**

**CASH FLOW STATEMENT (direct method) on December 31, 2018**

<i>In thousands of Kazakhstani Tenge</i>	Note	2018 year	2017 year
<b>Cash flow from operating activities</b>			
Interest income on loans issued	10	7.820	–
Interest income on leasing	10	1.460	–
Interest income on deposits	10	1.250	201
Government subsidies received		30.000	
Staff expenses paid		(5.289)	(567)
Other operating expenses paid		(1.012)	–
Loans issued		(78.782)	–
Other assets		7.594	–
Other liabilities		(854)	(100)
Net cash flow from operating activities before corporate income tax		(37.813)	(466)
Corporate income tax paid		–	–
Net cash flow from operating activities		(37.813)	(466)
<b>Cash flow from investing activities</b>			
Acquisition of equipment for financial leasing		(23.766)	–
Net cash flow from investing activities		(23.766)	–
<b>Cash flow from financial activities</b>			
Contribution to the authorized capital	12	125.400	35.600
Net cash flow from financial activities		125.400	35.600
Net increase in cash and cash equivalents		63.821	35.134
Cash and cash equivalents at the beginning of the year		35.134	–
Provision for ECL		(47)	–
Cash and cash equivalents at the end of the year	6	98.908	35.134

*Accounting policies and explanatory notes are  
an integral part of these financial statements.*

It signed and authorized for release on February 28, 2019:

Director

\_\_\_\_\_

*mr*

Chief accountant

\_\_\_\_\_

*ms.*

**Limited Liability Partnership Microfinance Organization Bastau Agro Finance  
Financial statements**

**STATEMENT OF CHANGES IN EQUITY**

**on December 31, 2018**

<i>In thousands of Kazakhstani Tenge</i>	Authorized capital	Retained earnings	Total capital
On January 1, 2017			
Net loss for the year	–	(567)	(567)
Total comprehensive loss for the year	–	(567)	(567)
Member contribution	35.600	–	35.600
On December 31, 2017	35.600	(567)	(35.033)
Net profit for the year	–	8.436	8.436
Total comprehensive income for the year	–	8.436	8.436
Member contribution	125.400	–	125.400
On December 31, 2018	161.400	7.869	168.869

*Accounting policies and explanatory notes are  
an integral part of these financial statements.*

It signed and authorized for release on February 28, 2019:

Director

\_\_\_\_\_

*mr*

Chief accountant

\_\_\_\_\_

*ms.*

## 1. GENERAL INFORMATION

The “Microfinance Organization “Bastau Agro Finance” LLP limited liability partnership (hereinafter referred to as “MO BAF” LLP or “Company”) was formed in accordance with the legislation of the Republic of Kazakhstan on June 20, 2017. The main activity of the Company is the issuance of microloans to individuals and legal entities. Legal address of the Company: Republic of Kazakhstan, Almaty, Abylay Khan Avenue, 135.

The sole participant in the Company is “Alem Agro Holding”, registered in the Republic of Kazakhstan.

The financial statements for the year ended December 31, 2018 were approved for issue on February 28, 2019.

### **Business conditions in the Republic of Kazakhstan**

The activities of the Company are carried out in the Republic of Kazakhstan. As a result, the Company is exposed to economic and financial risks in the markets of Kazakhstan, which exhibit the characteristic features inherent in emerging markets. The legal, tax and administrative systems continue to evolve, however, there is a risk of ambiguity in the interpretation of their requirements, which are also subject to frequent changes, which together with other legal and fiscal barriers creates additional problems for companies doing business in Kazakhstan. The presented financial statements reflect the management’s point of view on the impact of the business environment in Kazakhstan on the activities and financial position of the Company. The actual impact of future operating conditions may differ from their present estimates by their management.

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as amended by the International Accounting Standards Board (IASB).

The financial statements have been prepared in accordance with historical cost measurement.

These financial statements are presented in thousands of tenge, unless otherwise indicated.

### **Presentation of financial statements**

The Company presents statement of financial position in order of liquidity.

Financial assets and financial liabilities are mainly recorded in gross terms in the statement of financial position. Offsetting financial assets and liabilities with the reflection of only the net balance in the statement of financial position is carried out only if there is a legally fixed right to offset and intends to realize the asset simultaneously with the settlement of the obligation. The right to set off should not be conditional on a future event and should have legal force in all of the following circumstances:

- in the ordinary course of business;
- in case of default; and
- in case of insolvency or bankruptcy of the organization, or any of the counterparties.



### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

#### Fair value measurement

The fair values of financial instruments measured at amortized cost are disclosed in Note 16.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs:

- or in the main market for a given asset or liability;
- or in the absence of a main market in the most favorable market for a given asset or liability.

The Company should have access to the main or most favorable market. The fair value of an asset or liability is measured using assumptions that market participants would use in pricing the asset or liability, and it is assumed that market participants are acting in their best interests. The fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits from using the asset in the best and most efficient way or selling it to another market participant who will use this asset in the best and most efficient way.

The Company uses valuation techniques that are acceptable in the circumstances and for which sufficient data are available to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the hierarchy of fair value sources described below based on inputs from the lowest level that are significant for measuring fair value as a whole:

- Level 1 - market quotes for prices in an active market for identical assets or liabilities (without any adjustments);
- Level 2 - valuation models in which the initial data that are significant for the fair value measurement, related to the lowest hierarchy level, are directly or indirectly observable in the market;
- Level 3 — valuation models in which inputs that are relevant to fair value measurements that relate to the lowest hierarchy level are not observable on the market.

The Company determines the fact of transfer between levels of hierarchy sources, re-analyzing the classification (based on the initial data of the lowest level, which are significant for assessing the fair value as a whole) at the end of each reporting period in the case of assets and liabilities that are recognized in the financial statements on a periodic basis.

#### 3.1 Recognition of interest income

##### *Effective interest method*

Interest income on all financial instruments measured at amortized cost is calculated using the effective interest method according to IFRS 9, as well as IAS 39. Effective interest rate (EIR) is the rate that discounts estimated future cash receipts over the expected life of the financial instrument or, where appropriate, a shorter period, and right up to the net carrying amount of the financial asset.

EIR (and, therefore, the amortized cost of an asset) is calculated taking into account the discount or premium received on acquisition, fees and expenses, which are an integral part of EIR. The Company recognizes interest income using the rate of return, which is the best estimate of the constant rate of return over the expected life of the loan. Therefore, it recognizes the impact of the potentially different interest rates applied at different stages and other characteristics of the product life cycle (including prepayment, penalty interest and fees).

The adjustment is recognized in the statement of financial position as a positive or negative change in the carrying amount of the asset and as an increase or decrease in interest income if cash flow expectations for financial assets are reviewed for reasons other than credit risk. The amount of this adjustment is subsequently amortized and recognized in profit or loss as “*Interest and similar income*”.

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

#### 3.1 Recognition of interest income (continuation)

##### *Interest and similar income*

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit-impaired assets.

##### *Interest and similar income (continuation)*

The Company calculates interest income applying EIR to the net amortized cost of the financial asset in the case of a financial asset that becomes credit-impaired, and therefore relates to Level 3. The Company returns to the calculation of interest income based on gross value if a default on a financial asset is liquidated and it is no longer credit-impaired.

#### 3.2 Financial instruments - initial recognition

##### *Recognition date*

Financial assets and financial liabilities are initially recognized at the date the transaction is concluded, that is, the date on which the Company becomes a party to an agreement determining the terms of the relevant instrument.

##### *Initial measurement of financial instruments*

The classification of financial instruments upon initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value, including or excluding transaction costs, unless financial assets and financial liabilities are measured at fair value basis.

##### *Categories of valuation of financial assets and financial liabilities*

The Company classifies all its financial assets, loans and financial lease arrears based on the business model used for asset management and contractual terms of assets as measured at amortized cost.

Financial liabilities, namely loans received, are measured at amortized cost.

#### 3.3 Financial assets and financial liabilities

##### *Funds in banks, loans to customers measured at amortized cost*

The Company measures bank deposits, loans and borrowings to customers, and other financial investments at amortized cost only if both of the following conditions are met:

- a financial asset is held in the framework of a business model, the purpose of which is to hold financial assets to receive cash flows stipulated by the contract;
- the contractual terms of the financial asset determine receipt of cash flows on specified dates, which are solely payments against the principal amount of the debt and interest on the outstanding portion of the principal amount of the debt.

##### *Borrowed funds*

Borrowings are subsequently measured at amortized cost after initial recognition. Amortized cost is calculated taking into account all discounts or premiums from the release of funds and transaction costs, which are an integral part of EIR.

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

#### 3.4. Reclassification of financial assets and financial liabilities

The Company does not reclassify financial assets after their initial recognition.

#### 3.5. Derecognition of financial assets and financial liabilities

*Derecognition due to material modification of the terms of the instrument*

The Company ceases to recognize a financial asset, such as a loan provided to a customer, if the terms of the contract are revised so that in essence it becomes a new loan, and the difference is recognized in profit or loss from derecognition before the impairment loss is recognized. Loans are classified as Stage 1 for the purposes of assessing asset assessment, unless the loan created is considered to be an acquired or created credit-impaired (ACCI) asset at initial recognition.

The modification does not result in derecognition if the modification does not result in a significant change in cash flows. The Bank recognizes a gain or loss from the modification before impairment loss is recognized based on changes in cash flows discounted at the initial EIR.

#### 3.6. Derecognition not related to material modification

*Financial assets*

The Company derecognizes financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) when expired the contractual rights to receive cash flows from the asset.

*Financial liabilities*

The Company derecognizes financial liability when the obligation under the contract is discharged, canceled or terminated upon expiry.

#### 3.7. Impairment of financial assets (policy effective from January 1, 2018)

*Review of expected credit loss assessment principles*

IFRS 9 introduces a forecasted ECL model instead of the incurred loss model provided for by IAS 39. The Company recognizes ECL reserve for all loans and other debt financial instruments, collectively referred to in this section as “financial instruments”.

Provisions for ECL are estimated at the amount of credit losses that are expected to arise over the life of the asset (expected credit losses for the entire term) if the credit risk for the financial asset has increased significantly since initial recognition, otherwise the allowance for losses will be measured at 12-month expected credit losses.

12-month ECLs are part of the entire asset assessment, representing ECL from defaults on a financial instrument that are possible within 12 months after the reporting date.

Full-time ECL and 12-month ECLs are calculated either on an individual basis or on a group basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established an assessment policy at the end of each reporting period regarding whether there has been a significant increase in the credit risk of a financial instrument since initial recognition by accounting for changes in the risk of a default occurring over the remaining life of the financial instrument.

The Company groups the loans it provides as follows based on the process described above:

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

#### 3.7. Impairment of financial assets (policy effective from January 1, 2018) (continuation)

*Review of expected credit loss assessment principles (continuation)*

- Stage 1: The Company recognizes a provision for impairment in an amount equal to 12-month ECL upon initial recognition of a loan. Stage 1 also includes loans and other credit lines, the credit risk of which has decreased to such an extent that they have been transferred from Stage 2.
- Stage 2: The Company recognizes an allowance for impairment in an amount equal to ECL for the entire term if the credit risk of a loan has increased significantly since initial recognition. Stage 2 also includes loans and other credit lines, the credit risk of which has decreased to such an extent that they have been transferred from Stage 3.
- Stage 3: Loans those are credit-impaired. The Company recognizes provisions for impairment in the amount equal to the full-time asset assessment.
- ACCI: Acquired or created credit-impaired (ACCI) financial assets are assets for which there were credit impairment at the time of initial recognition. Financial assets are carried at fair value, and subsequently, interest income on them is recognized on the basis of an EPS adjusted for credit risk upon initial recognition of EIR. The provision for ECL is recognized or ceases to be recognized only to the extent that there has been a change in the amount of expected credit losses.

It is necessary to reduce the gross carrying amount of this financial asset. Such a reduction is considered a (partial) derecognition of a financial asset if the Company does not have reasonable expectations regarding the reimbursement of a financial asset in full or in part.

*Calculation of expected credit losses*

The Company calculates ECLs based on four probabilities weighted scenarios to estimate expected cash shortfalls, which are discounted using EIR or its approximate value. Non-receipt of cash is the difference between the cash flows due to the organization in accordance with the contract and the cash flows that the organization expects to receive.

The mechanics of calculating the ECL are described below, and the main elements are as follows:

- |                             |   |
|-----------------------------|---|
| Probability of default (PD) | <i>Probability of default</i> (PD) is a calculated estimate of the probability of default over a given time period. Default can occur only at a certain point in time during the period under review, if the asset has not been derecognized, and it is still part of the portfolio.  |
| Exposure at default (EAD)   | <i>Exposure at default</i> (EAD) is a calculated estimate of the value subject to default at a future date, taking into account expected changes in that value after the reporting date, including payments of principal and interest provided by contract or otherwise, repayment of loans issued and interest accrued as a result of late payments.   |
| Loss given default (LGD)    | <i>Loss given default</i> (LGD) is a calculated estimate of losses arising in the event of a default occurring at a certain point in time. LGDs are calculated as the difference between the cash flows stipulated by the contract and those cash flows that the lender expects to receive, including as a result of the sale of collateral. This indicator is usually expressed as a percentage relative to EAD. |

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

#### 3.7. Impairment of financial assets (policy effective from January 1, 2018) (continuation)

##### *Calculation of expected credit losses (continuation)*

The Company considers four scenarios: basic, optimistic, moderately pessimistic (pessimistic 1) and extremely pessimistic (pessimistic 2) in assessing ECLs. Each of them has its own indicators PD, EAD and LGD. The assessment of multiple scenarios also takes into account the method by which credit defaults are expected to be repaid when appropriate, including the likelihood that an improvement in credit quality will occur, as well as the value of collateral and the amount that can be obtained from the sale asset.

The maximum period for which expected credit losses are calculated is the contractual term of the financial instrument.

Impairment losses and their compensation are accounted for, and information about them is presented separately from profit or loss from modifications, which are reflected as an adjustment to the gross carrying amount of financial assets.

#### 3.8 Collateral assessment

The Company seeks to use collateral where possible to reduce credit risks on financial assets. Collateral takes various forms, such as cash, guarantees, real estate, stocks, and other mechanisms for improving credit quality. Collateral, except when it has been enforced, is not reflected in the statement of financial position of the Company. However, the fair value of collateral is taken into account when determining ECLs. As a rule, it is evaluated at least at the conclusion of the contract and reassessed annually.

#### 3.9 Taxation

Corporate income tax expense is calculated in accordance with the tax laws of the Republic of Kazakhstan.

Deferred income tax assets and liabilities are calculated for all temporary differences using the balance sheet liability method. Deferred income tax is recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes, unless the deferred income tax arises from the initial recognition of an asset or liability for a transaction that does not affect either on accounting profit, nor taxable profit or loss.

Deferred income tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which these temporary differences can be offset against the tax base. Deferred income tax assets and liabilities and liabilities are measured at tax rates that will apply during the period the asset is realized or the obligation is settled, based on legislation that entered into force or actually entered into force at the reporting date.

In addition, in the Republic of Kazakhstan there are various operating taxes applicable to the activities of the Company. These taxes are recognized in the statement of comprehensive income as “*Other operating expenses*”.

#### 3.10 Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and any recognized impairment loss.

The carrying amount of fixed assets is assessed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Depreciation is charged using the straight-line method of writing off value using the following useful lives:

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

#### 3.10. Fixed assets (continuation)

	Years
Computer equipments	3
Office furniture and equipment	5

The residual value, useful lives and depreciation methods of assets are analyzed at the end of each reporting year and adjusted as necessary.

#### 3.11 Lease

Determining whether an agreement is a lease or whether it contains signs of a lease is based on an analysis of the contents of the agreement at the date the lease began. Agreement is a lease or contains signs of a lease if the implementation of the agreement depends on the use of a specific asset (or assets), and the right to use an asset or assets as a result of this agreement passes from one party to another, even if this asset (or these assets) is not indicated (not specified) in the agreement explicitly.

#### 3.12 The Company is the lessee

Leases are classified at the inception of the lease as finance or operating.

Operating lease payments are recognized as operating expenses in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

#### 3.13 Liabilities for pensions and other employee benefit

All employees have the right to guaranteed security, if they have a working experience, in the amount of, proportional to the length of service in accordance with the Law of the Republic of Kazakhstan “On Pension Contributions in the Republic of Kazakhstan”, which came into force on January 1, 1998. They are also entitled to pension payments from accumulative pension funds from individual pension savings resulting from mandatory employee contributions of 10% of wages, but not more than 212.130 tenge per month (2017: 183.443 tenge per month).

#### 3.14 Government subsidies

Government subsidies are recognized if there is reasonable assurance that they will be received and all conditions associated with them are met. It should be recognized as income on a systematic basis in the same periods in which the corresponding costs are written off to expenses, which it must compensate if subsidy is issued to finance certain expenses.

#### 3.15 Recalculation of foreign currencies

The financial statements are presented in Kazakhstani tenge, which are the functional and presentation currency of the Company. Transactions in foreign currencies are initially translated to the functional currency at market exchange rates set by the Kazakhstan Stock Exchange (hereinafter referred to as the “KSE”) as of the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the official exchange rate at the balance sheet date. Income and expenses arising from the translation of operations in foreign currencies are reflected in the statement of comprehensive income under the item “Net expenses on operations with foreign currency”. Non-monetary items carried at cost in foreign currency are translated at the official exchange rate at the date of the transaction. Non-monetary items carried at fair value in foreign currency are translated at the official exchange rate at the date the fair value was determined. The difference between the contractual exchange rate for a transaction in a foreign currency and the official rate at the date of such a transaction is included in net income or expenses from operations in a foreign currency.

### 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUATION)

#### 3.15 Recalculation of foreign currencies (continuation)

The exchange rate used by the Company in preparing these financial statements is presented as follows:

Currency	Exchange rate (to tenge)		Average exchange rate for the year (to tenge)	
	On December 31, 2018	On December 31, 2017	On December 31, 2018	On December 31, 2017
U.S. dollar	384,2	332,33	344,71	326,00
Euro	439,37	398,23	406,66	368,32
Russian ruble	5,52	5,77	5,50	5,59

### 4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements of the Company requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, as well as disclosing relevant information and disclosing information about contingent liabilities. Uncertainty about such assumptions and estimates may result in material adjustments that require significant adjustments to the carrying amount of assets or liabilities that will be affected in future periods. In applying the accounting policies of the Company, management made the following judgments and assumptions regarding the future and other key sources of estimation uncertainty at the reporting date, which carry a significant risk that a significant adjustment to the carrying amount of assets and liabilities will be required in the next financial year. Existing circumstances and assumptions regarding future development may change as a result of events beyond the control of the Company, which are reflected in the assumptions, if or when they occur. Items that have the most significant effect on the amounts recognized in the consolidated financial statements and for which management has used significant judgments and / or estimates are considered below in the light of the judgments / estimates made.

#### 4.1 Impairment losses on financial assets

The assessment of impairment losses both in accordance with IFRS 9 and IAS 39 for all categories of financial assets requires judgment, in particular, when determining impairment losses and assessing a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows, and collateral value. Such estimates depend on a number of factors, changes in which may result in different amounts of allowances for impairment.

The Company's ECL calculations are the result of complex models that include a number of basic assumptions regarding the choice of variable input data and their interdependencies. The elements of calculation models for ECLs that are considered to be judgments and design estimates include the following:

- the system for assigning an internal credit rating used by the Company;
- the criteria used by the Company to assess whether there has been a significant increase in credit risk, as a result of which the impairment allowance for financial assets should be assessed in an amount equal to the full-time asset assessment and a qualitative assessment;
- combining financial assets into groups when ECLs are evaluated on a group basis;
- development of models for calculating ECLs, including various formulas and selection of input data;
- identification of the relationships between macroeconomic scenarios and economic data, as well as the impact on PD, EAD and LGD indicators;
- selection of forecast macroeconomic scenarios and their weighting, taking into account the probability for obtaining economic input data for assessment models of ECLs.

The Company's policy implies regular review of models taking into account actual losses and their adjustment if necessary.

## 5. LOAN LOSS EXPENSES

The table below shows the costs of ECLs for financial instruments for the year recognized in profit or loss:

<i>In thousands of Kazakhstani Tenge</i>	Note	Stage 1 Individually	Stage 2 Individually	Stage 3	ACCI	Total
Loans issued	7	931	–	–	–	931
Accounts receivables under finance leases	8	442	–	–	–	442
Total impairment loss		1.373	–	–	–	1.373

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are presented as follows on December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Current accounts and term deposits in banks - with credit rating B-	98.955	35.134
Expected Credit Losses (ECLs)	(47)	–
	98.908	35.134

Credit ratings are presented in accordance with “Standard & Poor’s” rating agency standards.

Cash is presented in tenge on December 31, 2018 and 2017.

## 7. LOANS ISSUED

Loans issued are as follows on December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Loans issued	78.782	–
Rewards received	1.121	–
Provision for ECLs (Note 5)	(931)	–
	78.972	–

Loans issued are mainly loans issued to individuals and legal entities whose activities are related to crop production. The loans are secured by the future harvest and / or property of the borrowers.

The reconciliation of the provision for loan impairment is presented below:

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
On January 1	–	–
Accrual of provisions under ECL	(931)	–
On December 31	(931)	–



## 8. DEBT ON FINANCIAL LEASING

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Debt on financial leasing	18.286	–
Rewards received	363	–
Provision for ECLs ( <i>Note 5</i> )	(442)	–
On December 31	18.207	–

## 9. LOANS RECEIVED

Loans received are presented as follows on December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	Currency	Effective interest rate	Maturity	December 31, 2018	December 31, 2017
“Agricultural Credit Corporation” JSC	Tenge	10.7%	13.11.2021	25.167	–
				25.167	–

<i>In thousands of Kazakhstani Tenge</i>	On January 1	Receiving loans	Recognition of discount	Amortization of discount	Loans repayment	On December 31
2018	–	30.000	(5.087)	254	–	25.167
2017	–	–	–	–	–	–

## 10. INTEREST INCOME AND EXPENSES

Interest income is presented as follows on December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Interest income		
Interest on loans issued	8.379	–
Interest on leasing	1.260	–
Interest on deposits	1.086	201
	10.725	201

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Interest expenses		
Expenses on received loans	(254)	–
	(254)	–

## 11. TAXATION

The applicable corporate income tax rate in 2018 and 2017 is 20% in accordance with tax laws.

Income tax expenses include:

<i>In thousands of Kazakhstani Tenge</i>	2018 year	2017 year
Current income tax expense	1.351	–
Deferred income tax expense	692	–
Income tax expense	2,043	–

Reconciliation between corporate income tax expense recognized in these financial statements and profit before accounting for corporate income tax multiplied by the statutory tax rate is as follows for the years ended December 31:

<i>In thousands of Kazakhstani Tenge</i>	2018 year	2017 year
Profit before tax	10.479	
Standard rate	20 %	20 %
Estimated corporate income tax expense at the statutory tax rate	2.096	–
Other differences	(53)	–
Corporate income tax expense	2.043	–

Current corporate income tax liabilities amounted to 1,455 thousand tenge on December 31, 2018 (December 31, 2017: 0 thousand tenge).

Deferred tax assets and deferred tax liabilities

<i>In thousands of Kazakhstani Tenge</i>	January 1, 2017	Occurrence and reversal of temporary differences in profit or loss	December 31, 2017	Occurrence and reversal of temporary differences in profit or loss	December 31, 2018
Deferred corporate income tax assets					
Provision for financial assets	–	–	–	275	275
	–	–	–	275	275
Deferred corporate income tax liabilities					
Discounting the loans received	–	–	–	(967)	(967)
	–	–	–	(967)	(967)
Net deferred corporate income tax liabilities	–	–	–	(692)	(692)

## 12. CAPITAL

### Authorized capital

The amount of registered and paid authorized capital of the Company amounted to 161,000 thousand tenge on December 31, 2018.

### Dividends

The amount of funds available for distribution of the Company is limited to the amount of retained earnings reflected in the financial statements of the Company prepared in accordance with IFRS, or the amount of profit for the year in case of accumulated loss in accordance with the legislation of the Republic of Kazakhstan. Distribution is not carried out if the equity of the Company becomes negative as a result of the distribution or entails insolvency and insolvency of the Company.

The Company did not declare or pay dividends in 2018 and 2017.

## 13. OPERATING EXPENSES

Staff expenses are as follows on December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Wages, bonuses and other expenses	5.298	624
Social taxes and deductions	537	68
	5.835	692

Other operating expenses are as follows on December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018	December 31, 2017
Professional services	542	4
Bank services	169	13
Fines and penalties	37	–
Travel expenses	29	–
Depreciation	10	–
Others	32	59
	824	76

## 14. CONTRACTUAL AND CONTINGENT OBLIGATIONS

### Insurance

The insurance market in the Republic of Kazakhstan is in its infancy, and many forms of insurance common in other countries of the world are not yet available in Kazakhstan. The Company does not have full insurance coverage in respect of any losses caused by business interruptions or incurred obligations to third parties. There is a risk that the loss or damage of certain assets could have a material adverse effect on the Company's operations and financial position until the Company has adequate insurance coverage.

### Legal issues

The Company is subject to legal actions and claims in the ordinary course of business. In the ordinary course of business, the probable obligations (if any) arising as a result of such claims or claims will not have a material adverse effect on the financial position or the results of the Company's future operations according to the management.

## 14. CONTRACTUAL AND CONTINGENT OBLIGATIONS (CONTINUATION)

### Taxation

The provisions of various legislative and regulatory acts are not always clearly formulated, and their interpretation depends on the opinions of local tax inspectors and officials of the Ministry of Finance. There are frequent cases of differences of opinion between local, regional and republican tax authorities. The existing regime of fines and penalties for alleged or detected violations of Kazakhstan laws, decrees and relevant regulatory legal acts is very severe. Penalties include the confiscation of the disputed amount (for violation of currency laws), as well as fines, usually in the amount of 50% of the amount of unpaid taxes.

The company believes that it has paid or accrued all applicable taxes. The Company accrued tax liabilities based on reasonable management estimates in unclear cases. The Company's policy provides for the recognition of reserves in the reporting period in which there is a probability of loss, and its amount can be determined with a sufficient degree of accuracy.

The potential amount of taxes, penalties and interest may exceed the amount allocated to current expenses and accrued on December 31, 2017 due to the uncertainty inherent in the Kazakhstan tax system. The management of the Company believes that they are either unlikely or not measurable, or both at the same time despite the possibility of accruing such amounts and their potentially significant nature.

## 15. RISKS MANAGMENT

### Introduction

The Company's activities are subject to various financial risks: liquidity risk, market and credit risks. In general, financial activity involves the adoption of a number of risks, and operational risks are inevitable in such activities.

The main financial liabilities of the Company include loans received. The main objective of these financial obligations is to finance the activities of the Company in order to increase the loan portfolio.

The financial assets of the Company mainly include cash and cash equivalents, as well as debt directly related to loan requirements issued to customers.

The Company does not have a formal risk management policy, procedures have been introduced that are aimed at identifying and analyzing possible risks, checking the creditworthiness of the client, setting other limits on loans to clients issued to others.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk consists of currency risk, interest rate risk, and other price risks. Market risk arises from open positions in relation to interest, currency and equity financial instruments, which are exposed to general and specific changes in the market and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control that exposure to market risk does not go beyond acceptable parameters, while ensuring optimization of the profitability received for the accepted risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Company is exposed to fluctuations, prevailing market interest rates on its financial position and cash flows. Such fluctuations can increase the interest margin level, but they can also reduce it or, in case of unexpected changes in interest rates, lead to losses.

## 15. RISKS MANAGEMENT

### Interest rate risk (continuation)

#### *Average effective interest rates*

The following table shows the average effective interest rates on interest-bearing assets and liabilities on December 31, 2018 and 2017. These interest rates reflect the approximate yield to maturity of the related assets and liabilities.

<i>In thousands of Kazakhstani Tenge</i>	2018 year	2017 year
Interest assets		
Loans to customers	14%	–
Leasing	16%	–
Deposits	9%	9%
Interest liabilities		
Loans received	10,7%	–

### Currency risk

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

The Company does not have balances of financial assets and liabilities denominated in foreign currencies on December 31, 2018.

### Credit risk

Credit risk is the risk that the Company will incur losses due to the fact that its customers or counterparties will not be able to fulfill the obligations stipulated by the contract.

The Company has developed a credit quality review process to ensure early detection of possible changes in the creditworthiness of counterparties, including periodic review of the amount of collateral.

The Company believes that a default occurred on the financial instrument, and therefore relates it to Stage 3 (credit-impaired assets) for the purposes of calculating ECLs in any case when the borrower has past due 90 days for payments stipulated by the agreement.

The Company also considers the following events as part of a qualitative assessment of the presence of default on a client:

- financial condition of the borrower;
- yield when loan repayment is expected as a result of the sale of the crop;
- significant decrease in borrower turnover or loss of a major buyer;
- the debtor (or a legal entity within the group of the debtor) filed for bankruptcy or declared bankrupt;
- other.

### Operational risk

Operational risk is the risk arising from a system failure, personnel errors, fraud or external events. Operational risks can damage reputation, have legal consequences or lead to financial losses when the control system ceases to function. The Company cannot put forward the assumption that all operational risks have been eliminated, but with the help of a control system and by monitoring and corresponding reaction to potential risks, the Company can manage such risks. The control system provides for an effective separation of duties, access rights, approval and verification procedures, staff training, as well as assessment procedures, including internal control (audit).

## 15. RISKS MANAGEMENT (CONTINUATION)

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting financial obligations that are settled by transferring cash or another financial asset. Liquidity risk arises from mismatch in maturities of assets and liabilities.

The Company has attracted loans and is constantly evaluating its ability to timely fulfill obligations. The Company uses a liquidity risk management strategy, including maintaining a sufficient amount of unused borrowed funds to finance liquidity needs based on these estimates.

The Company's liquidity management process includes:

- A) Maintaining a sufficient liquidity reserve in the Company in the form of cash on current accounts.
- B) Maturity management. The table below summarizes the financial liabilities of the Company by the terms remaining to maturity on December 31.

#### *Analysis of financial liabilities by maturities*

The tables below show the financial liabilities of the Company by the terms remaining to maturity based on contractual un discounted repayment obligations on December 31:

<i>In thousands of Kazakhstani Tenge</i>	<i>On demand and less than 1 month</i>	<i>From 1 to 3 months</i>	<i>From 3 to 6 months</i>	<i>From 6 to 12 months</i>	<i>More than 1 year to 5 years</i>	<i>Total</i>
December 31, 2018						
Financial liabilities						
Loans received	–	–	302	286	574	31.162
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>302</b>	<b>286</b>	<b>574</b>	<b>31.162</b>

## 16. FAIR VALUE MEASUREMENT

The fair value measurement is intended to determine the price that would be received to sell an asset or paid to transfer a liability in a transaction in an organized market between market participants at the measurement date. However, given the uncertainty and use of subjective judgment, fair value should not be interpreted as being realized as part of an immediate sale of assets or transfer of liabilities.

The estimated fair value of financial assets and liabilities is calculated using discounted cash flow methods based on estimated future cash flows and discount rates for similar instruments at the reporting date.

### Fair value hierarchy

The Company determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability, as well as the level of the hierarchy of fair value sources for the purpose of disclosing fair value information.

## 16. FAIR VALUE MEASUREMENT (CONTINUATION)

Fair value hierarchy (continuation)

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2018				Total
	Current value	Fair value by valuation level			
		Quotes in active markets (Level 1)	Significant observable baseline data (Level 2)	Significant unobservable baseline data (Level 3)	
Financial assets and liabilities carried at amortized cost:					
Cash and cash equivalents	98.908	–	–	98.908	98.908
Loans to customers	78.972	–	–	78.972	78.972
Debt on leasing	18.207	–	–	18.207	18.207
Loans received	25.167	–	–	25.167	25.167

<i>In thousands of Kazakhstani Tenge</i>	December 31, 2017				Total
	Current value	Fair value by valuation level			
		Quotes in active markets (Level 1)	Significant observable baseline data (Level 2)	Significant unobservable baseline data (Level 3)	
Financial assets and liabilities carried at amortized cost:					
Cash and cash equivalents	35.134	–	–	35.134	35.134

The Company did not transfer between the levels of the hierarchical fair value model for financial instruments carried at fair value during 2018 and 2017.

### Methods of estimation and assumptions

The following describes the methodologies and assumptions used in determining the fair value of those financial instruments that are not carried at fair value in these financial statements.

*Assets whose fair value is approximately equal to their carrying amount*

It is assumed that their carrying amount approximates fair value in the case of financial assets and financial liabilities that are liquid or have a short maturity (less than three months). This assumption also applies to demand deposits and savings accounts without a specified maturity.

*Financial assets and financial liabilities carried at amortized cost*

The fair value of unquoted instruments, including loans to customers, amounts due from credit institutions and amounts due from credit institutions, as well as other financial assets and liabilities, is estimated by discounting future cash flows using interest rates currently available for debt with similar credit terms risk and maturity.

The company believes that the carrying value of such loans approximates their fair value due to the fact that the maturity of loans issued to customers is less than 1 month.

## 17. TRANSACTIONS WITH RELATED PARTIES

### Transactions with members of key management personnel

Key management personnel amounted to 2 people in 2018. Remunerations to key management personnel for 2018 amounted to 1,875 thousand tenge (2017: 123 thousand tenge).

**“Microfinance Organization “Bastau Agro Finance”  
Limited liability partnership**

Financial statements and independent auditor’s report for the year ended December 31, 2019



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**Approved** \_\_\_\_\_  
**General director, Nurgaziyev T.E.**  
(State license MFY-2 №0000069 dated October 5, 2010)

## **INDEPENDENT AUDITOR'S REPORT**

**To Founders and Management of “Microfinance Organization “Bastau Agro Finance” LLP**

### **Opinion**

We conducted an audit of the attached financial statements of the “Microfinance Organization “Bastau Agro Finance” Limited liabilities partnership (hereinafter referred to as the “Company”), which includes a statement of financial position, a statement of profit or loss and other comprehensive income, a cash flow statement and statement of changes in equity for the year ended on that date, as well as notes to the financial statements, including a brief overview of the main accounting policies on December 31, 2019.

In our opinion, the financial statement has been prepared in all material respects in accordance with the requirements of the applicable concept for the preparation of financial statement and provide true and reliable presentation of the financial position of Company on December 31, 2019 financial results and cash flows for year ended on that date in accordance with International Financial Reporting Standards.

### **The basis for the expression of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the “*Auditor’s Responsibility for the Audit of the Financial Statements*” section of our report. We are independent of the Company in accordance with the Code of Ethics of Professional Accountants of the Council on International Ethics Standards for Accountants (CIESA Code), and we have fulfilled other ethical obligations in accordance with the CIESA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to warrant the expression of our opinion.

### **Key audit issues**

Key audit issues are those issues that, in our professional judgment, were of the greatest importance to our audit of the financial statements for the current period. These issues were considered in the context of our audit of the financial statements as a whole and in the formation of our opinion on these statements, and we do not express a separate opinion on these issues.

### **Management responsibility for the preparation of the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare financial statements that are free from material misstatement due to fraud or error.

Management is responsible for assessing the ability of the Company to continue to operate, for disclosing, as appropriate, information related to business continuity in preparing the financial statements, and for preparing statements based on the going concern assumption, unless management intends to liquidate the Company and terminate its activities or when management does not have a practical alternative to liquidation or termination of the Company.

## **Auditor's responsibility for the audit of financial statement**

Our goal is to obtain reasonable assurance that the financial statement is free from material misstatement, whether due to fraud or error, and in the issuance of an audit opinion that contains our opinion. Reasonable confidence is a high degree of certainty, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing always reveals significant distortions if exist. Distortions can be the result of unfair acts or mistakes and are considered significant if one can reasonably assume that individually or collectively they can affect the economic decisions of users made on the basis of these financial statement.

We apply professional judgment and maintain professional skepticism throughout the audit conducted in accordance with International Standards on Auditing. In addition, we perform the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; We develop and conduct audit procedures in response to these risks; we obtain audit evidence that is sufficient and appropriate to serve as a basis for expressing our opinion. The risk of undetected material misstatement as a result of unfair acts is higher than the risk of not detecting a significant distortion as a result of an error, as unfair acts may include collusion, fraud, intentional omission, misrepresentation of information or actions bypassing the internal control system;
- we obtain an understanding of the internal control system that is relevant to the audit in order to develop audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- we assess the proper nature of the accounting policy applied and the reasonableness of accounting estimates and the corresponding disclosure of information prepared by management;
- we conclude that the management has accepted the assumption of continuity of business and, on the basis of the audit evidence obtained, the conclusion is whether there is significant uncertainty in connection with events or conditions that may raise significant doubts about the Company's ability to continue its business. If we conclude that there is significant uncertainty, we must draw attention to our disclosure in the financial statements, or, if such disclosure is inappropriate, modify our opinion. Our conclusions are based on the audit evidence received before the date of our audit report. However, future events or conditions may lead to the Company losing its ability to continue its business activities;
- we assess the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements present the underlying operations and events in a manner that ensures their reliable representation.

We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned volume and timing of the audit, significant observations on the results of the audit, as well as significant shortcomings of the internal control system that we identify during the audit.

We also present to those responsible for corporate governance a statement that we have complied with all ethical requirements regarding independence and informed these persons about all relationships and other issues that can reasonably be considered to influence the independence of the auditor, and, if necessary, appropriate precautions.

**General director,**

**Auditor:**

Qualification Certificate № 0318

Dated from May 2, 1997.

**T.E. Nurgaziyev**

**Team leader,**

**Auditor:**

CAP, DipFM, DipFRA, DipFI

Qualification Certificate № 0000238

Dated from February 18, 2015.

**S.A. Seitmagzimova**

Dated of February 14, 2020 year

RK, Almaty, md. Mamyr - 4, 14

**Acknowledgment of the responsibility  
for the preparation and approval of financial statement for the year  
ended December 31, 2019**

The following statement, which should be read in conjunction with the description of the responsibilities of independent auditors contained in the submitted independent auditors report, is made to distinguish between the responsibilities of auditors and management regarding the financial statements of “Microfinance Organization “Bastau Agro Finance” Limited liabilities partnership (hereinafter “the Company”). The management of “Microfinance Organization “Bastau Agro Finance” LLP is responsible for preparing separate financial statements, reliably reflecting in all material aspects, financial condition, results of operations, cash flow on December 31, 2019, in accordance with the requirements of International Financial Reporting Standards (IFRS).

In preparing the separate financial statements, the management of the Company is responsible for:

- selection of appropriate accounting principles and their consistent application;
- application of reasonable estimates and calculations;
- compliance with IFRS and disclosure of all material deviations from IFRS in the comments to the separate financial statements;
- preparation of separate financial statements, taking into account the assumption that the Company will continue to operate in the foreseeable future, unless this assumption is unlawful.

Management is also responsible for:

- development, implementation and operation of an effective and reliable internal control system of the Company;
- maintaining an appropriate accounting system that allows, at any time with a reasonable degree of accuracy, to prepare information on the financial position of the Company and ensure that the financial statements comply with the requirements of IFRS
- accounting in accordance with the legislation and accounting standards of the Republic of Kazakhstan and IFRS;
- taking measures within its competence to ensure the safety of the Company’s assets;
- identification and prevention of fraud, errors and other abuses.

These separate financial statements for the period ended December 31, 2019 were approved by the management of “Microfinance Organization “Bastau Agro Finance” LLP on February 14, 2020.

**General director:**

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**Olzhas Kelden**

**STATEMENT OF FINANCIAL POSITION**

<i>In thousands of Kazakhstani Tenge</i>	Note	2019	2018, recalculated*
<b>ASSETS</b>			
<b>Long-term assets</b>			
Long-term loans provided to customers	5	46 584	47 667
Debt on financial leasing	6	15 429	18 052
Fixed assets	7	16	33
Deferred tax asset	25	640	-
<b>Total long-term assets</b>		<b>62 669</b>	<b>65 752</b>
<b>Short-term assets</b>			
Cash and cash equivalents	8	32 008	98 929
Short-term loans provided to customers	5	422 343	31 476
Inventories	9	51	7
Current tax assets	10	-	227
Other short-term assets	11	3 371	361
<b>Total short-term assets</b>		<b>457 773</b>	<b>131 000</b>
<b>TOTAL ASSETS</b>		<b>520 442</b>	<b>196 752</b>
<b>CAPITAL AND LIABILITIES</b>			
<b>Capital</b>			
Authorized capital	12	258 401	161 000
Retained earnings	13	29 646	9 649
<b>Total capital</b>		<b>288 047</b>	<b>170 649</b>
<b>Long-term liabilities</b>			
Long-term financial liabilities	14	7 609	15 168
Other long-term liabilities	15	2 511	-
Deferred tax liability	25	-	692
<b>Total long-term liabilities</b>		<b>10 120</b>	<b>15 860</b>
<b>Short-term liabilities</b>			
Trade and other accounts payables	16	778	133
Short-term financial liabilities	14	214 662	10 000
Tax liabilities	17	5 969	33
Liabilities for other obligatory payments	18	152	77
Short-term estimated liabilities	19	714	-
<b>Total short-term liabilities</b>		<b>222 275</b>	<b>10 243</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>520 442</b>	<b>196 752</b>

\* Some of the amounts shown in this table are not consistent with the financial statements for 2018, as they reflect the adjustments made, details of which are given in Note 4 "Adjustments to certain items of the financial statements of the previous period".

The financial statements were approved by management on February 14, 2020 and were signed on behalf of the management:

**General director**

**Olzhas Kelden**

*The notes on pages from 10 to 34 are an integral part of these financial statements.*

**Limited Liability Partnership Microfinance Organization Bastau Agro Finance**  
**Financial statements for the year ended December 31, 2019**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>In thousands of Kazakhstani Tenge</i>	<b>Note</b>	<b>2019</b>	<b>2018, recalculated*</b>
Interest income	20	51 325	10 317
Interest expenses	21	(2 798)	(52)
<b>Net interest income</b>		<b>48 527</b>	<b>10 265</b>
Provision for loans impairment	22	(1 482)	(1 373)
<b>Net interest income after provision for impairment</b>		<b>47 045</b>	<b>8 892</b>
Government subsidy income		-	3 000
Service income and fees		3 104	-
Fines and penalties on loans issued		4 239	541
Provisions for cash and deposits	22	(1 864)	(47)
<b>Non-interest income</b>		<b>5 479</b>	<b>3 494</b>
Other financial income / expenses (net)	23	(2 408)	4 884
Operating expenses	24	(24 025)	(6 660)
Other non-operating expenses		(13)	-
<b>Profit (loss) before tax</b>		<b>26 078</b>	<b>10 610</b>
Income tax	25	(6 081)	(692)
<b>Total profit (loss) for the period</b>		<b>19 997</b>	<b>9 918</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>19 997</b>	<b>9 918</b>

\* Some of the amounts shown in this table are not consistent with the financial statements for 2018, as they reflect the adjustments made, details of which are given in *Note 4* "Adjustments to certain items of the financial statements of the previous period".

**General director**

**Olzhas Kelden**

*The notes on pages from 10 to 34 are an integral part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY**

	Note	Authorized capital	Reserve capital	Retained earnings	Total capital
<b>Balance on December 31, 2017</b>		<b>35 600</b>	-	<b>(567)</b>	<b>35 033</b>
Changes in accounting policies		-	-	-	-
<b>Recalculated balance</b>		<b>35 600</b>	-	<b>(567)</b>	<b>35 033</b>
Profit / loss for the period		-	-	8 436	<b>8 436</b>
Other comprehensive income		-	-	-	-
Dividends		-	-	-	-
Issue of shares and other transactions with owners		125 400	-	-	<b>125 400</b>
<b>Balance on December 31, 2018</b>	13-14	<b>161 000</b>	-	<b>7 869</b>	<b>168 869</b>
Profit / loss for the period		-	-	19 997	<b>19 997</b>
Adjustments to previous years *		-	-	1 780	<b>1 780</b>
Dividends		-	-	-	-
Issue of shares and other transactions with owners		97 401	-	-	<b>97 401</b>
<b>Balance on December 31, 2019</b>	13, 14	<b>258 401</b>	-	<b>29 646</b>	<b>288 047</b>

\* Some of the amounts shown in this table are not consistent with the financial statements for 2018, as they reflect the adjustments made, details of which are given in *Note 4* “Adjustments to certain items of the financial statements of the previous period”.

**General director**

**Olzhas Kelden**

*The notes on pages from 10 to 34 are an integral part of these financial statements.*

**CASH FLOW STATEMENT**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>Cash flow from operating activities</b>		
<b>Total cash inflow, including:</b>	<b>249 087</b>	<b>88 715</b>
Interest income on deposits	1 532	1 238
Loans repaid short-term - the main debt	187 755	69 562
Loans repaid - financial leasing	4 264	727
Loans repaid long-term - the main debt	13 597	1 205
Interest income on loans issued	37 007	7 689
Other operating income received	4 932	3 541
Advances received	-	4 753
<b>Total cash outflow, including:</b>	<b>606 045</b>	<b>180 229</b>
Loans issued - short-term	567 033	101 385
Loans issued - long-term	12 000	48 158
Payments to suppliers for goods and services	41	37
Advances paid	597	24 779
Payment of wages	16 402	4 269
Loan interest payments	2 603	-
Corporate income tax and other payments to the budget	6 558	1 538
Other payments	811	63
<b>Net cash from operating activities</b>	<b>(356 958)</b>	<b>(91 514)</b>
<b>Cash flow from investing activities</b>		
<b>Total cash inflow, including:</b>	<b>250 000</b>	<b>-</b>
Sale of fixed assets	-	-
Receiving and repayment of loans granted to other organizations	250 000	-
Other supply	-	-
<b>Total cash outflow, including:</b>	<b>57 500</b>	<b>44</b>
Acquisition of fixed assets	-	-
Acquisition of intangible assets	-	-
Loans to other organizations and repayment	57 500	-
Other payments	-	-
<b>Net cash from investing activities</b>	<b>192 500</b>	<b>(44)</b>
<b>Cash flow from financial activities</b>		
<b>Total cash inflow, including:</b>	<b>130 401</b>	<b>155 400</b>
Issue of shares and other securities	97 401	125 400
Receiving loans	33 000	30 000
Other supply	-	-
<b>Total cash outflow, including:</b>	<b>31 000</b>	<b>-</b>
Repayment of loans	31 000	-
Dividend payment	-	-
Other payments	-	-
<b>Net cash from financial activities</b>	<b>99 401</b>	<b>155 400</b>
<b>The effect of exchange rates against tenge</b>	<b>-</b>	<b>-</b>
<b>The impact of the estimated provisions for expected credit losses (ECL)</b>	<b>(1 911)</b>	<b>(47)</b>
<b>Total: Increase + / - decrease in cash</b>	<b>(65 057)</b>	<b>63 842</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>98 976</b>	<b>35 134</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>32 008</b>	<b>98 929</b>

General director

\_\_\_\_\_  
Olzhas Kelden

*The notes on pages from 10 to 34 are an integral part of these financial statements.*



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**NOTES TO THE FINANCIAL STATEMENTS**

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## **1. GENERAL INFORMATION**

The financial statements of the “Microfinance Organization “Bastau Agro Finance” LLP (hereinafter referred to as the “Company”) for the year ended December 31, 2019 were approved for issue on February 14, 2020.

“Microfinance Organization “Bastau Agro Finance” LLP was re-registered by the Office for the Registration of Rights to Real Estate and Legal Entities of the branch of the State Corporation “Government for Citizens” Non-public Joint Stock Company in the city of Almaty on December 25, 2019, the date of initial registration is May 26, 2017. BIN 910 740 000 153, certificate of registration with VAT series 60001 № 1199312 dated April 17, 2018.

Notification № KZ22VGY00000365 was issued on December 21, 2017 by the National Bank of the Republic of Kazakhstan on the inclusion of the Company in the register of microfinance organizations № 05.17.014 dated December 21, 2017.

The Company has a permanent residence in the Republic of Kazakhstan. The Company’s office is located at the address: Republic of Kazakhstan, 050000, Almaty, Almalinsky district, Abylay Khan Avenue, house 135, office 309.

The main objective of the Company is to obtain net income from its charter activities.

The subjects of the Company’s activities in accordance with the Charter are:

- The provision of microloans to individuals and legal entities, with or without collateral, including taking pledged property against the granted microloan, in the manner and on the conditions established by the legislation of the Republic of Kazakhstan;
- Attracting loans (except for attracting money in the form of a loan from citizens as an entrepreneurial activity) and grants from residents and non-residents of the Republic of Kazakhstan;
- Placement of temporarily free assets on deposits of second-tier banks and in other ways that do not contradict the legislation of the Republic of Kazakhstan;
- Use and disposal of collateral obtained as security for microcredit in the manner prescribed by the current legislation of the Republic of Kazakhstan;
- Acquisition of shares and participatory interests in the authorized capital of credit bureaus, microcredit organizations, organizations providing collection services for banknotes, coins and valuables, and organizations licensed for security activities;
- Realization of own property;
- Providing advisory services on issues related to the provision of microloans;
- Lease of property (rental) of own property;
- Implementation of special literature on the activities of microfinance organizations on any type of storage medium;
- Conclusion of insurance contracts on behalf of and on behalf of insurance organizations-residents of the Republic of Kazakhstan as an insurance agent;
- Carrying out the functions of an agent-issuer of electronic money in accordance with the legislation of the Republic of Kazakhstan;
- Conclusion in the organized securities market of transactions with derivative financial instruments made for hedging purposes;
- Implementation of leasing activities.

The Company does not have representative offices or branches.

## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

### **Declaration of conformity**

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

### **Business conditions in Kazakhstan**

The Republic of Kazakhstan continues to carry out economic reforms and develop its legislative, tax and regulatory framework, as required by the conditions of a market economy. The future stability of the Kazakhstani economy is more dependent on these reforms and developments, on the effectiveness of economic, financial and monetary measures undertaken by the government.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS (CONTINUATION)**

### **Business conditions in Kazakhstan (continuation)**

The Kazakhstan economy is sensitive to a decline in business activity and a slowdown in economic development in the world. The ongoing global financial crisis has caused instability in the capital market, a significant deterioration in liquidity in the banking sector and more stringent lending conditions in Kazakhstan.

In this regard, the Company implements a strategy of independence from the policy of state bodies and the state of affairs in the banking sector by building an ecosystem with minimizing the impact of external factors, including through:

- research and analysis of market trends (including business areas of borrowers);
- determination of the target segment of business customers mainly producing export-oriented agricultural products that are in significant demand;
- building a chain of suppliers and consumers;
- abstinence from financing in Kazakhstan banks;
- refusal from consumer lending (in order to eliminate the risks of reducing the solvency of the population).

The Company's management is confident that it is taking appropriate measures to support the sustainability of the Company's operations in the current environment. The actual impact of future business conditions may differ from their management estimates.

### **The principle of business continuity**

The accompanying financial statements have been prepared on a going concern basis, which involves the sale of assets and the settlement of liabilities in the ordinary course of business. The ability of the Company to continue operating as an operating enterprise is more dependent on the demand for these types of services, the competitiveness and ability of borrowers to repay loans.

Functions and task of the Company are planned to expand areas of activity in accordance with the Charter, increase the volume of services rendered, implement joint projects and carry out types of activities on the profile of the Company to implement the subject.

Management believes that the financial position of the Company allows continuing operations for the foreseeable future. These financial statements have been prepared on a going concern basis.

These financial statements do not reflect any adjustments that might be required if the Company could not adhere to the principle of continuing operations.

### **Functional and presentation currency**

The national currency of the Republic of Kazakhstan is Kazakhstani tenge, and this same currency is functional for the Company and it contains these financial statements. All figures are presented in tenge and rounded to the (nearest) thousand.

### **Use of professional judgment, estimates and assumptions**

In preparing these financial statements in accordance with IFRS, management used professional judgments, assumptions and estimates relating to the recognition of assets and liabilities and disclosures about contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and key assumptions are reviewed based on going concern. Changes in accounting calculations are reflected in the period in which these changes occurred.

Key assumptions about the future and other key sources of estimation uncertainty at the reporting date that could cause significant adjustments to the carrying amounts of assets and liabilities during the next financial year are discussed below.

#### *Reserves*

The Company makes reserves for doubtful accounts receivable, advances paid and other current assets. It is necessary to take into account the previous and expected results of the client when evaluating doubtful accounts. Changes in the economy, industry, or specific client conditions may require adjustments to the allowance for doubtful accounts recognized in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS (CONTINUATION)**

### **Use of professional judgment, estimates and assumptions (continuation)**

#### *Taxation*

In assessing tax risks, management considers as possible obligations certain areas of non-compliance with tax legislation, which it cannot dispute or does not believe that it can successfully appeal against if additional taxes are accrued by tax authorities. This definition requires significant judgments and may change as a result of changes in tax laws and regulations and the current result of compliance checks by the tax authorities.

#### *Useful life of fixed assets*

The useful life is determined in terms of the estimated usefulness of the asset. The asset management policy of the Company provides for the disposal of assets after a certain time or after consumption of a certain proportion of future economic benefits embodied in assets. An estimate of the useful life of an asset is made using professional judgment based on experience with similar assets. The Company estimates the remaining useful life of property, plant and equipment, at least at the end of each financial year, and if expectations differ from previously made estimates, then the changes are accounted for as changes in accounting estimates in accordance with IFRS 8 “Accounting policies, changes in accounting estimates and errors”.

## **3. KEY ACCOUNTING POLICIES**

The accounting policies in accordance with which the Company prepared the financial statements for the year ended December 31, 2019 are consistent with the accounting policies applied in the previous reporting year, except for the adoption of the new and revised IFRIC standards and interpretations below. The main accounting policies used in preparing the financial statements are described in Note 3. These accounting policies have been applied sequentially, effective on January 1, 2019 or after this date.

### **Changes in accounting policies**

#### *Accepted standards and interpretations*

IFRS 16 “Leases” replaces IAS 17 “Leases”, Clarification of the IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, Clarification SIC 15 “Operating Leases - Incentives” and Clarification SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”. The standard establishes the principles for recognition, measurement, presentation and disclosure of leases and requires tenants to reflect most leases using a single balance sheet accounting model.

The Company has applied IFRS 16 using a modified retrospective method since January 1, 2019. The standard is applied retrospectively with recognition of the cumulative effect of the initial application of the standard at the date of initial application according to this method. The Company decided to use practical simplification, when switching to a standard, which allows applying the standard only to contracts that were previously identified as leases using IAS 17 and Clarification of IFRIC 4 at the date of initial application. The Company also decided to use recognition exemptions for leases 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 lease contracts in which the underlying asset has a low cost (rental of low value assets).

The accounting treatment for a lessor in accordance with IFRS 16 is practically unchanged compared to IAS 17. Lessors will continue to classify leases using the same classification principles as in IAS 17, identifying two types of leases: operational and financial. Given the fact that the Company performed an assessment under operating leases in which it acts as a lessor, and believes that the new standard did not affect the financial statements, as the lease term does not exceed 12 months.

#### *New standards and interpretations*

The Company has not applied certain new standards and amendments to existing standards that come into force for annual periods beginning on or after January 1, 2019. The Company did not apply early standards, clarifications or amendments that were issued but did not enter into force:

- Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”.
- IAS 40 “Transfers of Investment Property”.
- IFRIC 22 “Foreign Currency Transactions and Advance Consideration”.
- Amendments to IFRS 4 “Application of IFRS 9 “Financial Instruments” together with IFRS 4 “Insurance Contracts”.
- Annual improvements to IFRS, 2015-2017 period.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**3. KEY ACCOUNTING POLICIES (CONTINUATION)**

*New standards and interpretations (continuation)*

- Amendments to IFRS 1 and IAS 28 apply for annual periods beginning on or after 1 January 2019.
- IFRS 17 “Insurance Contracts”, introduced from January 1, 2021.

The Company does not expect that the adoption of the above standards and interpretations will have a significant impact on the results of operations and the financial position of the Company.

**Fixed assets**

Fixed assets are recorded at cost, excluding current service costs, less accumulated depreciation and accumulated impairment losses. This cost includes the cost of spare parts for machinery and equipment at the time such costs are incurred, if the criteria for their recognition are met.

The initial cost of fixed assets includes the purchase price, including import duties and non-refundable taxes, as well as any costs directly related to bringing the assets into working condition and delivery to the place of intended use.

Depreciation is charged using the **straight-line** method of writing off value using the following useful lives:

<b>Depreciation group</b>	<b>Useful life (years)</b>
Computers and peripherals	3
Office furniture and equipment	5

Expenses incurred after the assets were put into operation, such as maintenance, overhaul and overhaul expenses, are usually recognized in the statement of profit or loss and other comprehensive income in the period in which such expenses are incurred. Expenses that have led to an increase in future economic benefits that are expected to be received from the use of an item of fixed assets in excess of the originally estimated standard productivity (increase in useful life, capacity, etc.) are capitalized as the additional cost of fixed assets.

The derecognition of fixed assets occurs upon disposal or if no future economic benefits are expected from the use or disposal of the asset. Income or expense arising from the derecognition of an asset (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is included in the statement of comprehensive income for the reporting year in which the asset is derecognized.

The residual value of an asset, its useful lives and depreciation methods are reviewed and, if necessary, adjusted at the end of each financial year. Value and accumulated depreciation are excluded from the statements, and any income or expense arising from their disposal is included in the statement of profit or loss and other comprehensive income when assets are sold or disposed of.

The Company annually carries out an inventory of fixed assets in order to ensure the reliability of accounting data and financial statements.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs:

- Or in the main market for a given asset or liability;
- Or in the absence of a main market in the most favorable market for a given asset or liability.

The Company should have access to the main or most favorable market. The fair value of an asset or liability is measured using assumptions that market participants would use in pricing the asset or liability. It is assumed that market participants act in their best interests. The fair value measurement of a non-financial asset takes into account the ability of a market participant to generate the economic benefits of using the asset in the best and most efficient manner.

The Company uses valuation techniques that are acceptable in the circumstances and for which sufficient data are available to measure fair value, while maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities whose fair value is measured or disclosed in the financial statements are classified within the hierarchy of fair value sources described below based on inputs from the lowest level that are significant for measuring fair value as a whole:

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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**3. KEY ACCOUNTING POLICIES (CONTINUATION)**

**Fair value measurement (continuation)**

- Level 1 - market quotes for prices in an active market for identical assets or liabilities (without any adjustments);
- Level 2 - valuation models in which the initial data that are significant for the fair value measurement, related to the lowest hierarchy level, are directly or indirectly observable in the market;
- Level 3 — valuation models in which inputs that are relevant to fair value measurements that relate to the lowest hierarchy level are not observable on the market.

The Company determines the fact of transfer between levels of hierarchy sources, re-analyzing the classification (based on the initial data of the lowest level, which are significant for assessing the fair value as a whole) at the end of each reporting period in the case of assets and liabilities that are recognized in the financial statements on a periodic basis.

**Recognition of interest income**

*Effective interest method*

Interest income for all financial instruments measured at amortized cost is calculated using the effective interest method according to IFRS 9 “Financial Instruments”. Effective interest rate (EIR) is the rate that discounts estimated future cash receipts over the expected life of the financial instrument or, where appropriate, a shorter period, right up to the net carrying amount of the financial asset.

EIR (and therefore the amortized cost of an asset) is calculated taking into account the discount or premium received on acquisition, fees and expenses, which are an integral part of EIR. The Company recognizes interest income using the rate of return, which is the best estimate of the constant rate of return over the expected life of the loan. Consequently, they recognize the effect of the potentially different interest rates applied at different stages and other characteristics of the product life cycle (including prepayment, penalty interest and fees).

The adjustment is recognized in the statement of financial position as a positive or negative change in the carrying amount of the asset and as an increase or decrease in interest income if cash flow expectations for financial assets are reviewed for reasons other than credit risk. The amount of this adjustment is subsequently amortized and recognized in profit or loss as “interest and similar income”.

*Interest and similar income*

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit-impaired assets.

The Company calculates interest income applying EIR to the net amortized cost of the financial asset in the case of a financial asset that becomes credit-impaired, and therefore relates to level 3. The Company returns to the calculation of interest income based on gross value if a default on a financial asset is liquidated and it is no longer credit-impaired.

**Financial instruments**

*Initial recognition*

Financial assets and financial liabilities are initially recognized at the transaction date, i.e. the date on which the Company becomes a party to an agreement determining the terms of the relevant instrument.

The classification of financial instruments upon initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value, including or excluding transaction costs, unless financial assets and financial liabilities are measured at fair value basis.

*Categories of valuation of financial assets and financial liabilities*

The Company classifies all its financial assets, loans and financial lease arrears based on the business model used for asset management and contractual terms of assets as measured at amortized cost

Financial liabilities, namely loans received, are measured at amortized cost.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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**3. KEY ACCOUNTING POLICIES (CONTINUATION)**

**Financial assets and financial liabilities**

*Funds in banks, loans to customers measured at amortized cost*

The Company measures bank deposits, loans and borrowings to customers, and other financial investments at amortized cost only if both of the following conditions are met:

- a financial asset is held in the framework of a business model, the purpose of which is to hold financial assets to receive cash flows stipulated by the contract;
- the contractual terms of the financial asset determine receipt of cash flows on specified dates, which are solely payments against the principal amount of the debt and interest on the outstanding portion of the principal amount of the debt.

*Borrowed funds*

Borrowings are subsequently measured at amortized cost after initial recognition. Amortized cost is calculated taking into account all discounts or premiums from the release of funds and transaction costs, which are an integral part of EIR.

*Reclassification of financial assets and financial liabilities*

The Company does not reclassify financial assets after their initial recognition.

**Derecognition of financial assets and financial liabilities**

*Derecognition due to material modification of the terms of the instrument*

The Company ceases to recognize a financial asset, such as a loan provided to a customer, if the terms of the contract are revised so that in essence it becomes a new loan, and the difference is recognized in profit or loss from derecognition before the impairment loss is recognized. Loans are classified as Stage 1 for the purposes of assessing asset assessment, unless the loan created is considered to be an acquired or created credit-impaired (ACCI) asset at initial recognition.

The modification does not result in derecognition if the modification does not result in a significant change in cash flows. The Bank recognizes a gain or loss from the modification before impairment loss is recognized based on changes in cash flows discounted at the initial EIR.

**Derecognition not related to material modification**

*Financial assets*

The Company derecognizes financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) when expired the contractual rights to receive cash flows from the asset.

*Financial liabilities*

The Company derecognizes financial liability when the obligation under the contract is discharged, canceled or terminated upon expiry.

**Impairment of financial assets (policy effective from January 1, 2018)**

*Review of expected credit loss assessment principles*

IFRS 9 introduces a forecasted ECL model instead of the incurred loss model provided for by IAS 39. The Company recognizes ECL reserve for all loans and other debt financial instruments, collectively referred to in this section as “financial instruments”.

Provisions for ECL are estimated at the amount of credit losses that are expected to arise over the life of the asset (expected credit losses for the entire term) if the credit risk for the financial asset has increased significantly since initial recognition, otherwise the allowance for losses will be measured at 12-month expected credit losses

12-month ECLs are part of the entire asset assessment, representing ECL from defaults on a financial instrument that are possible within 12 months after the reporting date.

Full-time ECL and 12-month ECLs are calculated either on an individual basis or on a group basis, depending on the nature of the underlying portfolio of financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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### **3. KEY ACCOUNTING POLICIES (CONTINUATION)**

#### *Review of expected credit loss assessment principles (continuation)*

The Company has established an assessment policy at the end of each reporting period regarding whether there has been a significant increase in the credit risk of a financial instrument since initial recognition by accounting for changes in the risk of a default occurring over the remaining life of the financial instrument.

The Company groups the loans it provides as follows based on the process described above:

- Stage 1: The Company recognizes a provision for impairment in an amount equal to 12-month ECL upon initial recognition of a loan. Stage 1 also includes loans and other credit lines, the credit risk of which has decreased to such an extent that they have been transferred from Stage 2.
- Stage 2: The Company recognizes an allowance for impairment in an amount equal to ECL for the entire term if the credit risk of a loan has increased significantly since initial recognition. Stage 2 also includes loans and other credit lines, the credit risk of which has decreased to such an extent that they have been transferred from Stage 3.
- Stage 3: Loans those are credit-impaired. The Company recognizes provisions for impairment in the amount equal to the full-time asset assessment.
- ACCI: Acquired or created credit-impaired (ACCI) financial assets are assets for which there were credit impairment at the time of initial recognition. Financial assets are carried at fair value, and subsequently, interest income on them is recognized on the basis of an EPS adjusted for credit risk upon initial recognition of EIR. The provision for ECL is recognized or ceases to be recognized only to the extent that there has been a change in the amount of expected credit losses.

It is necessary to reduce the gross carrying amount of this financial asset. Such a reduction is considered a (partial) derecognition of a financial asset if the Company does not have reasonable expectations regarding the reimbursement of a financial asset in full or in part.

#### *Calculation of expected credit losses*

The Company calculates ECLs based on four probabilities weighted scenarios to estimate expected cash shortfalls, which are discounted using EIR or its approximate value. Non-receipt of cash is the difference between the cash flows due to the organization in accordance with the contract and the cash flows that the organization expects to receive.

The mechanics of calculating the ECL are described below, and the main elements are as follows:

Probability of default (PD)	<i>Probability of default (PD)</i> is a calculated estimate of the probability of default over a given time period. Default can occur only at a certain point in time during the period under review, if the asset has not been derecognized, and it is still part of the portfolio.
Exposure at default (EAD)	<i>Exposure at default (EAD)</i> is a calculated estimate of the value subject to default at a future date, taking into account expected changes in that value after the reporting date, including payments of principal and interest provided by contract or otherwise, repayment of loans issued and interest accrued as a result of late payments.
Loss given default (LGD)	<i>Loss given default (LGD)</i> is a calculated estimate of losses arising in the event of a default occurring at a certain point in time. LGDs are calculated as the difference between the cash flows stipulated by the contract and those cash flows that the lender expects to receive, including as a result of the sale of collateral. This indicator is usually expressed as a percentage relative to EAD.

The Company considers four scenarios: basic, optimistic, moderately pessimistic (pessimistic 1) and extremely pessimistic (pessimistic 2) in assessing ECLs. Each of them has its own indicators PD, EAD and LGD. The assessment of multiple scenarios also takes into account the method by which credit defaults are expected to be repaid when appropriate, including the likelihood that an improvement in credit quality will occur, as well as the value of collateral and the amount that can be obtained from the sale asset. The maximum period for which expected credit losses are calculated is the contractual term of the financial instrument.

Impairment losses and their compensation are accounted for, and information about them is presented separately from profit or loss from modifications, which are reflected as an adjustment to the gross carrying amount of financial assets.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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**3. KEY ACCOUNTING POLICIES (CONTINUATION)**

**Collateral assessment**

The Company seeks to use collateral where possible to reduce credit risks on financial assets. Collateral takes various forms, such as cash, guarantees, real estate, stocks, and other mechanisms for improving credit quality. Collateral, except when it has been enforced, is not reflected in the statement of financial position of the Company. However, the fair value of collateral is taken into account when determining ECLs. As a rule, it is evaluated at least at the conclusion of the contract and reassessed annually.

**Accounting for leasing operations**

Leasing operations carried out by the Company are classified as financial or operating leases at the date of their conclusion in accordance with IFRS 16 "Leases". Lease is classified as a finance lease if virtually all risks and rewards associated with ownership are transferred. At the same time, the ownership of the leased object can either be transferred to the lessee or remain with the lessor. The classification of leases as financial or operating depends on the content of the transaction, and not on the form of the contract. Classification indicators as finance leases are:

- by the end of the lease term, the right to own the asset passes to the lessee;
- the lessee has the opportunity to buy an asset at a price that is significantly lower than the fair value at the date this opportunity is realized, and at the beginning of the lease there is an objective certainty that this opportunity will be realized;
- the lease term is a large part of the economic life of the asset, despite the fact that ownership is not transferred;
- at the beginning of the lease term, the current value of the minimum lease payments amounts to at least almost the entire fair value of the leased asset; or
- leased assets are of a special nature, so that only the tenant can use them without significant modifications.

The Company, as the lessor, reflects the assets transferred to the finance lease as part of the loans granted, which are initially estimated at an amount equal to the net investment in the lease. Subsequently, the Company reflects financial income based on a constant internal rate of return on the Company's net investment in finance leases.

**Trade and other accounts payables**

Trade and other accounts payables are recorded at historical cost, which is the fair value of the amount to be paid in future for goods and services received, regardless of whether or not the Company has been billed.

Income and expenses are recognized in the profit and loss period when the recognition of accounts payable or its impairment is recognized, as well as in the depreciation process.

**Cash and cash equivalents**

Cash and cash equivalents represent cash in banks.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is determined based on the weighted average method and includes expenditure incurred in the acquisition, production or conversion costs and other costs incurred in bringing the inventories to their present location and bring them to the appropriate state.

Stocks of raw materials are recorded at amounts that do not exceed expected amounts recoverable in the ordinary course of business.

**Provisions**

Provisions are recognized if the Company has a current obligation (legal or constructive) arising from a past event, there is a significant probability that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of such obligation can be made. Provisions are discounted at the current pre-tax rate, which reflects current market assessments and, when applicable, the risks specific to a particular liability if the effect of the time value of money is material. Increase in the provision due to the passage of time is recognized as a financial expense if discounting is applied.

**Employee benefits**

*Wage system*

The Company independently determines the forms and system of remuneration, provides in labor contracts and staffing schedules the size of tariff rates and salaries, while considering government tariffs as the minimum guarantee for remunerating employees and specialists of appropriate qualifications.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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**3. KEY ACCOUNTING POLICIES (CONTINUATION)**

*Wage system (continuation)*

The form, system and amount of remuneration, as well as other types of income of employees are established by the Company's pay rules and the current legislation of the Republic of Kazakhstan.

*Pension contributions*

The Company withholds 10% of the salary of its employees as deductions to the Unified State Pension Fund in accordance with the state pension plan of the Republic of Kazakhstan. The Company has no obligation to pay employees after their retirements, which require accrual.

The Company has no obligation to pay employees after they retire, which require accrual.

*Social Security*

The Company is obliged to pay mandatory social contributions for its employees, which are received in special personal accounts opened with the State Social Insurance Fund in accordance with the current legislation on social security,.

These accumulations can be used within the limits established by the state only for the payment of benefits for permanent disability and losses of work, as well as while you are on maternity leave.

**Expense recognition**

Expenses are recognized at the time of occurrence and shown in the financial statements in the period to which they relate on an accrual basis.

**Income tax**

Income tax for the year includes current income tax and deferred tax. Income tax is recognized in the statement of comprehensive income, except for the extent to which it relates to items directly attributable to equity, in which case it is recognized in equity.

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

Deferred tax assets and liabilities are calculated for all temporary differences using the balance sheet method. Deferred taxes are determined for all temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements, except for the occurrence of deferred income tax resulting from the initial recognition of goodwill, asset or liability in a transaction that is not a business combination and which, at the time of its the transaction does not affect accounting income or tax income or loss. Deferred tax asset is only recognized to the extent that it is probable that taxable income will be available that can be reduced by deductible temporary differences. Deferred tax assets and liabilities are calculated at tax rates that are expected to be applied during the period the asset is realized or the liability is settled, based on tax rates that were effective or practically put into effect at the reporting date.

**Authorized capital**

Authorized capital is recognized at historical cost.

**Contingent assets and contingent liabilities**

Contingent assets are not recognized in the financial statements. Then the related asset is not a contingent asset and is accounted for accordingly when the sale of income is certain.

Contingent liabilities are not accounted for in the financial statements, but disclosed if the possibility of an outflow of resources associated with an outflow of economic benefits becomes probable.

**Events after the reporting date**

Events after the end of the reporting year that provide evidence of the conditions that existed at the date the statement of financial position were prepared (corrective events) are recorded in the financial statements. Events that occurred at the end of the reporting year and are not corrective events are disclosed in the notes to the statements, if they are material.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**4. ADJUSTMENT OF SEPARATE ARTICLES OF THE FINANCIAL STATEMENTS OF THE PREVIOUS PERIOD**

The Company carefully analyzed and identified errors in the statement of financial position, statement of comprehensive income and statement of changes in equity relating to previous periods after issuing financial statements for the year ended December 31, 2018.

Management has decided to better understand:

- Correct incorrect postings on the calculation of interest on received loans, issued loans and deposits;
- Correct incorrect postings on the additional charge of CIT for previous periods;
- Correct other incorrect entries made during reporting.

The financial statements have been reviewed as follows in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

The following rearrangements and adjustments do not affect the balance sheet, statement of profit of loss and other comprehensive income and, therefore, management believes that it is not necessary to present additional statements of financial position, comprehensive income and related notes.

**STATEMENT OF FINANCIAL POSITION**

Financial reporting articles	Note	Before adjustments	Adjustments	Recalculated
<b>ASSETS</b>				
<b>I. LONG-TERM ASSETS</b>				
Long-term loans provided to customers	5	47 667	-	47 667
Debt on financial leasing	6	18 207	(155)	18 052
Fixed assets	7	34	(1)	33
<b>Total long-term assets</b>		<b>65 908</b>	<b>(156)</b>	<b>65 752</b>
<b>II. SHORT-TERM ASSETS</b>				
Cash and cash equivalents	8	98 908	21	98 929
Short-term loans provided to customers	5	31 305	171	31 476
Inventories	9	-	7	7
Current tax assets	10	-	227	227
Other short-term assets	11	334	27	361
<b>Total short-term assets</b>		<b>130 547</b>	<b>453</b>	<b>131 000</b>
<b>TOTAL</b>		<b>196 455</b>	<b>297</b>	<b>196 752</b>
<b>CAPITAL AND LIABILITIES</b>				
<b>III. CAPITAL</b>				
Authorized (share) capital	12	161 000	-	161 000
Retained earnings (uncovered loss)	13	7 869	1 780	9 701
<b>Total capital</b>		<b>168 869</b>	<b>1 780</b>	<b>170 649</b>
<b>IV. LONG-TERM LIABILITIES</b>				
Long-term financial liabilities	14	15 116	52	15 168
Deferred tax liability	25	692	-	692
<b>Total long-term liabilities</b>		<b>15 808</b>	<b>52</b>	<b>15 860</b>
<b>V. SHORT-TERM LIABILITIES</b>				
Trade and other accounts payables	16	10 051	(9 918)	133
Short-term financial liabilities	14	-	10 000	10 000
Tax liabilities	17	1 351	(1 318)	33
Liabilities for other obligatory payments	18	-	77	77
Other short-term liabilities		376	(376)	-
<b>Total short-term liabilities</b>		<b>11 778</b>	<b>(1 535)</b>	<b>10 243</b>
<b>TOTAL</b>		<b>196 455</b>	<b>297</b>	<b>196 752</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**4. ADJUSTMENT OF SEPARATE ARTICLES OF THE FINANCIAL STATEMENTS OF THE PREVIOUS PERIOD (CONTINUATION)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>In thousands of Kazakhstani Tenge</i>	Note	Before adjustments	Adjustments	Recalculated
Interest income	20	10 725	(408)	10 317
Interest expenses	21	(254)	202	(52)
<b>Net interest income</b>		<b>10 471</b>	<b>(206)</b>	<b>10 265</b>
Provision for loans impairment	22	(1 373)	-	(1 373)
<b>Net interest income after provision for impairment</b>		<b>9 098</b>	<b>(206)</b>	<b>8 892</b>
Government subsidy income		<b>3 000</b>	-	3 000
Service income and fees				-
Fines and penalties on loans issued		-	541	541
Provisions for cash and deposits	22	(47)	-	(47)
<b>Non-interest income</b>		<b>2 953</b>	<b>541</b>	<b>3 494</b>
Other financial income / expenses (net)	23	5 087	(203)	4 884
Operating expenses	24	(5 835)	(825)	(6 660)
Other non-operating expenses		(824)	824	-
<b>Profit (loss) before tax</b>		<b>10 479</b>	<b>131</b>	<b>10 610</b>
Income tax	25	(2 043)	1 351	(692)
<b>Total profit (loss) for the period</b>		<b>8 436</b>	<b>1 482</b>	<b>9 918</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>8 436</b>	<b>1 482</b>	<b>9 918</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**5. LOANS PROVIDED TO CUSTOMERS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>Long-term loans</b>		
<b><i>Overdue long-term loans, total:</i></b>	<b>16 997</b>	<b>16 824</b>
Including:		
Long-term loans provided to customers for debt repayment	5 109	6 107
Long-term loans provided to customers for the development of crop production	12 979	10 846
Long-term loans provided to clients for the development of livestock	100	-
Provisions for loans to customers ( <i>Note 22</i> )	(1 191)	(129)
<b><i>Non-overdue long-term loans, total:</i></b>	<b>27 168</b>	<b>30 000</b>
Including:		
Long-term loans provided to customers for the development of crop production	10 138	22 000
Long-term loans provided to clients for the development of livestock	5 600	8 000
Long-term loans provided to customers to replenish working capital	11 430	-
<b><i>Accounts receivable for accrued interest on loans, total:</i></b>	<b>2 419</b>	<b>843</b>
Including:		
Accounts receivable for accrued interest on loans granted to repay debt	502	85
Accounts receivable for accrued interest on loans provided for the development of crop production	1 836	745
Accounts receivable for accrued interest on loans granted for the development of livestock	81	13
<b>Total long-term loans to customers</b>	<b>46 584</b>	<b>47 667</b>
<b>Short-term loans</b>		
<b><i>Overdue short-term loans, total:</i></b>	<b>30 000</b>	<b>16 146</b>
Including:		
Short-term loans provided to customers for the development of crop production	26 000	12 473
Short-term loans provided to customers to replenish working capital	4 000	-
Short-term loans provided to customers for debt repayment	-	4 000
Provisions for loans to customers ( <i>Note 22</i> )	-	(327)
<b><i>Non-overdue short-term loans, total:</i></b>	<b>381 100</b>	<b>14 875</b>
Including:		
Short-term loans provided to customers for the development of crop production	50 613	-
Short-term loans provided to customers to replenish working capital	330 487	15 350
Provisions for loans to customers ( <i>Note 22</i> )	-	(475)
<b><i>Accounts receivable for accrued interest on loans, total:</i></b>	<b>11 243</b>	<b>455</b>
Including:		
Accounts receivable for accrued interest on loans provided for the development of crop production	4 551	444
Accounts receivable for accrued interest on loans provided to replenish working capital	6 692	11
<b>Total short-term loans to customers</b>	<b>422 343</b>	<b>31 476</b>

Loans are classified as “unrated” in accordance with the classification of financial assets based on current ratings. Further details are provided in *Note 29* on the loan portfolio.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**6. DEBT ON FINANCIAL LEASING**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Accounts receivables under financial leasing	<b>14 022</b>	18 286
Rewards to receive	<b>560</b>	208
Less provisions for ECLs ( <i>Note 22</i> )	<b>(1 664)</b>	(442)
Unearned financial income ( <i>Note 15</i> )	<b>2 511</b>	-
	<b>15 429</b>	<b>18 052</b>

Loans were issued for a period of 37 months for component irrigation systems:

<b>№ of agreement</b>	<b>Date of issue</b>	<b>Amount received</b>	<b>Amount repaid</b>	<b>Overdue principal amount</b>	<b>The balance of the main debt (non-overdue portion)</b>
Financial leasing agreement № DFL-02	14.08.2018	17 766	(7 817)	-	9 949
Financial leasing agreement № DFL-04	06.06.2018	6 000	(1 927)	1 673	2 400
		<b>23 766</b>	<b>(9 744)</b>	<b>1 673</b>	<b>12 349</b>

The following is an analysis of undiscounted lease payments by maturity and a reconciliation of undiscounted lease payments with a net investment in the lease:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Payments due on financial leasing, total:	<b>14 022</b>	18 286
Including: less than 1 year	<b>8 137</b>	5 937
From 1 year to 2 years	<b>5 885</b>	6 464
From 2 years to 3 years	-	-
From 3 years to 4 years	-	-
From 4 years to 5 years	-	-
More than 5 years	-	-
Unearned financial income	<b>2 511</b>	-
Discounted non-guaranteed residual value	-	-
Net investment in lease	<b>16 533</b>	18 286
Provision for impairment ( <i>Note 22</i> )	<b>(1 664)</b>	(442)
Accounts receivables on lease	<b>14 869</b>	17 844
Rewards to receive	<b>560</b>	208
	<b>15 429</b>	<b>18 052</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**7. FIXED ASSETS**

**a) Initial cost**

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Machine and equipment	Vehicles	Other fixed assets	Total
<b>Initial cost on December 31, 2017</b>	-	-	-	-	-	-
Receipts		-	-	-	44	44
Commissioning with construction in progress, inventory	-		-	-	-	-
Disposals	-			-	-	-
<b>Initial cost on December 31, 2018</b>	-	-	-	-	44	44
Receipts		-	-	-	-	-
Commissioning with construction in progress, inventory	-		-	-	-	-
Disposals	-			-	-	-
<b>Initial cost on December 31, 2019</b>	-	-	-	-	44	44

**b) Accumulated depreciation**

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Machine and equipment	Vehicles	Other fixed assets	Total
<b>Accumulated depreciation on December 31, 2017</b>	-	-	-	-	-	-
Deductions for wear		-	-	-	(11)	(11)
Depreciation on disposal	-		-	-	-	-
<b>Accumulated depreciation on December 31, 2018</b>	-	-	-	-	(11)	(11)
Deductions for wear		-	-	-	(17)	(17)
Depreciation on disposal	-		-	-	-	-
<b>Accumulated depreciation on December 31, 2019</b>	-	-	-	-	(28)	(28)

**c) Residual value**

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Machine and equipment	Vehicles	Other fixed assets	Total
At initial cost		-	-	-	44	44
Accumulated depreciation		-	-	-	(11)	(11)
<b>Residual value on December 31, 2018</b>		-	-	-	33	33
At initial cost		-	-	-	44	44
Accumulated depreciation		-	-	-	(28)	(28)
<b>Residual value on December 31, 2019</b>		-	-	-	16	16

Fixed assets are not pledged.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**8. CASH AND CASH EQUIVALENTS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Cash on current account in national currency with banks:	<b>9 019</b>	<b>76</b>
Including: “Nurbank” JSC	9 019	76
Cash on deposits in tenge, including:	<b>24 900</b>	<b>98 900</b>
“Nurbank” JSC	<b>24 900</b>	98 900
Minus provision for depreciation of deposit ( <i>Note 22</i> )	<b>(1 911)</b>	(47)
<i>Net cash balance on deposit</i>	<b>22 989</b>	<b>98 853</b>
	<b>32 008</b>	<b>98 929</b>

Current accounts were interest-free on December 31, 2019.

The deposit was placed under the “Convenient” deposit bank agreement № 01-19/79-0038 dated from of November 6, 2019 for a period of 12 months at 7,25% per annum with partial withdrawal and replenishment.

The table below summarizes the analysis of cash on credit quality on December 31, 2019 and December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	<b>Rating</b>	<b>2019</b>	<b>2018</b>
	<i>Non-overdue, but impaired</i>		
Including:			
“Nurbank” JSC	Standard & Poor’s: B- /negative /, BB(kaz)	22 989	98 853
		<b>22 989</b>	<b>98 853</b>

All bank deposit balances were restated in accordance with IFRS 9 “Financial Instruments” on December 31.

**9. INVENTORIES**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Raw materials	7	7
Goods	-	44
	<b>7</b>	<b>51</b>

Inventories are not encumbered or impaired.

**10. CURRENT TAX ASSETS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Corporate Income Tax (CIT)	-	227
	-	<b>227</b>

**11. OTHER SHORT-TERM ASSETS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Short-term accounts receivables of employees	<b>679</b>	61
Short-term advances paid	<b>308</b>	300
Other short-term accounts receivables	<b>2 384</b>	-
	<b>3 371</b>	<b>361</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**12. AUTHORIZED CAPITAL**

The sole participant in the Company was “Alem Agro Holding” LLP on December 31, 2018. The size of the authorized capital was 161 000 thousand tenge.

The authorized capital has been fully formed. The interests, composition and amounts in the authorized capital have changed on December 31, 2019.

“QADAM Group” LLP changed during the reporting period, the authorized capital was increased to 230 000 million tenge and the participant of the Company. The increase in the authorized capital of the Company through a notification was carried out by the “State Corporation “Government for Citizens” Non-profit Joint-Stock Company on December 25, 2019.

The authorized capital was increased to 258 401 thousand tenge according to the decision of the sole participant of December 31, 2019.

The procedure for increasing the authorized capital by notification to the authorized bodies was carried out on February 7, 2020 (*Note 29*).

**13. RETAINED EARNINGS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Retained earnings / loss at the beginning of the year	<b>9 649</b>	(266)
Profit / loss for the reporting year	<b>19 997</b>	9 915
	<b>29 646</b>	<b>9 649</b>

**14. FINANCIAL LIABILITIES**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>Long-term financial liabilities</b>		
Including:		
Long-term loans in tenge	10 000	20 000
Loan discount	(5 087)	(5 087)
Amortization of discount	2 611	203
<i>Total net debt</i>	7 524	15 116
Short-term interest payable	85	52
<b>Total long-term loans received</b>	<b>7 609</b>	<b>15 168</b>
<b>Short-term financial liabilities</b>		
Including:		
Short-term loans in tenge	12 000	-
Short-term interest payable	162	-
<i>Total net debt</i>	12 162	-
Current portion of long-term liabilities	10 000	10 000
Other short-term financial liabilities ( <i>Note 26</i> )	192 500	-
<b>Total short-term loans provided to customers</b>	<b>214 662</b>	<b>10 000</b>

The Company received loans from “Agrarian Credit Company” JSC.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**14. FINANCIAL LIABILITIES (CONTINUATION)**

Information on received tranche of the credit line is set out below, in thousands of tenge:

Framework agreement on opening a credit line	21-ALM-DKZ
Loan currency	KZT
Loan receipt date	13.11.2018
Loan repayment date	13.11.2021
The interest rate of compensation	2
Effective interest rate	2,01
	Production and processing of agricultural products; Lending to agricultural cooperatives aimed at organizing procurement services for meat, dairy and fruit and vegetable products; Non-agricultural business in the countryside;
The purpose of attracting a loan	Financing of anchor cooperation participants
Principal amount in tenge received	30 000
Principal amount in tenge repaid	10 000
Loan balance	20 000
<hr/>	
Framework agreement on opening a credit line	1585-CA-AK
Loan currency	KZT
Loan receipt date	12.06.2019
Loan repayment date	01.05.2020
The interest rate of compensation	15
Effective interest rate	16,07
	For the subsequent financing of final borrowers for working capital replenishment
The purpose of attracting a loan	capital replenishment
Principal amount in tenge received	33 000
Principal amount in tenge repaid	21 000
Loan balance	10 000

Other short-term financial liabilities are represented by agreements on the provision of gratuitous financial assistance from "Alem-Agro LTD" LLP.

<u>№ of agreement</u>	<u>Date of issue</u>	<u>Date of return</u>	<u>Amount received</u>	<u>Amount repaid</u>	<u>Balance on December 31, 2019</u>
	23.09.2019	17.01.2020	120 000	-	120 000
Financial Assistance Agreement (Note 26)	29.08.2019	31.03.2020	30 000	(30 000)	-
	10.09.2019	15.01.2020	100 000	(27 500)	72 500
			<b>250 000</b>	<b>(57 500)</b>	<b>192 500</b>

**15. OTHER LONG-TERM LIABILITIES**

<u>In thousands of Kazakhstani Tenge</u>	<u>2019</u>	<u>2018</u>
Revenue of the future periods (Note 6)	<b>2 511</b>	-
	<b>2 511</b>	-

**16. TRADE AND OTHER ACCOUNTS PAYABLES**

<u>In thousands of Kazakhstani Tenge</u>	<u>2019</u>	<u>2018</u>
Trade accounts payables	-	6
Wage arrears	<b>599</b>	82
Other short-term accounts payables	<b>179</b>	45
	<b>778</b>	<b>133</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**16. TRADE AND OTHER ACCOUNTS PAYABLES (CONTINUATION)**

The fair value of trade payables is the carrying amount.

Explanation of trade accounts payables in the context of suppliers:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Including: "State Credit Bureau"	-	6
	-	<b>6</b>

**17. TAX LIABILITIES**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Corporate income tax payable	<b>5 636</b>	-
Individual income tax	<b>137</b>	20
Social tax	<b>196</b>	13
	<b>5 969</b>	<b>33</b>

**18. LIABILITIES FOR OTHER OBLIGATORY PAYMENTS**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Liabilities for pension contributions	<b>105</b>	56
Liabilities for social contributions	<b>17</b>	12
Liabilities for contributions to social health insurance	<b>30</b>	9
	<b>152</b>	<b>77</b>

**19. SHORT-TERM ESTIMATED LIABILITIES**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Provisions for employee vacations	<b>714</b>	-
	<b>714</b>	-

**20. INTEREST INCOME**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Income on loans issued	<b>47 469</b>	8 358
Income on deposits	<b>1 532</b>	1 015
Finance lease income	<b>2 324</b>	944
	<b>51 325</b>	<b>10 317</b>

**21. INTEREST EXPENSES**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Long-term loan interest expense	<b>628</b>	52
Short-term loan interest expense	<b>2 170</b>	-
	<b>2 798</b>	<b>52</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**22. PROVISION FOR LOAN IMPAIRMENT**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>For long-term loans</b>		
<i>Provision for impairment on 1 January</i>	(129)	-
Appropriations for provisions on long-term loans	(1 062)	(129)
Income from the restoration of provisions created on long-term loans	-	-
<b><i>Provisions balance at the end of December 31</i></b>	<b>(1 191)</b>	<b>(129)</b>
<b>For short-term loans</b>		
<i>Provision for impairment on 1 January</i>	(802)	-
Appropriations for provisions on short-term loans	-	(802)
Income from the restoration of provisions created on short-term loans	802	-
<b><i>Provisions balance at the end of December 31</i></b>	<b>-</b>	<b>(802)</b>
<b>For financial leasing</b>		
<i>Provision for impairment on 1 January</i>	(442)	-
Appropriations for provisions on financial leasing to customers	(1 658)	(442)
Income from the restoration of provisions created under financial leasing provided to customers	436	-
<b><i>Provisions balance at the end of December 31</i></b>	<b>(1 664)</b>	<b>(442)</b>
<b>For cash deposits</b>		
<i>Provision for impairment on 1 January</i>	(47)	-
Appropriations for provisions for cash deposits	-	(47)
Income from the restoration of provisions created on cash deposits	(1 864)	-
<b><i>Provisions balance at the end of December 31</i></b>	<b>(1 911)</b>	<b>(47)</b>
<b>Provisions on December 31</b>	<b>(4 766)</b>	<b>(1 420)</b>

**23. OTHER FINANCIAL INCOME / EXPENSES (NET)**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Income from changes in the value of financial instruments - recognition of discount	-	5 087
Expenses from changes in the value of financial instruments - discount amortization	(2 408)	(203)
	<b>(2 408)</b>	<b>4 884</b>

**24. OPERATING EXPENSES**

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Wage accruals and staff expenses	20 032	5 298
Deductions from wages and other taxes, fees	1 950	540
Depreciation	18	10
Bank services	280	169
Travel expenses	340	29
Vacation provisions	713	-
Automation services	300	-
Reporting services	33	-
Administrative services not deductible	318	-
Other expenses	41	72
	<b>24 025</b>	<b>6 660</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**25. INCOME TAX**

Income tax expense is presented as follows for the year ended December 31:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
Current corporate tax expense	7 413	-
Deferred tax liability / asset of income	<b>(1 332)</b>	<b>692</b>
	<b>6 081</b>	<b>692</b>

Reconciliation of income tax expenses applicable to income before income tax at the statutory tax rate of 20%, with current income tax expenses for the years ended December 31, is given below:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>Profit / Loss before tax</b>	<b>26 078</b>	<b>10 610</b>
<b>(Savings) / income tax expense on accounting income</b>	5 216	2 122
Tax effect of items not attributable to deductions or income not subject to taxation for tax purposes	865	(1 430)
<b>Income tax expenses</b>	<b>6 081</b>	<b>692</b>

Deferred tax balances calculated by applying statutory tax rates effective at the dates of the preparation of the respective balance sheets to the temporary differences between the basis for calculating assets and liabilities and the amounts recognized in the financial statements include the following as of December 31:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>Deferred tax assets</b>	<b>(1 135)</b>	<b>(274)</b>
Provision for unused vacation	(143)	-
Provisions for loans issued	(953)	(274)
Taxes	(39)	-
<b>Deferred tax liabilities</b>	<b>495</b>	<b>966</b>
Loans received	495	966
<b>Recognized deferred tax liability (asset)</b>	<b>(640)</b>	<b>692</b>

**26. TRANSACTIONS WITH RELATED PARTIES**

Terms and conditions of related party transactions

Transactions with related parties were carried out on terms agreed between the parties. Transactions with related parties were carried out on terms agreed between the parties. Balance balances at the end of the year are not secured.

The following table shows the total amount of transactions that were concluded with related parties in 2019 and the corresponding balances on December 31, 2019:

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>	<b>2018</b>
<b>Accounts Payable - Refundable Financial Assistance</b>	<b>192 500</b>	-
- "Alem Agro LTD" LLP (Note 14)	<b>192 500</b>	-

**Key management personnel remuneration**

Key management personnel include the General and Executive General Directors of the Company, the Chairman of the Supervisory Board of the Company, totaling 3 people (in 2018 - 2 people) on December 31, 2019. The total amount of remuneration to key management personnel amounted to 13 509.6 thousand tenge (in 2018 – 1 354.6 thousand tenge), which is mainly represented by the salaries of these individuals for the year ended December 31, 2019.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**27. FINANCIAL INSTRUMENTS, GOALS AND FINANCIAL RISK MANAGEMENT POLICIES**

Risk management is fundamental to the business and is an essential element of the Company's operations. Credit risk is the main risk faced by the Company in the process of carrying out its activities.

The internal documents of the Risk Management Company are aimed at identifying, analyzing and managing the risks to which the Company is exposed. Internal regulatory documents on risk management are reviewed on a regular basis.

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

The objectives of risk management activities are:

- Timely identification of risks within the framework of internal business processes;
- Appropriate procedure for conducting operations and transactions in microcredit and financial leasing;
- Monitoring compliance with laws, regulations, and ethical and professional standards;
- Minimization of losses and reduction of current expenses on possible losses.

The executive body of the Company is responsible for the proper functioning of the risk management control system, for the management of key risks and the approval of risk management policies and procedures, as well as for the approval of major transactions. Moreover, the decision to approve transactions not related to microcrediting and financial leasing is referred to the exclusive competence of the supreme body of the Company, that is, the Sole Founder.

Credit Committee has been created in order to effectively control credit risk. The Credit Committee determines the optimal structure of assets and liabilities, as well as measures to manage risks related to the placement of assets. The Credit Committee, in accordance with internal regulatory documents, determines the directions of financing transactions and monitors the quality of the portfolio of microloans and financial leasing, as well as determines measures to reduce risk.

Credit risks are managed and controlled by the Credit Committee, both at the portfolio level as a whole and at the level of individual transactions. Liquidity risk, risks associated with attracting financial resources are managed and controlled by the head of the Company with the involvement of the appropriate unit of the Sole Founder.

**Credit risk**

Credit risk is the risk of financial losses arising as a result of default by a borrower or counterparty to the Company. The Company has developed a policy and procedures for managing credit risk (on balance sheet and off-balance sheet positions), including requirements for setting and observing concentration limits for the loan portfolio, and also created a Credit Committee, whose functions include active monitoring of the credit risk of the Company. "Rules for the provision of micro loans" of the Company are considered and approved by the General Director and the sole member of the Company.

The above Company Rules establish:

- Procedures for consideration and approval of applications for micro loans;
- Methodology for assessing the creditworthiness of borrowers;
- Methodology for assessing the creditworthiness of counterparties and insurance companies;
- Methodology for assessing collateral;
- Minimum financial and secured requirements for micro loan approval.
- Requirements for credit documentation;
- Procedures for the ongoing monitoring of micro loans and other credit risks.

The main objective in managing credit risk is to pursue a balanced lending policy that combines profitability with the security of placing the assets of the Company during operations to exercise the rights of claim on loans, monitoring the condition of the loan portfolio based on comprehensive, objective, complete and qualified monitoring.

Exposure to credit risk is mainly controlled by obtaining high-quality collateral, guarantees.

All issues related to the issuance and repayment of a micro loan, reduction (increase) in interest rates and other additional conditions are agreed upon by the parties in the micro-credit agreement and additional agreements thereto.

Analytical accounting of micro loans granted is carried out for each borrower separately, in the context of:

- Micro loan agreement;
- By the terms of loans granted;
- Accrued remuneration;
- Prolongation of principal and accrued interest;
- Delays in principal and accrued interest;
- Accrued fines and penalties;
- Accrued indexation on principal and interest;
- Collateral;
- Title documents.

Micro loans are divided into short-term loans - up to one year (inclusive), long-term - over one year by terms of use.

Repayment of micro loans is carried out in accordance with the terms of the micro loan agreement in accordance with the payment schedule.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**27. FINANCIAL INSTRUMENTS, GOALS AND FINANCIAL RISK MANAGEMENT POLICIES (CONTINUATION)**

**Credit risk (continuation)**

The sequence of payments on micro-loans is provided for in the terms of the micro-credit agreement. Debt repayment is carried out in the following order in case of violation of the payment schedule:

- State duty;
- Debt on the main debt;
- Debt on remuneration;
- Penalties and other penalties;
- Amount of principal for the current payment period;
- Remuneration accrued for the current payment period;
- Costs of a microfinance institution to obtain execution.

The Company, in accordance with the terms of the contract, calculates the penalty (fine, interest) if there is an overdue debt on the principal debt, remuneration.

The Company, if there is objective evidence of impairment of the financial asset, calculates and creates an allowance for the impairment of the asset (principal and interest) in accordance with the approved “Methodology for calculating provisions (reserves)” of the Company and the requirements IFRS 9 if there is no payment or partial payment of the principal debt and accrued interest. Interest is subsequently calculated on the basis of real cash flows in accordance with the requirements of IFRS 9.

The issue is submitted for consideration by the Credit Committee to decide on the necessary measures to repay the borrower’s overdue debts since the fulfillment of obligations by the borrower under the microloan agreement is secured by a pledge, if there is delay of more than 30 days. The legal department of the Company carries out a procedure for the pre-trial settlement of a dispute with the Debtor-borrower by sending appropriate notifications in the manner provided for in the micro-credit agreement. The Company applies to the court for the forced collection of the resulting debt in the event the debtor refuses to voluntarily fulfill obligations under the contract.

The following table shows the maximum exposure to credit risk for the components of the statement of financial position.

	<b>Non- overdue or impaired</b>	<b>Depreciated, non-overdue</b>		<b>Total for 2019</b>	<b>Total for 2018</b>
		<b>30-180 days</b>	<b>More than 1 year</b>		
Cash	9 019	-	-	<b>9 019</b>	<b>76</b>
Deposits placed in second-tier banks	-	22 989	-	<b>22 989</b>	<b>98 853</b>
Loans to customers		422 343	46 584	<b>468 927</b>	<b>79 143</b>
Financial leasing	-	-	15 429	<b>15 429</b>	<b>18 052</b>
<b>Total maximum exposure to credit risk</b>	<b>9 019</b>	<b>445 332</b>	<b>62 013</b>	<b>516 364</b>	<b>196 048</b>

Loans issued by the Company are mostly standard, there are overdue payments on 8 loans, a reserve has been created for loan impairment in accordance with IFRS 9 in the amount of 2 855 thousand tenge.

The loans are secured by real estate and movable property; ongoing work is ongoing with borrowers to return past due obligations.

Cash is placed in financial institutions, which at the time of opening an account have a minimal risk of default (Note 8). An analysis of cash and cash equivalents based on credit quality based on Fitch and Standard & Poor’s ratings on December 31, 2019 and December 31, 2018 is disclosed in Note 8.

**Liquidity risk**

Liquidity risk is associated with the possibility that the Company will encounter difficulties in raising funds to fulfill its financial obligations. Liquidity risk may arise as a result of the inability to quickly realize a financial asset at a cost approaching its fair value.

Liquidity requirements are regularly monitored and management monitors the availability of funds in an amount sufficient to meet obligations as they arise.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**27. FINANCIAL INSTRUMENTS, GOALS AND FINANCIAL RISK MANAGEMENT POLICIES (CONTINUATION)**

**Liquidity risk (continuation)**

The following is an analysis of the Company's financial liabilities by maturity on December 31, 2019 and December 31, 2018:

<i>In thousands of Kazakhstani Tenge</i>	Less than 3 months	3-12 months	More than 1 year	Total
<b>2019 year</b>				
Financial liabilities	-	214 662	7 609	222 271
Trade and other accounts payables	-	778	-	778
Tax liabilities	5 969	-	-	5 969
Liabilities for other obligatory payments	152	-	-	152
Short-term estimated liabilities	-	714	-	714
	<b>6 121</b>	<b>216 154</b>	<b>7 609</b>	<b>229 884</b>
<b>2018 year</b>				
Financial liabilities	-	10 000	15 168	25 168
Trade and other accounts payables	-	133	-	133
Tax liabilities	33	-	-	33
Liabilities for other obligatory payments	77	-	-	77
	<b>110</b>	<b>10 133</b>	<b>15 168</b>	<b>25 411</b>

**28. CONTINGENCIES AND CONTRACTUAL OBLIGATIONS**

**Trials**

The Company had one litigation to recover the amount of debt under the micro-credit agreement with respect to the Peasant Farm, which was fully satisfied by the court during the reporting period.

There are no ongoing legal proceedings or unresolved claims that could have a material effect on the results of operations or the financial position of the Company, and which would not have been accrued or disclosed in these financial statements according to management.

**Contingent liabilities**

The Company estimates the likelihood of the occurrence of material obligations taking into account specific circumstances and reflects the corresponding reserve in its financial statements only in cases where it is probable that the events leading to the occurrence of the obligation will actually occur, and the amount of the corresponding obligation can be reasonably determined. These financial statements reflected the allowance for employee vacations and the allowance for doubtful claims.

**Tax risks**

Kazakhstan's tax laws and regulations are subject to ongoing changes and varying interpretations. There are frequent cases of differences of opinion between local, regional and republican tax authorities. The current system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Penalties include fines, as a rule, in the amount of 50% of the amount of additionally accrued taxes, and interest charged at the refinancing rate established by the National Bank of the Republic of Kazakhstan, multiplied by 1,25. As a result, the amount of penalties and interest may be several times higher than the amount of taxes payable. Financial periods remain open for review by the tax authorities for the five calendar years preceding the year in which the audit is conducted. Under certain circumstances, reviews may cover longer periods. Due to the uncertainty inherent in the Kazakhstan tax system, the potential amount of taxes, penalties and interest, if any, may exceed the amount allocated to current expenses and accrued on December 31, 2019. Management believes that the interpretation of applicable law is appropriate and it is probable that the Company's tax position will be confirmed on December 31, 2019.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

**29. LOAN PORTFOLIO**

The structure of the loan portfolio consists of microloans for the development of crop production, development of livestock, replenishment of working capital, as well as financial leasing of irrigation systems for sown areas. The client base of borrowers / lessees consists of individuals in the legal form of individual entrepreneurship (IE), peasant / farm (P / F), as well as legal entities in the legal form of limited liability partnerships (LLP) and agricultural production cooperatives (APC). All microloans and leasing are secured by collateral in accordance with the internal regulatory documents of the Company.

*The quality of loans that make up the loan portfolio*

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>		<b>2018</b>	
	<b>Non-overdue</b>	<b>Overdue</b>	<b>Non-overdue</b>	<b>Overdue</b>
<b>2019 year</b>				
Loans issued to:				
Debt repayment	-	5 109	-	10 107
Crop development	60 751	38 979	22 000	23 319
Livestock development	5 600	100	8 000	-
Working capital replenishment	341 917	4 000	15 350	-
<i>Loans to customers before provision for impairment</i>	<i>408 268</i>	<i>48 188</i>	<i>45 350</i>	<i>33 426</i>
Provisions for loans to customers	-	(1 191)	(475)	(456)
	<b>408 268</b>	<b>46 997</b>	<b>44 875</b>	<b>32 970</b>
Leasing	<b>12 349</b>	<b>1 673</b>	<b>14 213</b>	<b>4 073</b>
Provisions for loans to customers	-	(1 664)	(437)	(5)
	<b>12 349</b>	<b>9</b>	<b>13 776</b>	<b>4 068</b>
	<b>420 617</b>	<b>47 006</b>	<b>58 651</b>	<b>37 038</b>

**29. LOAN PORTFOLIO (CONTINUATION)**

*Loan portfolio structure*

<i>In thousands of Kazakhstani Tenge</i>	<b>2019</b>		<b>2018</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
<b>2019 year</b>				
Loans issued to:				
Debt repayment	-	5 109	4 000	6 107
Crop development	76 613	23 117	12 473	32 846
Livestock development	-	5 700	-	8 000
Working capital replenishment	334 487	11 430	15 350	-
<i>Loans to customers before provision for impairment</i>	<i>411 100</i>	<i>45 356</i>	<i>31 823</i>	<i>46 953</i>
Provisions for loans to customers	-	(1 191)	(802)	(129)
	<b>411 100</b>	<b>44 165</b>	<b>31 021</b>	<b>46 824</b>
Leasing	-	<b>14 022</b>	-	<b>18 286</b>
Provisions for loans to customers	-	(1 664)	-	(442)
	<b>12 349</b>	<b>9</b>	<b>13 776</b>	<b>4 068</b>
	<b>411 100</b>	<b>56 523</b>	<b>31 021</b>	<b>64 668</b>

**30. SUBSEQUENT EVENTS**

Any events in the financial and economic activities of the Company that resulted in changes in the value of assets and liabilities did not occur after the date of issue of the report.

The Company registered the increase in the Authorized Capital with an authorized body (*Note 12*).

Events that occurred after the end of the reporting year are not corrective events.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)**

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### **31. PRUDENTIAL REQUIREMENTS**

Prudential standards and limits are presented by the Company for compliance in accordance with the requirements of the legislation of the Republic of Kazakhstan (including the resolution of the Board of the National Bank of the Republic of Kazakhstan dated November 14, 2019 № 192 “On the approval of prudential standards and other obligatory compliance by the microfinance organization, norms and limits, methods of their calculation”):

- the minimum amount of authorized capital is 100 000 000 tenge, with the exception of a microfinance organization that has been registered with the authorized body for regulation, control and supervision of the financial market and financial organizations before January 1, 2020, for which the minimum amount of authorized capital is 30 000 000 tenge since January 1, 2020 years;
- the minimum amount of owner’s capital is 100 000 000 tenge, with the exception of a microfinance organization that has been registered with the authorized body before January 1, 2020, for which the minimum amount of equity capital is 30 000 000 tenge since January 1, 2020;
- Adequacy of the microfinance organization’s own capital, necessary for compliance, in order to protect against risks inherent in its activities. The value of the coefficient k1 must be at least 0,1;
- The maximum risk per borrower, and is characterized by a coefficient k2, the value of which should not exceed 0,25;
- leverage coefficient, coefficient k3, the value of which should not exceed 10.

<b>Criterion</b>	<b>2019</b>	<b>2018</b>	<b>Normative</b>	<b>Note</b>
minimum authorized capital	258 401	161 000	30 000	Compliant
minimum owner’s capital	286 767	174 924	30 000	Compliant
capital adequacy k1	0.55	0.85	>0.1	Compliant
maximum risk per borrower k2	0.07	0.09	<0.25	Compliant
leverage coefficient k3	0.81	0.17	<10	Compliant

### **32. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements for the year ended December 31, 2019 were approved by management on February 14, 2020 for issuance and signed on behalf of the management:

**General director**

\_\_\_\_\_  
**Olzhas Kelden**

# ANNEX 5. Financial statements of the Guarantor for the year ended 31 December 2019

Appendix 2  
to the order of the Minister of Finance  
Republic of Kazakhstan  
dated August 20, 2010 No. 422

Company name «Alem Agro Holding» LLP

Reorganization details \_\_\_\_\_

Type of activity of the company Sale and/or production of pesticides

Form of incorporation \_\_\_\_\_

Reporting form: Unconsolidated

Average annual number of employees 96 people

Business entity Large  
(small, medium, large)

Legal address 050000, 135, Abylai Khan Ave., Almaty, Republic of Kazakhstan

## BALANCE SHEET

as of December 31, 2019

thousands of KZT


ASSETS	Line number	At the end of the reporting period	At the beginning of the reporting period
1	2	3	4
<b>I. Current assets</b>			
Cash and cash equivalents	010	386 034	1 366
Available-for-sale financial assets	011	0	0
Derivative financial instruments	012	0	0
Financial assets at fair value through profit or loss	013	0	0
Held-to-maturity financial assets	014	0	0
Other current financial assets	015	0	0
Short-term trade receivables	016	3 609 519	2 749 002
Advances paid	017	2 093 717	927 472
Current tax assets	018	721 621	17 842
Inventories	019	1 815 418	2 763 619
Other current assets	020	946 879	41 188
<b>Total current assets (sum of lines 010 to 019)</b>	<b>100</b>	<b>9 573 188</b>	<b>6 500 490</b>
Assets (or disposal groups) held for sale	101		
<b>II. Non-current assets</b>			
Available-for-sale financial assets	110	0	0
Derivative financial instruments	111	0	0
Financial assets at fair value through profit or loss	112	0	0
Held-to-maturity financial assets	113	0	0
Other non-current financial assets	114	0	0
Long-term trade receivables	115	0	0
Equity investments	116	264 590	161 000
Investment property	117	0	0

**Limited Liability Partnership Microfinance Organization Bastau Agro Finance**  
**Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**


Property, plant and equipment	118	199 782	184 161
Intangible assets	121	455	120
Deferred tax assets	122	0	0
Other non-current assets	123	0	0
Total non-current assets (sum of lines 110 to 123)	200	464 828	345 280
<b>TOTAL ASSETS (line 100 + line 101 + line 200)</b>		<b>10 038 016</b>	<b>6 845 770</b>

EQUITY AND LIABILITIES	Line number	At the end of the reporting period	At the beginning of the reporting period
1	2	3	3
<b>III. Current liabilities</b>			
Short-term borrowings	210	176 110	0
Derivative financial instruments	211	0	0
Other current financial liabilities	212	0	0
Short-term trade payables	213	5 428 220	4 887 222
Advances received	213	2 763 728	2 116 777
Provisions for other liabilities and charges	214	0	0
Current tax liabilities	215	709 456	-131 014
Wages and salaries payable	216	1 641	5 964
Other current liabilities	217	590 749	66 975
<b>Total current liabilities (sum of lines 210 to 217)</b>	<b>300</b>	<b>9 669 904</b>	<b>6 945 924</b>
Liabilities of disposal groups held for sale	301		
<b>IV. Long-term liabilities</b>			
Long-term borrowings	310	0	0
Derivative financial instruments	311	0	0
Other long-term financial liabilities	312	42 318	71 784
Long-term trade and other payables	313	0	0
Provisions for other liabilities and charges	314	0	0
Deferred tax liabilities	315	0	0
Other long-term liabilities	316	0	0
<b>Total long-term liabilities (sum of lines 310 to 316)</b>	<b>400</b>	<b>42 318</b>	<b>71 784</b>
<b>V. Equity</b>			
Share capital	410	200	200
Share premium	411	0	0
Purchased own equity instruments	412	0	0
Reserve capital	413	0	0
Retained earnings	414	325 595	-172 138
Capital and reserves attributable the company's equity holders (sum of lines 410 to 414)	420	325 795	171 938
Minority interest	421		
<b>Total equity (line 420 +/- line 421)</b>	<b>500</b>	<b>325 795</b>	<b>171 938</b>
<b>TOTAL EQUITY AND LIABILITIES (line 300 + line 301 + line 400 + line 500)</b>		<b>10 038 016</b>	<b>6 845 770</b>

CEO Birzhan B. Baglan  
(name)

  
(signature)

Chief accountant Aigul B. Alkeeva  
(name)

  
(signature)



**Limited Liability Partnership Microfinance Organization Bastau Agro Finance  
Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**

Appendix 3  
to the order of the Minister of Finance  
Republic of Kazakhstan  
dated August 20, 2010 No. 422

Company name

«Alem Agro Holding» LLP  
**INCOME STATEMENT**

for 12 months of 2019

thousands of KZT

Indicators	Line number	Reporting year	Same period last year
1	2	3	4
Sales revenue			
Cost of goods sold	010	11 752 239	8 623 053
Gross profit (line 010 - line 011)	011	10 298 991	7 495 585
Selling expenses	012	1 453 248	1 127 468
Administrative expenses	013	168 774	173 185
Other expenses	014	1 194 233	826 046
Other gains	015	411 626	684 384
Other gains	016	963 019	177 244
Operating profit (loss) (+/- lines 012 to 016)	020	641 634	-378 903
Interests receivable	021	0	0
Interests payable	022	24 528	5 698
Share of profit (loss) of associates	023		
Other non-operating gains	024		
Other non-operating expenses	025		
Profit (loss) before income tax (+/- lines from 020 to 025)	100	617 106	-384 601
Income tax expense	101	119 373	94 849
Net profit (loss) for the year (line 100 - line 101)	200	497 732	-479 450

CEO

**Birzhan B. Baglan**

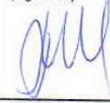
(name)

Chief accountant

**Aigul B. Alkeeva**

(name)

  
(signature)

  
(signature)



**Limited Liability Partnership Microfinance Organization Bastau Agro Finance  
Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**

Appendix 4

to the order of the Minister of Finance of the Republic  
of Kazakhstan dated August 20, 2010 No. 422

The form

Name of company

Limited Liability Partnership " Alem Agro Holding (Алем Агро Холдинг)"

**CASH FLOW STATEMENT (Direct method)**

for 12 months 2019

thousand tenge

The name of indicators	Line code	For the reporting period 2019	For the previous period 2018
	1	2	3
	2	3	4
<b>I. Operating cash flow</b>			
1. Receipt of funds, total (the sum of lines 011 to 016)	10	14 305 137	11 180 585
including:			
sale of goods and services	11	13 311 829	10 238 484
other proceeds	12	0	0
advances received from buyers, customers	13	0	0
receipts from insurance contracts	14	2 693	182
interest income	15	0	0
other income	16	990 615	941,919
2. Cash outflows, total (the sum of lines 021 to 027)		13 696 866	11 071 192
including:			
payments to suppliers for goods and services	21	11 483 110	10 231 575
advances paid to suppliers of goods and services	22	0	0
wage payments	23	271 106	170187
interest expenses	24	0	0
payments under insurance contracts	25	14681	10151
income tax and other payments to the budget	26	488,809	408 109
other payments (OD)	27	1 439 161	251,17
<b>3. Net operating cash flow (line 010 - line 020)</b>	<b>30</b>	<b>608,271</b>	<b>109 393</b>
<b>II. Investment cash-flow</b>			
1. Receipt of funds, total (the sum of lines 041 to 051)	40	0	0
including:			
sale of fixed assets	41	0	0
sale of intangible assets	42	0	0
sale of other long-term assets	43	0	0
sale of share (except for subsidiaries) and interests in joint ventures	44	0	0
sale of debt instruments of other organizations	45	0	0
compensation in case of loss of control over subsidiaries	46	0	0
sale of other financial assets	47	0	0
futures and forward contracts, options and swaps	48	0	0
received dividends	49	0	0
received interest	50	0	0
other receipts	51	0	0
2. Cash outflows, total (the sum of lines 061 to 071)	60	260,022	257,597
including:			
purchase of fixed assets	61	126,217	132 197
purchase of intangible assets	62	177	0
purchase of other long-term assets	63	0	0
purchase of share (other than subsidiaries) and interests in joint ventures	64	0	0
purchase of debt instruments of other organizations	65	0	0
purchase of control over subsidiaries	66	0	0
purchase of other financial assets	67	0	0
granting loans	68	0	0
futures and forward contracts, options and swaps	69	0	0
investments in associates and subsidiaries	70	133 628	125 400
other payments (ID)	71	0	0
<b>3. Net investment cash-flow (line 040 - line 060)</b>	<b>80</b>	<b>-260,022</b>	<b>-257,597</b>

**Limited Liability Partnership Microfinance Organization Bastau Agro Finance**  
**Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**

indicators	Line code	During the reporting period	During the reporting period
	1	2	3
	2	3	3
<b>III. Financial Cash flow</b>			
<b>1. Receipt of funds, total (the sum of lines 091 to 094)</b>	<b>90</b>	<b>10 377 557</b>	<b>2 826 165</b>
including:			
issue of shares and other financial instruments	91	0	0
obtaining loans	92	661 654	134,7
received remuneration	93	0	0
miscellaneous income	94	9 715 903	2 691 465
<b>2. Cash outflows, total (the sum of lines 101 to 105)</b>	<b>one hundred</b>	<b>10 333 310</b>	<b>2 714 139</b>
including:			
repayment of loans	101	291,369	1648
payment of remuneration	102	24885	5800
payment of dividends	103	0	0
payments to owners of shares of an organization	104	0	0
other disposals	105	10 017 056	2 706 691
<b>3. Net financial cash-flow (line 090 - line 100)</b>	<b>110</b>	<b>44246</b>	<b>112,026</b>
4. Influence of exchange rates of currencies against tenge	120	-7 827	-7,724
<b>5. Increase +/- decrease in funds (line 030 +/- line 080 +/- line 110)</b>	<b>130</b>	<b>384668</b>	<b>-43902</b>
6. Cash at the beginning of the reporting period	140	1,366	45268
7. Cash at the end of the reporting period	150	386,034	1,366

CEO

Birzhan B. Baglan

(name)

  
(signature)

Chief accountant

Aigul B. Alkeeva

(name)

  
(signature)



**Limited Liability Partnership Microfinance Organization Bastau Agro Finance**  
**Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**

Appendix 6 to the order of the Minister of Finance of the  
 Republic of Kazakhstan dated June 28, 2017 No. 404

**STATEMENT OF CHANGE IN EQUITY**

reporting period 2019

**Index:** No. 5 - IK  
**Periodicity:** annual  
**Present:** organization of public interest based on the results of the financial year  
**Where is presented:** to the depository of financial statements in electronic format using software  
**Submission deadline:** annually no later than August 31 of the year following the reporting year

Note: an explanation for filling out the report is given in the annex to the form intended for collecting administrative data "Report on changes in equity "

Name of company  
 Limited Liability Partnership "Alem Agro Holding (Алем Агро Холдинг)"

as of 31 December 2019

in thousands of tenge

Component name	Line number	Capital of the parent organization					Share of non-controlling owners	Total capital		
		Charter (share) capital	Share premium	Repurchased own equity instruments	Reserves	retained earnings				
1	2	3	4	5	6	7	8	9		
Balance as of January 1 of the previous year	010	200	-	-	-	-	172 138	-	-	171 938
Balance as of January 1 of the previous year	011	-	-	-	-	-	-	-	-	-
Restated balance (line 010 +/- line 011)	100	200	-	-	-	-	172 138	-	-	171 938
Total comprehensive income, total (line 210 + line 220):	200	-	-	-	-	-	497 733	-	-	497 733
Profit (loss) for the year	210	-	-	-	-	-	497 733	-	-	497 733
Other comprehensive income, total (the sum of lines 221 to 229):	220	-	-	-	-	-	-	-	-	-
including:										
Increase from revaluation of fixed assets (net of tax effect)	221	-	-	-	-	-	-	-	-	-
Transfer of depreciation from revaluation of fixed assets (net of tax effect)	222	-	-	-	-	-	-	-	-	-

**Limited Liability Partnership Microfinance Organization Bastau Agro Finance**  
**Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**

in thousands of tenge

Component name	Line number	Capital of the parent organization					Share of non-controlling owners	Total capital
		Charter (share) capital	Share premium	Repurchased own equity instruments	Reserves	retained earnings		
1	2	3	4	5	6	7	8	9
Revaluation of financial assets available for sale (net of tax effect)	223	-	-	-	-	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	224	-	-	-	-	-	-	-
Actuarial gains (losses) on pension liabilities	225	-	-	-	-	-	-	-
Effect of a change in the income tax rate on the deferred tax of subsidiaries	226	-	-	-	-	-	-	-
Cash flow hedges (net of tax effect)	227	-	-	-	-	-	-	-
Exchange rate difference on investments in foreign organizations	228	-	-	-	-	-	-	-
Hedges of a net investment in a foreign operation	229	-	-	-	-	-	-	-
<b>Transactions with owners, total (sum of lines 310 to 318):</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
including:								
Employee remuneration in shares:	310	-	-	-	-	-	-	-
including:								
cost of employee services		-	-	-	-	-	-	-
share issue under the employee share compensation scheme		-	-	-	-	-	-	-
tax benefit in relation to employee share compensation scheme		-	-	-	-	-	-	-
Owners' contributions	311	-	-	-	-	-	-	-
Issue of own equity instruments (shares)	312	-	-	-	-	-	-	-
Equity issues related to business combinations	313	-	-	-	-	-	-	-
Equity component of convertible instruments (net of tax effect)	314	-	-	-	-	-	-	-
Payment of dividends	315	-	-	-	-	-	-	-
Other distributions in favor of owners	316	-	-	-	-	-	-	-
Other transactions with owners	317	-	-	-	-	-	-	-
Changes in interests in subsidiaries that do not result in a loss of control	318	-	-	-	-	-	-	-
Other operations	319	-	-	-	-	-	-	-
<b>Balance as of January 1 of the reporting year (line 100 + line 200 + line 300 + line 319)</b>	<b>400</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325 595</b>	<b>-</b>	<b>325 795</b>
Change in accounting policy	401	-	-	-	-	-	-	-
<b>Ending balance (line 400 +/- line 401)</b>	<b>500</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325 595</b>	<b>-</b>	<b>325 795</b>



**Limited Liability Partnership Microfinance Organization Bastau Agro Finance**  
**Annex 5. Financial statements of the Guarantor for the year ended December 31, 2019**

Component name	Line number	Capital of the parent organization					Share of non-controlling owners	Total capital
		Charter (share) capital	Share premium	Repurchased own equity instruments	Reserves	retained earnings		
1	2	3	4	5	6	7	8	9
<b>Total comprehensive income, total (line 610+ line 620):</b>	<b>600</b>	-	-	-	-	-	-	-
Profit (loss) for the year	610	-	-	-	-	-	-	-
<b>Other comprehensive income, total (the sum of lines 621 to 629):</b>	<b>620</b>	-	-	-	-	-	-	-
including:								
Increase from revaluation of fixed assets (net of tax effect)	621	-	-	-	-	-	-	-
Transfer of depreciation from revaluation of fixed assets (net of tax effect)	622	-	-	-	-	-	-	-
Revaluation of financial assets available for sale (net of tax effect)	623	-	-	-	-	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	624	-	-	-	-	-	-	-
Actuarial gains (losses) on pension liabilities	625	-	-	-	-	-	-	-
Effect of a change in the income tax rate on the deferred tax of subsidiaries	626	-	-	-	-	-	-	-
Cash flow hedges (net of tax effect)	627	-	-	-	-	-	-	-
Exchange rate difference on investments in foreign organizations	628	-	-	-	-	-	-	-
Hedges of a net investment in a foreign operation	629	-	-	-	-	-	-	-
<b>Transactions with owners of total ( total of lines 710 to 718)</b>	<b>700</b>	-	-	-	-	-	-	-
Remuneration of employees with shares including:	710	-	-	-	-	-	-	-
cost of employee services		-	-	-	-	-	-	-
share issue under the employee share compensation scheme		-	-	-	-	-	-	-
tax benefit in relation to employee share compensation scheme		-	-	-	-	-	-	-
Owners' contributions	711	-	-	-	-	-	-	-
Issue of own equity instruments (shares)	712	-	-	-	-	-	-	-
Equity issues related to business combinations	713	-	-	-	-	-	-	-
Equity component of convertible instruments (net of tax effect)	714	-	-	-	-	-	-	-
Payment of dividends	715	-	-	-	-	-	-	-



**Resolution of the General Director of  
Microfinance Organization Bastau Agro Finance LLP  
(hereinafter referred to as “Partnership”)  
August 18, 2020**

**THE GENERAL DIRECTOR OF THE PARTNERSHIP MADE A RESOLUTION AS  
FOLLOWS:**

1. Approve the prospectus given in Appendix 1 to this resolution.

This resolution comes into force from the date of its signing and is subject to execution in the prescribed manner.

**The MFO Bastau Agro Finance LLP's  
General Director  
Olzhas Kelden**

