Crowe

"MFO "TAS FINANCE GROUP" LLP

Financial statements for the Year Ended 31 December 2019 with the Audit Report of the Independent Auditor's

Contents

Statement of Management's Responsibility for the Preparation and Approval of the Financial Statements for the Period Ended 31 December 2019

The Management of "MFO "TAS FINANCE GROUP" LLP (hereinafter the "Company") is responsible for preparing the financial statements that present fairly in all material respects the financial position of the Company as at 31 December 2019 as well as its financial performance, cash flows and changes in equity for the year then ended, in accordance with the International Financial Reporting Standards (IFRS).

In preparing the financial statements, the Management is responsible for:

- selecting appropriate accounting principles and applying them consistently;
- presentation, including accounting policies, in the way that ensures appropriate, reliable, compatible and intelligible information;
- making additional disclosures where compliance with IFRS requirements is not enough for the readers of the financial statements to understand the effect that any particular transactions, as well as other events and conditions, have on the Company's financial position and financial performance; and
- estimating the Company's ability to continue as a going concern in foreseeable future.

The Management is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal controls, throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.

The Management of the Company approved these financial statements of the Company for the year ended 31 December 2019 for issue on 4 September 2020.

General Director **Tastekeyev D.T.**

Chief accountant **Bakkozha M.B.**

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INDEPENDENT AUDITOR'S REPORT

To the Participants of
MFO "TAS FINANCE GROUP" LLP

Qualified Opinion

We have audited the financial statements of MFO "TAS FINANCE GROUP" LLP («the Company»), which comprise the statement of financial position as at 31 December 2019, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

As discussed in Note 5, the Company recognizes interest income in the amount of KZT 1,540,854 thousand. We were unable to obtain sufficient appropriate audit evidence regarding the completeness and accuracy of this interest income. Consequently, we were unable to determine whether adjustments are required to the reported interest income and whether adjustments are required to the amount of expense and corporate income tax liability recognized in the financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Alberto Simoncini

Auditor

Auditor Qualifying Certificate No. MF - 0000349 dated 15.04.2016

Bldg. 1, A. Baitursynuly St., Block A-3, office 1811, Almaty district, Nur-Sultan City

«4» September 2020

Almas Musagul

Director «Crowe Audit KZ» LLP

State License to carry out audit activities in the Republic of Kazakhstan No. 18015829 issued by the Ministry of Finances of the Republic of Kazakhstan on 15 August 2018

"MFO "TAS FINANCE GROUP" LLP
Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2019
(in KZT thousands)

	Notes	2019	2018
Interest income	5	1,540,854	998,156
Interest expenses	5	(110,030)	(93,863)
Net interest income		**1,430,824**	**904,293**
Administrative expenses	6	(575,945)	(477,297)
Loss of impairment assets	11,12,13	15,427	(89,588)
Other gain and loss	7	180,094	39,551
Profit before tax		**1,050,400**	**376,959**
Income tax expense	8	(215,854)	(92,056)
Profit for the year		**834,546**	**284,903**
Other comprehensive income		-	-
Total comprehensive income for the year		**834,546**	**284,903**

On behalf of Company's management:

General Director **Tastekeyev D.T.**

Chief accountant **Bakkozha M.B.**

4 September 2020

Notes on pages 11-33 are the integral part of the Financial Statements

"MFO "TAS FINANCE GROUP" LLP
Statement of Financial Position as at 31 December 2019
(in KZT thousands)

ASSETS	Notes	2019	2018
Non-current assets			
Property, plant and equipment	9	81,186	15,951
Deferred tax assets	8	12,535	20,559
Right-of-use assets	15	28,844	-
		122,565	**36,510**
Current assets			
Cash	10	67,779	222,844
Loans issued	11	2,748,471	910,901
Other financial assets	12	1,860,504	1,137,018
Advances paid and other current assets	13	16,782	9,365
		4,693,536	**2,280,128**
TOTAL ASSETS		**4,816,101**	**2,316,638**
EQUITY AND LIABILITIES			
Equity			
Charter capital	14	500,000	500,000
Retained earnings		1,205,705	371,159
		1,705,705	**871,159**
Non-current liabilities			
Financial liabilities	15	606,346	207,398
		606,346	**207,398**
Current liabilities			
Financial liabilities	15	1,952,199	977,161
Trade payables	16	262,959	113,891
Corporate income tax payable		245,322	118,119
Other liabilities	17	43,570	28,910
		2,504,050	**1,238,081**
TOTAL EQUITY AND LIABILITIES		**4,816,101**	**2,316,638**

On behalf of Company's management:

General Director **Tastekeyev D.T.**

Chief accountant **Bakkozha M.B.**

4 September 2020

Notes on pages 11-33 are the integral part of the Financial Statements

"MFO "TAS FINANCE GROUP" LLP
Statement of Cash Flows for the Year Ended 31 December 2019
(in KZT thousands)

	Notes	2019	2018
Operating activity			
Repayment of issued loans		10,765,378	5,401,782
Interest received		1,439,714	890,705
Proceeds for pawnshop services		158,669	115,531
Repayment of loans issued to related parties		694,486	-
Other proceeds		2,149,706	1,203,882
Issuance of loans		(13,200,372)	(6,768,332)
Issuing loans to related parties		(223,000)	-
Payments to suppliers for goods and services		(513,974)	(1,048,669)
Salaries paid		(154,402)	(88,472)
Income tax paid		(81,405)	(10,780)
Other taxes paid		(28,472)	(17,091)
Other payments		(1,439,086)	(6,500)
Net cash flows used in operating activity		**(432,758)**	**(327,944)**
Investing activity			
Purchase of property, plant and equipment		(74,331)	(14,902)
Net cash used in investing activity		**(74,331)**	**(14,902)**
Financing activities			
Contribution to the charter capital		-	200,000
Proceeds from borrowings		10,701,307	8,712,793
Repayment of borrowings		(10,349,283)	(8,351,686)
Net cash flows from financing activities		**352,024**	**561,107**
Net increase/(decrease) in cash		**(155,065)**	**218,261**
Cash at the beginning of year		222,844	4,583
Cash at the end of year		**67,779**	**222,844**

On behalf of Company's management:

General Director **Tastekeyev D.T.**

Chief accountant **Bakkozha M.B.**

4 September 2020

Notes on pages 11-33 are the integral part of the Financial Statements

"MFO "TAS FINANCE GROUP" LLP
Statement of Changes in Equity for the Year Ended 31 December 2019
(in KZT thousands)

	Charter capital	Retained earnings	Total
At 31.12.2017	**300,000**	**86,256**	**386,256**
Comprehensive income for the year	-	284,903	284,903
Contribution to the charter capital	200,000	-	200,000
At 31.12.2018	**500,000**	**371,159**	**871,159**
Comprehensive income for the year	-	834,546	834,546
At 31.12.2019	**500,000**	**1,205,705**	**1,705,705**

On behalf of Company's management:

General Director **Tastekeyev D.T.**

Chief accountant **Bakkozha M.B.**

4 September 2020

Notes on pages 11-33 are the integral part of the Financial Statements

1 General information

Limited Liability Partnership "MFO" TAS FINANCE GROUP "(hereinafter referred to as the" Company ") was registered on February 23, 2010 by the department of the Karasai region for registration and land cadaster of the branch of the non-profit joint stock company" Government for Citizens "of Almaty region with the name TAS Lombard LLP with the assigned BIN 100240019642. On January 15, 2018, the Company was re-registered due to an increase in the charter capital, a change in the composition of participants and a change in the name - from that date the Company has the name TAS FINANCE GROUP LLP. On May 15, 2020, the Company was re-registered due to a change in name - from that date, the name of the Company is “Microfinance Organization “TAS FINANCE GROUP ” (Note 21).

The main activity of the Company in 2018 is pawn operations, provision of short-term loans secured by movable property. On April 17, 2019, the Company was re-registered due to a change in the type of activity - the type of activity “Lombard operations” was changed to “Other types of lending”, which allowed the Company to increase the types of lending. Other types of lending mean the provision of microcredits to individuals and legal entities with or without collateral.

Legal address of the Company: Republic of Kazakhstan, Almaty region, Kaskelen city, Abylai Khan Street, house 74.

Until January 15, 2018, the participants of the Company were a citizen of the Republic of Kazakhstan, Mr. Tastekeyev Tursyn Kulbaevich and Mrs. Tastekeyeva Aizhan Serikovna, each of whom had a 50% interest in the Company. Since January 15, 2018, the members of the Company are citizens of the Republic of Kazakhstan, Mr. Dulat Tursynovich Tastekeyev with a 50% share and Mrs. Aizhan Serikovna Tastekeyeva with a 50% share.

The accompanying financial statements were approved for issue and signed on behalf of the Company's management on September 4, 2020.

2 Basis of preparation

These financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis adjusted for the initial recognition of financial instruments at fair value.

The initial acquisition cost is usually determined on the basis of the fair value of the consideration given in exchange for the assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and also requires management to exercise judgments and assumptions in the application of the Company's accounting policies. Areas of application that include increased levels of complexity or the use of assumptions, and areas where the use of estimates and assumptions is material to the Company's financial statements are disclosed in Note 4. These estimates are based on information available at the date of the financial statements. Therefore, actual results could differ from these estimates.

Fair value measurement

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in a voluntary transaction between market participants at the measurement date, irrespective of the directly observable value or its determination using a different method. In assessing an asset or liability at fair value, the Company takes into account the characteristics of the asset or liability if market participants took them into account.

For estimates and disclosures in the financial statements, fair value is determined in the manner described above, with the exception of instruments covered by IAS 2, leases governed by IAS 17, and estimates that are comparable but not equal to fair value (for example, the net realizable value in estimating inventories in accordance with IAS 2 or the value in use in assessing impairment in IAS 36).

2 Basis of preparation (continued)

Fair value management (continued)

In addition, for financial reporting purposes, fair value measurements are categorized into levels based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial statements of the Company have been prepared in accordance with the going concern principle, which involves the sale of assets and the settlement of liabilities and contractual obligations in the ordinary course of business. In connection with the coronavirus pandemic in 2020, the Company's management believes that the Company's forecasts, taking into account a reasonably possible pessimistic scenario, indicate that the Company has sufficient liquidity to meet its cash needs in the foreseeable future. Accordingly, the Company continues to apply the going concern principle in preparing these financial statements.

Foreign Currency Translation

a) Functional Currency

These financial statements are presented in Kazakhstan tenge (KZT), which is the Company's functional currency and presentation currency. All the values presented in these financial statements are rounded to a thousand unless stated otherwise

b) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates effective at the transaction date. Foreign exchange gains and losses arising from the settlements of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates effective at the reporting date are recognised in the statement of comprehensive loss.

Non-monetary items that are measured on a historical cost basis in a foreign currency are translated at the exchange rates effective at the date of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rates that were effective at the fair value measurement date.

During 2019 and 2018, the Company did not carry out transactions in foreign currency.

3 Summary of Significant Accounting Policies

a) New Standards, Interpretations and Amendments to Existing Standards and Interpretations

The Company first applied IFRS 16 Leases. The nature and impact of changes arising from the application of this financial reporting standard are described below.

In 2019, other amendments to the standards and interpretations were also applied for the first time, which did not affect the financial statements of the Company. The Company did not apply ahead of schedule the standards, interpretations or amendments that were issued but have not yet entered into force.

3 Summary of Significant Accounting Policies (continued)

a) New Standards, Interpretations and Amendments to Existing Standards and Interpretations (continued)

IFRS 16 «Leases»

IFRS 16 supersedes IAS 17 «Leases», IFRIC 4 «Determining whether an Arrangement contains a Lease», SIC 15 «Operating Leases—Incentives» and SIC 27 «Evaluating the Substance of Transactions Involving the Legal Form of a Lease». The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessee to reflect most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the full retrospective method of adoption, with the date of initial application of 1 January 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Since the Company as at 31 December 2018 did not have long-term lease agreements, the application of IFRS 16 did not affect the financial statements of the Company as at 31 December 2018 .

In 2019, for the first time, other amendments to the standards and clarifications were also applied that do not affect the financial statements of the Company:

- IFRIC Interpretation 23: Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- IFRS 3 Business Combinations (Annual Improvements 2015-2017 Cycle)
- IFRS 11 Joint Arrangements (Annual Improvements 2015-2017 Cycle)
- IAS 12 Income Taxes (Annual Improvements 2015-2017 Cycle)
- IAS 23 Borrowing Costs (Annual Improvements 2015-2017 Cycle)

3 Summary of Significant Accounting Policies (continued)

b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of equipment and borrowing costs for long-term construction projects if the capitalization criteria are met.

If it is necessary to replace significant components of property, plant and equipment at regular intervals, the Company recognizes such components as separate assets with corresponding individual useful lives and depreciates them accordingly. Likewise, when a major technical inspection is performed, the costs associated with it are recognized in the carrying amount of property, plant and equipment as a replacement if all the recognition criteria are met.

All other repair and maintenance costs are recognized in profit or loss when incurred. The present value of the expected cost to retire an asset after use is included in the cost of the related asset if the criteria for recognizing an allowance for future costs are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset:

	Estimated useful lives, years
Computers	2 - 7
Other	1 - 10

Derecognition of property, plant and equipment or their significant components occurs on disposal or when no future economic benefits are expected from the use or disposal of the asset. Any gain or loss arising from the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income for the period in which the asset is derecognised.

Useful lives and asset depreciation methods are reviewed at the end of each annual reporting period and adjusted as necessary.

c) Impairment of fixed assets and intangible assets

The Company checks for indicators of impairment of the carrying amount of tangible and intangible assets at each reporting date. When indicators are found, the recoverable amount of the asset is calculated to determine the impairment loss. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. The value of the Company's assets is allocated to individual cash generating units or the smallest group of cash generating units for which a reasonable and consistent distribution method can be found.

Intangible assets with indefinite useful lives and tangible assets that are not ready for use are assessed for impairment annually if any signs of possible impairment are identified.

Recoverable amount is determined as the higher of the fair value of the asset, less costs to sell and value in use. In assessing value in use, the expected future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows were not adjusted.

If the recoverable amount of the asset (cash generating unit) is lower than the carrying amount, the carrying amount of the asset (cash generating unit) is reduced to the recoverable amount. Impairment losses are recognized immediately in profit or loss.

If the impairment loss is subsequently reversed, the carrying amount of the asset (cash generating unit) increases to the resulting recoverable amount so that the new carrying amount does not exceed the carrying amount that would have been determined if that asset (cash-generating unit) no impairment loss was recorded in previous years. An impairment loss recovery is recognized immediately in profit or loss.

3 Summary of Significant Accounting Policies (continued)

d) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section “Impairment of non-financial assets”.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3 Summary of Significant Accounting Policies (continued)

d) Leases (continued)

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

e) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

3 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired

The Company's financial assets at amortized cost includes loans issued, interest receivable and other financial assets.

Financial assets at fair value through other comprehensive income (debt instruments)

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

At the reporting date, the Company has no financial assets (debt instruments) measured at fair value through other comprehensive income.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

At the reporting date, the Company has no financial assets (equity instruments) measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

3 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit losses).

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

For debt instruments at fair value through other comprehensive income, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include bank loans, finance liabilities, trade and other financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest method. Gains and losses on such financial liabilities are recognized in profit or loss upon derecognition, and as depreciation is accrued using the effective interest rate.

Amortized cost is calculated taking into account discounts or premiums on acquisition, as well as commission costs, which are an integral part of the effective interest rate. Amortization of the effective interest rate is included in finance costs in the statement of profit or loss and other comprehensive income.

3 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

f) Cash

Cash in the statement of financial position include cash in banks and on hand

g) Payroll Expenses and Related Deductions

Payroll expenditures, pension contributions, social insurance contributions, paid annual leaves and sick leaves, bonuses and non-cash benefits are accrued as the relevant works are performed by employees of the Company. On behalf of its employees, the Company makes pension contributions and pays termination benefits prescribed by legal requirements of the Republic of Kazakhstan. When employees retire, the Company's financial liabilities terminate and all subsequent payments to the retired employees are made by national pension savings fund.

h) Advances paid and Prepayments

Advances or prepayments are reported in the statements at initial cost net of provision for impairment. Advances are classified as long-term if the related goods or services are expected to be received in more than one year, or if advances to suppliers are related to assets which will be accounted for as non-current at initial recognition. The amount of advance paid for assets acquisition is included in their carrying amount when the Company gains control over these assets and future economic benefits associated therewith are likely to be received by the Company.

Other advances are written off when the related goods or services are received. Should there be any evidence that the assets, goods or services related to advances would not be received, carrying amount of the advances is to be reduced and respective impairment loss is charged to profit or loss for the year.

i) Interest Income and Expenses

Effective January 1, 2018, the Company calculates interest income on debt financial assets measured at amortized cost by applying the effective interest rate to the gross carrying amount of financial assets, other than credit-impaired assets. (before 1 January 2018, applying the effective interest rate to the amortized cost of financial assets).

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of a financial instrument to its net carrying amount over the expected life of the financial asset or liability, or, if applicable, a shorter period. Future cash flows are estimated taking into account all contractual terms of the instrument. The calculation takes into account all fees and other amounts paid or received by the parties, which are an integral part of the EPS and are directly related to one or another loan agreement, as well as transaction costs and all other premiums or discounts.

3 Summary of Significant Accounting Policies (continued)

i) Interest Income and Expenses (continued)

Interest income / interest expense is calculated by applying the EIR to the gross carrying amount of financial assets that are not credit-impaired (i.e. the amortized cost of the financial asset before adjusting for the estimated allowance for expected credit losses) or to the amortized cost of financial liabilities. Interest income on credit-impaired financial assets is calculated by applying the effective interest rate to the amortized cost of such assets (i.e. their gross carrying amount less estimated allowance for expected credit losses (ECL)).

The carrying amount of the financial asset or liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate, and the change in the carrying amount is recognized as interest income or expense.

In the case of a financial asset that becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the default on a financial asset is liquidated and it is no longer credit-impaired, the Company reverts to calculating interest income on a gross value basis.

j) Income Tax

Income tax expense includes current income tax payable and deferred income tax.

Current Tax

Current income tax is the tax payable on the taxable profit for the year. Taxable profit differs from net profit reported in the statement of comprehensive income, as it includes neither income and expenses taxable or deductible in other reporting periods, nor amounts that will never be taxable or deductible. Company's current income tax liabilities are calculated at the tax rate effective as at the date of the statement of financial position.

Deferred Tax

Deferred tax is recognised for differences between present value of assets and liabilities in the financial statements and relevant amounts recognised to measure taxable profit, and is calculated using the liability method. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised when the temporary difference arises from goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

Deferred income tax assets and deferred income tax liabilities are offset if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities;
- liabilities relate to the income tax levied by the same tax authority;
- the Company intends to recover its tax assets and settle tax liabilities on a net basis.

Current and deferred income taxes are recognised as profit or loss, except when they relate to items of other comprehensive income or directly charged to equity. In this case the tax is recognised in other comprehensive income or in equity.

3 Summary of Significant Accounting Policies (continued)

k) Charter capital

Assets contributed to share capital are recognized at fair value at the time of contribution. Any excess of the fair value of the contributed assets over the par value of the contribution to share capital, as it is legally registered, is credited directly to equity in the form of share premium.

4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments and make accounting estimates and assumptions at the end of the reporting period that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures of contingent liabilities. However, uncertainty about these assumptions and estimates could lead to results that may require future significant adjustments to the carrying amount of the asset or liability for which such assumptions and estimates are made.

(a) Estimated allowance for expected credit losses on financial assets

Estimating losses for all categories of financial assets requires judgment; in particular, in determining expected credit impairment losses and assessing a significant increase in credit risk, it is necessary to assess the amount and timing of future cash flows and the value of collateral. These estimates depend on a number of factors, changes in which could result in different amounts of the allowance for impairment losses. Estimates of expected credit losses involve a number of underlying assumptions about the choice of input variables and their interdependencies.

In calculating expected credit losses, the Company's management uses the following judgments:

- the criteria used by the Company to assess whether there has been a significant increase in credit risk, as a result of which the allowance for impairment losses on financial assets should be estimated at an amount equal to lifetime expected credit losses;
- grouping financial instruments into groups where expected credit losses are measured on a group basis;
- development of models for calculating expected credit losses, including various formulas and choice of input data;
- determining the relationship between the probability of default, the amount at risk of default and the level of losses in case of default.

The amount of the allowance for expected credit losses on loans issued and interest receivable recognized in the statement of financial position as at 31 December 2019 amounted to KZT 51,645 thousand (2018: KZT 89,588 thousand).

(b) Taxation

Management recognizes a deferred tax liability in respect of all taxable temporary differences and if it does not arise on initial recognition of the asset or liability, without affecting either accounting or taxable profit (tax loss).

Deferred tax assets recognized for unused tax losses are assessed by management taking into account the likelihood that taxable profit will be generated based on the long-term business plan of the Company and, unless changes in the legislation of the Republic of Kazakhstan occur that would adversely affect their use.

(in KZT thousands)

5 Net Interest Income

		2019	2018
Interest income			
Interest income on loans issued		1,540,854	998,156
	0	**1,540,854**	**998,156**
Interest expenses			
Interest expenses on loans issued		(102,762)	(89,076)
Other interest expenses		(7,268)	-
		(110,030)	**(89,076)**

The Company reflects interest income on loans issued on an accrual basis in accordance with the terms of short-term loan agreements issued against the pledge of movable property (vehicles) to individuals. Pledge agreements may be concluded both with the right to use the pledged item by the pledger and without the right to use the pledged item by the pledger.

The Company issues loans to individuals secured by movable property up to 50 million tenge, loan terms in 2019 ranged from 30 days to 36 months (2018: from 15 days to 30 days). Loan rates depend on the amount and term of the loan, as well as the type of collateral; in 2019, rates were applied from 5% to 8% per month (2018: from 2.5% to 10%).

Interest expense in the amount for KZT 102,761 thousand represents expenses on bank borrowings, in the amount for KZT 7,269 thousand - expenses related to amortization of discount on lease liabilities (Note 15).

6 Administrative expenses

	2019	2018
Payroll and related taxes	197,348	123,720
Third parties services	132,375	79,571
Related parties services	203,145	245,903
Depreciation of fixed assets	9,096	2,938
Amortization of Right-of-use assets	14,422	-
Inventories	7,826	6,152
Taxes	992	134
Other	10,741	18,879
	575,945	**477,297**

7 Other gain and loss

	2019	2018
Income from penalties for late loan repayment	164,857	115,531
Other income	15,237	1,976
Loss from loan write-offs	-	(77,956)
	180,094	**39,551**

(in KZT thousands)

8 Income Tax Expense

(a) Income Tax Expense

	2019	2018
Current income tax	207,830	112,615
Deferred income tax	8,024	(20,559)
	215,854	**92,056**

A reconciliation between the corporate income tax expense reported in the Company's financial statements and accounting profit before tax multiplied by the income tax rate is presented below:

	2019	2018
Profit before tax	1,050,400	376,959
Theoretical amount of tax benefit at the statuory rate (20%)	210,080	75,392
Expenses and income which do not change tax base		
- administrative expenses	5,774	16,664
Income tax expenses	**215,854**	**92,056**

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for the following items:

	2019	2018
Property, plant and equipment	(2,519)	(65)
Taxes payable	79	267
Provision for employee benefits	4,646	2,439
Provision for expecrid credit loss of loans issued	10,329	17,918
	12,535	**20,559**

The movement of temporary differences can be represented as follows:

	2019	2018
At 1 January	(20,559)	-
Charged to expenses	8,024	(20,559)
At 31 December	**(12,535)**	**(20,559)**

(in KZT thousands)

9 Property, Plant and Equipment

	Computers	Other	Total
Historical cost			
At 01.01.2018	**1,826**	**6,159**	**7,985**
Acquisition	4,028	10,874	**14,902**
Disposal	(137)	(2,312)	**(2,449)**
At 31.12.2018	**5,717**	**14,721**	**20,438**
Приобретено	142	74,189	**74,331**
Выбытие	-	-	**-**
At 31.12.2019	**5,859**	**88,910**	**94,769**
Accumulated depreciation and impairment losses			
At 01.01.2018	**(673)**	**(3,325)**	**(3,998)**
Depreciation for the period	(987)	(1,951)	**(2,938)**
Выбытие	137	2,312	**2,449**
At 31.12.2018	**(1,523)**	**(2,964)**	**(4,487)**
Depreciation for the period	(1,739)	(7,357)	**(9,096)**
At 31.12.2019	**(3,262)**	**(10,321)**	**(13,583)**
Carrying amount			
At 31.12.2018	**4,194**	**11,757**	**15,951**
At 31.12.2019	**2,597**	**78,589**	**81,186**

Depreciation of property, plant and equipment in the amount of KZT 9,096 thousand (2018: KZT 2,938 thousand) is included in administrative expenses.

10 Cash

	2019	2018
Current bank accounts	27,280	47,863
Cash at hands	40,499	174,981
	67,779	**222,844**

Cash at 31 December 2019 and 2018 is denominated in tenge.

11 Loans issued

	2019	2018
Loans issued	2,707,983	971,110
Interest receivable	92,133	29,379
Provision for expected credit losses	(51,645)	(89,588)
	2,748,471	**910,901**

Loans issued and interest receivable are reflected in loans issued to individuals secured by movable property. Vehicles of individuals who received loans secure these loans.

At 31 December 2019, the total fair value of collateral was KZT 4,027,701 thousand (2018: KZT 1,366,728 thousand).

(in KZT thousands)

11 Loans issued (continued)

The movement of the provision for expected credit loss for loans issued can be represented as follows:

	2019	2018
At 1 January	89,588	-
Accrued / (restored)	(37,943)	89,588
At 31 December	**51,645**	**89,588**

Loans issued and interest receivable as at 31 December 2019 and 2018 are presented in KZT.

12 Other financial assets

	2019	2018
Loans issued to related parties	1,498,816	710,087
Loans issued to employees	377,288	24,486
Other receivables	-	402,445
Provision for expected credit losses on other financial assets	(15,600)	-
	1,860,504	**1,137,018**

Loans issued to related parties

On December 31, 2019, the Company entered into a debt transfer agreement with TAS CREDIT LLP, according to which the accounts payable of TAS CREDIT LLP are transferred to the Company (Note 15). Simultaneously with the recognition of accounts payable to TAS CREDIT LLP, the Company recognizes the loan issued to TAS CREDIT LLP in the amount for the transferred debt, that is, KZT 597,759 thousand. TAS CREDIT LLP undertakes to repay this loan by December 31, 2020.

On January 1, 2019, the Company entered into an interest-free loan agreement with TAS CREDIT LLP, under which the Company provides a revolving interest-free credit line in the amount of KZT 3,000,000 thousand. Under the terms of the agreement, the loan is repayable by December 31, 2020. The loan as at 31 December 2019 is reflected in the amount of KZT 885,456 thousand. The loan was fully repaid in February 2020.

On January 1, 2018, the Company issued an interest-free loan to Mrs. Tastekeyeva A.S. (a member of the Company) maturing on 1 January 2021. In 2019, the loan was repaid in the amount of KZT 694,486 thousand, the outstanding balance was KZT 15,601 thousand.

Loans issued to employees

During 2019 and 2018, the Company issued interest-free short-term loans to employees. The loans are unsecured.

Other receivables

Other receivables in the amount of KZT 402,088 thousand represent receivables from SFK Finance Investment Group LLP (related party) recognized on the basis of an assignment agreement concluded on 25 October 2018. Under the terms of this agreement, the Company transfers the rights of claim for loans issued to individuals to SFK Finance Investment Group LLP for a total of KZT 800 million. In 2019, this debt was fully repaid.

(in KZT thousands)

13 Advances Paid and Other Current Assets

	2019	2018
Advances paid	1,826	2,972
Debt of accountable persons	14,178	413
Prepaid expenses	273	-
Other current assets	7,421	5,980
Provision for expected credit losses on advances paid and other current assets	(6,916)	-
	16,782	**9,365**

14 Charter Capital

As of December 31, 2019 and 2018, the registered and paid-in share capital of the Company was KZT 500,000 thousand. The list of participants is disclosed in Note 1.

15 Financial Liabilities

	Interest rate, %	Maturity	2019	2018
Non-current liabilities				
ATF Bank JSC	15.6%	2022	590,728	207,398
Lease liabilities	16.8%	2021	15,618	-
			606,346	**207,398**
Current liabilities				
ATF Bank JSC	12%	2020	430,839	256,774
Other financial liabilities	0%	2020	1,506,938	720,387
Lease liabilities	16.8%	2020	14,422	-
			1,952,199	**977,161**

Interest-bearing bank loans

On August 22, 2017, the Company and ATF Bank JSC entered into an agreement to open a credit line in the amount of KZT 500,000 thousand, under which the bank provides the Company with bank loans under separate bank loan agreements (accessory agreements). The total maturity of the credit line is August 21, 2025.

On December 28, 2017, the Company and ATF Bank JSC entered into another agreement to open a credit line in the amount of KZT 350,000 thousand, under which the bank provides the Company with bank loans under separate agreements (accessory agreements). The total term of the credit line is until December 27, 2025.

The collateral for the two credit lines is the real estate of related parties and members of the Company, as well as guarantees provided. The pledged value of immovable property as at 31 December 2019 is KZT 1,178,582 thousand (2018: KZT 743,343 thousand).

(in KZT thousands)

15 Financial Liabilities (continued)

Other Financial Liabilities

Other financial liabilities in the amount of KZT 597,759 thousand are reflected on the basis of a debt transfer agreement concluded with TAS CREDIT LLP on December 31, 2019, according to which the accounts payable of TAS CREDIT LLP are transferred to the Company. Under the terms of the agreement, the Company undertakes to repay the received accounts payable by December 31, 2020.

On April 19, 2018, the Company entered into an agreement on the basis of which it undertakes, on behalf and at the expense of SFK Finance Investment Group LLP, to collect payments on receivables transferred to the Company under the contract in 2018 (Note 12), and transfer it to SFK LLP " Finance Investment Group "The outstanding balance under this agreement as at 31 December 2019 is KZT 894,094 thousand (2018: KZT 613,939 thousand).

On July 2, 2019, the Company entered into an agreement on the assignment of rights of claim under a transport services agreement, on the basis of which the Company recognized accounts payable to a related party, Soirkas Abdulaziz IE in the amount of KZT 11,249 thousand with maturity until December 31, 2020.

On December 12, 2013 the Company entered into an agreement with Mr. Tastekeyev D.T. to obtain an interest-free revolving credit facility in the amount of KZT 300,000 thousand for a period until December 31, 2020. The balance of debt as at 31 December 2018 under this agreement was KZT 6,220 thousand. During 2019, the Company received KZT 8,979,307 thousand under this agreement and repaid KZT 8,976,397 thousand. As a result, the balance outstanding under this agreement as at 31 December 2019 amounted to KZT 3,836 thousand. The debt was fully repaid on January 3, 2020.

On January 3, 2018, the Company entered into an agreement with Mrs. Tastekeyeva A.S. to receive an interest-free loan in the amount of KZT 10 billion for a period of 12 months from the date of receipt of the loan or the first tranche. The outstanding balance as at 31 December 2018 under this loan was KZT 100,228 thousand. The debt under this agreement was fully repaid on January 17, 2019.

Lease liabilities

The Company has lease agreements for premises. Lease terms usually do not exceed three years. The Company's obligations under the lease agreements are secured by the lessor's ownership of the leased assets. Generally, the Company is not entitled to transfer or sublease leased assets.

The Company also has some lease agreements for premises with leases not exceeding 12 months. With respect to these contracts, the Company applies the recognition exemptions for short-term leases and leases of low-value assets. The Company includes expenses related to such lease in administrative expenses.

The carrying amount of recognized right-of-use assets and their movements during the period is presented below:

	2019	2018
As at 31 December 2018	-	-
Additions	43,266	-
Depreciation expense	(14,422)	-
As at 31 December 2019	**28,844**	-

(in KZT thousands)

15 Financial Liabilities (continued)

Lease Liabilities (continued)

Below is the carrying amount of the lease liability and its changes during the period:

	2019	2018
As at 31 December 2018	-	-
Additions	43,266	-
Accretion of interest	7,269	-
Payments	(20,495)	-
As at 31 December 2019	**30,040**	-

The following amounts were recognized in the statement of profit or loss and other comprehensive income: depreciation expense on the right-of-use asset - KZT 14,422 thousand; interest expense on lease liabilities - KZT 7,269 thousand.

All of the Company's financial liabilities are denominated in tenge as at 31 December 2019 and 2018.

16 Trade Payables

	2019	2018
Trade payables	2,150	501
Trade payables of related parties	260,809	113,390
	262,959	**113,891**

Trade payables as at 31 December 2019 and 2018 are denominated in tenge.

17 Other Liabilities

	2019	2018
Debt on taxes and off-budget obligatory payments	4,628	4,652
Salaries payable	9,200	9,576
Provision for employee benefits	23,228	12,195
Other liabilities	6,514	2,487
	43,570	**28,910**

18 Related Parties Transactions

Parties are considered related if one party has the ability to control the other, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. When deciding whether the parties are related, the nature of the relationship between the parties is taken into account, and not just their legal form.

Related parties of the Company are the participants of the Company (Note 1), related parties of the participants and the key management of the Company.

(in KZT thousands)

18 Related Parties Transactions (continued)

The following transactions with related parties took place in the years ended 31 December:

	2019	2018
Purchases from related parties		
Charity	-	6,500
Rent of premises	15,000	88,300
Cleaning service	17,700	15,400
Transport service	-	9,000
Agency services for attracting clients	67,411	-
Construction and installation works	5,500	36,850
Car parking rent	35,631	-
Pledge registration services	59,206	88,173
Other services	2,697	1,680
	203,145	**245,903**

The statement of financial position as at 31 December includes the following related party balances:

	2019	2018
Loans issued	1,498,816	710,087
Other receivables	-	402,088
Trade payables	(260,809)	(113,390)
Other financial liabilities	(1,506,938)	(720,387)
	(268,931)	**278,398**

Remuneration to key management personnel of the Company accrued for 2019 amounts of KZT 18,554 thousand (2018: KZT 12,000 thousand) and represents salaries and other current payments.

19 Commitment Contingences

(a) Political and Economic Conditions

In recent years, there have been some improvements in the economic situation in the country, however, the economic situation in the Republic of Kazakhstan continues to display the characteristics inherent in emerging markets. Among others, such characteristic features include the absence of a freely convertible national currency outside the country and the low level of liquidity of debt and equity securities in the markets.

The financial condition and future activities of the Company may deteriorate due to the continuing economic problems inherent in emerging markets. The Company's management cannot predict the extent or duration of the economic hardship or estimate their effect, if any, on these financial statements.

(b) Taxation

Kazakhstani tax legislation and practice is in constant flux and is therefore subject to varying interpretations and frequent changes, which may have a retrospective effect. In addition, the interpretation of tax legislation by the tax authorities in relation to the transactions and activities of the Company may not coincide with the interpretation of management. As a result, the Company's transactions may be challenged by the tax authorities, and the Company may be assessed additional taxes, penalties and fines. Tax periods are open for inspection by the tax authorities for five years.

(in KZT thousands)

19 Commitment Contingencies (continued)

(b) Taxation (continued)

The Company's management believes that the relevant provisions of the legislation have been correctly interpreted by it, and that the Company's position adopted in terms of tax and foreign exchange legislation will be successfully defended in the event of any dispute. Accordingly, no provisions were made for potential tax liabilities as at 31 December 2019 and 2018.

(c) Legal Processes and Actions

In the normal course of business, the Company may constitute as a target of different legal processes and actions. The Company evaluates the likelihood of significant liabilities with due account for particular circumstances and reflects relevant provision in the financial statements only when it is likely that an outflow of resources will be required to settle liabilities and the amount of liability can be reliably estimated.

The Company Management believes that actual liabilities, if any, will not affect the current financial position and financial performance of the Company. Due to the circumstances stated above no provisions were formed in these financial statements.

(d) Insurance

The insurance market in Kazakhstan is in its infancy, and many forms of insurance common in other countries of the world are not yet available in the Republic of Kazakhstan. As of the reporting date, the Company insures the employer's civil liability for harm to the life and health of the employee in the performance of his labor duties and insurance of vehicles, which is a collateral for loans issued by the Company.

20 Financial Risk Management

The Company's activity is associated with various financial risks: market risk, liquidity risk and credit risk. The Company's risk management program focuses on the unpredictability of financial risks and aims to minimize the potential negative impact on the Company's financial results. The Company does not use derivative financial instruments to hedge its exposure to risks.

Categories of financial instruments

As at 31 December 2019 and 2018, financial instruments are presented as follows:

	2019	**2018**
Financial assets		
Cash	67,779	222,844
Loans issued	2,748,471	910,901
Other financial assets	1,860,504	1,137,018
	4,676,754	**2,270,763**
Financial liabilities		
Financial liabilities	(2,558,545)	(1,184,559)
Trade payables	(262,959)	(113,891)
	(2,821,504)	**(1,298,450)**

Risk of the impact of changes in interest rates on cash flows and fair value

As of the reporting date, the Company has no assets or liabilities with floating interest rates, therefore management does not disclose sensitivity analysis to changes in interest rates.

(in KZT thousands)

20 Financial Risk Management (continued)

Currency risk

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

As of December 31, 2019 and 2018, all financial instruments were denominated in tenge.

Credit risk

Credit risk is the risk that the Company will incur financial losses because counterparties will not meet their obligations under a financial instrument or customer agreement.

The Company is exposed to credit risk in connection with loans issued, interest receivable and other financial assets. The carrying amount of these financial assets represents the maximum exposure to credit risk (Notes 11,12).

Company's management in accordance with the Company's cash management policy controls the credit risk associated with balances with financial institutions. The Company's maximum exposure to credit risk arising from default by financial institutions is equal to the carrying amount of these financial assets.

The following table shows the balances of financial assets held by banks at the reporting date using Standard and Poor's credit ratings:

	Location	Rating	2019	2018
ATF Bank JSC	Kazakhstan	B- stable	5,450	47,863
ForteBank JSC	Kazakhstan	B+ stable	15,023	-
Bank CenterCredit JSC	Kazakhstan	BB stable	6,014	-
RPS Asia	Kazakhstan	Without raiting	42	-
Kassa24	Kazakhstan	Without raiting	751	-

Liquidity risk

Prudent liquidity risk management involves maintaining an adequate level of cash. Due to the dynamism of its core business, the Company strives to maintain flexibility in financing by ensuring sufficient funds.

The table below provides an analysis of the Company's financial liabilities by maturity, indicating the maturities remaining at the reporting date until the end of the contractual maturities. The amounts shown in the table are contractual undiscounted cash flows.

2019	**1 to 3 months**	**3 months – 1 year**	**Более одного года**	**Total**
Financial liabilities	215,379	1,736,820	606,346	**2,558,545**
Trade payables	94,790	168,169	-	**262,959**
	310,169	**1,904,989**	**606,346**	**2,821,504**
2018				
Financial liabilities	57,368	919,793	207,398	**1,184,559**
Trade payables	3,082	110,809	-	**113,891**
	60,450	**1,030,602**	**207,398**	**1,298,450**

(in KZT thousands)

20 Financial Risk Management (continued)

Changes in liabilities arising from financing activities

The table below summarizes the movements in liabilities as a result of financing activities, including changes due to cash flows and non-cash flows. Liabilities arising from financing activities are those liabilities from which the cash flows in the statement of cash flows have been or will be classified as cash flows from financing activities.

	As at 1 January 2018	Cash flow	Interest charged	Other	As at 31 December
ATF Bank JSC	464,172	454,635	102,761	(1)	1,021,567
Other financial liabilities	720,387	(102,611)	-	889,162	1,506,938
	1,184,559	**352,024**	**102,761**	**889,161**	**2,528,505**

	As at 1 January 2018	Cash flow	Interest charged	Other	As at 31 December
ATF Bank JSC	496,152	(125,844)	93,863	1	464,172
Other financial liabilities	294,507	686,951	-	(261,071)	720,387
	790,659	**561,107**	**93,863**	**(261,070)**	**1,184,559**

The column "Cash flows" reflects cash flows from bank loans and other financial liabilities, which represent the net amount of receipts and payments on borrowed funds in the statement of cash flows

The “Other” column includes offsets and non-cash transactions for other financial liabilities. The Company classifies the consideration paid as financing cash flows.

Fair value of financial instruments

The Company has no financial assets or liabilities at fair value. The Company's management believes that the carrying amount of financial instruments carried at amortized cost in these financial statements approximates their fair value.

Capital Management

The objective of the Company's capital management activities is to maintain the Company's ability to continue as a going concern, providing income for participants and benefits for other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, return capital to members, issue new capital and sell assets in order to reduce debt.

21 Subsequent events

On May 15, 2020, the Company was re-registered due to a change in name - from that date, the name of the Company is "Microfinance Organization "TAS FINANCE GROUP ".

There were no other material events after the reporting date.