

**Explanatory note
to financial statement of "Entrepreneurship development fund "DAMU" JSC
as on April 1, 2017**

Main operating areas

"Entrepreneurship development fund "DAMU" JSC (further "Fund") was incorporated according to the decree of the Government of the Republic of Kazakhstan No 665 dtd. April 26, 1997 as Joint stock company located in the Republic of Kazakhstan. The Fund provides financial services. The main activity of the Fund - loans to small and medium business (further SMB) and micro credit organisations through conditional placement of funds in commercial banks as well as implementing the program "Business road map 2020" - funding of part of interest rate and guaranteeing of second-tier banks borrowers and leasing companies. The Fund uses its own funds and borrowed funds for financing SMB in Kazakhstan.

The Fund has 16 regional branches. Its head office is located in Almaty, Kazakhstan. Registered legal address of the Fund: 111 Gogol Street, Almaty, Republic of Kazakhstan.

Bank details: **Bank** JSC Kazkommertsbank, Almaty
BIC KZKOKZKX
A/C No KZ399261802102630000
BIN: 970840000277

The JSC "National managing holding "Baiterek" is the sole shareholder of the Fund. The Government of the Republic of Kazakhstan is the ultimate controlling party of the Fund.

Financial statement preparation basis

Presented financial statements were prepared in accordance with the International Financial Reporting Standards (further IFRS). Financial statements are presented in thousands of Kazakhstan tenge, unless otherwise stated.

Explanation to Balance sheet

Balance sheet items interpretation

1. Short-term assets:

Cash and cash equivalents for the amount of 72'040'742 thous.tenge

	<u>Amount (thous.tenge)</u>	
	as on March 31, 2017	as on December 31, 2016
Cash in banks	1,873	1,282
Current a/c in banks	52 357 589	40 790 448
Balance in a/c in NBRK (except for mandatory reserves)	19 681 280	3 235 283
Cash and cash equivalents	72 040 742	44 027 013

As on the end of the accounting period comparing with the beginning of 2017 there is increase in cash for 28'0 billion tenge observed mainly due to current transactions made within the accounting period.

Financial assets accounted at fair value accounted through profit and loss as on April 1, 2017 taking into account interest paid amount to 3'615'506 thous.tenge. Short-term financial assets are detailed in the Table:

<i>Amount (thous.tenge)</i>					
Type of financial instrument	Name of emitter/counteragent	NIN	Date of transaction	Date of payment	Balance cost
state securities	Ministry of finances of RK	KZKDKY060074	22/06/2011	22/06/2017	1 015 298
corporate bonds	KMG	KZ2C0Y07D899	07/12/2010	09/11/2017	2 600 208
TOTAL securities for sale					3 615 506

Other short-term financial assets 29'866'190 thous.tenge, including:

loans to customers - 26'924 thous.tenge;

cash in banks and other financial institutions - 29'839'266 thous.tenge;

Current assets of corporate income tax are 12'035'816 thous.tenge;

Inventory amounts to 62'538 thous.tenge - balance of inventory used with the common and administrative purposes, increased comparing with the beginning of the year, namely within the accounting period the Fund purchased materials such as stationary, fuel and oil, training and educational manuals for entrepreneurs and others with the aims of its operating.

Other short-term assets amount to – 979'531 thous.tenge, including:

The table below gives the structure of other short-term assets.

Item name	<i>Amount (thous.tenge)</i>	
	<i>as on March 31 2017</i>	<i>as on December 31, 2016</i>
Accounts settled with suppliers and contractors	162,145	137,827
Employees compensation	8,244	3,009
Other receivables	436,010	311,389
Prepaid expenses (mandatory, voluntary insurance for risks under guarantee)	77,221	107,333
Other taxes	295,911	107,439
	979,531	666,997

Increase in accounts settled with suppliers and contractors for 24,32 mln.tenge appeared due to rendered services (consultation and information services, training services, fuel and oil, etc.)

Assets available for sale – 563'451 thous.tenge.

2. Long-term assets:

Financial assets available for sale as on April 1, 2017 amount to 501'666 thous.tenge. The table below gives the structure of long-term assets.

<i>Amount (thous.tenge)</i>				
Type of financial instrument	Name of emitter/counteragent	Date of transaction	Date of payment	Balance cost
corporate bonds	JSC "ForteBank" (JSC "Temirbank")	12/01/2006	07/07/2025	501,666
TOTAL				501,666

Financial assets accounted at fair value through profit and loss as on the accounting day taking into account interest paid amount to 2'574'639 thous.tenge.

<i>Amount (thous.tenge)</i>					
Type of financial instrument	Name of emitter/counteragent	NIN	Date of transaction	Date of payment	Balance cost
corporate bonds	Kaspi Bank	KZP01Y10E053	21/10/2011	19/07/2021	1 160 568
state securities	Ministry of finances of RK	KZKDKY070099	18/05/2011	18/05/2018	694,152

state securities	Ministry of finances of RK	KZKDKY090055	19/10/2010	19/10/2019	3
state securities	Ministry of finances of RK	KZKDKY100086	15/09/2010	15/09/2020	8
state securities	Ministry of finances of RK	KZKDKY110044	15/08/2011	09/06/2011	719,908
TOTAL securities for sale					2 574 639

Derivative financial instruments 29'152'314 thous.tenge, showed is the fair value SWAP of currency loan received from Asian Development Bank.

Other long-term financial assets amount to total 192'137'920 thous.tenge (Appendix 1), out of which:

	<u>Amount (thous.tenge)</u>	
	<i>as on March 31, 2017</i>	<i>as on December 31, 2016</i>
Long-term debt against loans issued to customers	33,753	27,516
Long-term debt against loans issued to tier-banks	192 104 167	200 196 692
	192,137,920	200 224 208

Investments accounted by equity method amount to 8'000 thous.tenge - equity in associates (MCO, currently not operating).

Fixed assets as on April 1, 2017 - 2'690'919 thous.tenge.

Intangibles - 299'150 thous.tenge - software and licenses.

Combined bad (outstanding) debt against loans issued to customers amounts to 1'762'884 thous.tenge, out of which information on 20 most large of them is given in Appendix 4.

Other long-term assets - for the amount of 1'719 thous.tenge. debt of employees is included (misappropriation, property damage, material loss).

3. Short-term liabilities:

Short-term part of payables against received loans for the amount of 20'135'972 thous.tenge (Appendix 2) is presented below:

	<u>Amount (thous.tenge)</u>	
	<i>as on March 31, 2017</i>	<i>as on December 31, 2016</i>
Local executive body	573,320	560,801
Asian Development Bank	18 665 252	0
JSC "Baiterek Development"	0	181,818
JSC NMH "Baiterek"	0	0
Accrued interest on assets	897,400	1 079 119
	20 135 972	1 821 738

Decrease of short-term loans for 18'314,23 mln.tenge appeared due to repayment of the part of the Asian Development Bank's loan.

Other short-term financial liabilities amount to 12'731'536 thous.tenge (Appendix 3), including funds under the programs:

	<u>Amount (thous.tenge)</u>
of funding - SD "Department of entrepreneurship and industry" of Akimats	11 751 184
of funding - for allocating tier-banks to borrowers	487,595
Other short-term financial liabilities	492,757
	12 731 536

Short-term reserves for the amount of 1'575'438 thous.tenge – reserves for possible losses against conditional liabilities;

Commissions to employees amount to 315'824 thous.tenge, including:

	<u>Amount (thous.tenge)</u>	
	<i>as on March 31, 2017</i>	<i>as on December 31, 2016</i>
Other taxes	89,981	49,418

Short term debt against salaries and wages	5,575	5,673
Accrued liabilities against employees annual leaves	220,268	220,137
Settlements with mandatory payments funds (social fund, pension fund)	0	20
	315,824	275,248

Other short-term liabilities amount to 2'639'078 thous.tenge, including:

	<u>Amount (thous.tenge)</u>	
	<u>as on March 31, 2017</u>	<u>as on December 31, 2016</u>
Current taxes and other mandatory payments to budget payable	268,195	258,074
Unearned revenue	1 620 820	1 646 254
Liabilities against sale of mortgage property	13,288	15,259
Current payables to suppliers and contractors	3,922	98,559
Guarantee contribution for participating in tender, miscellaneous services	74,320	18,282
Other short-term liabilities	658,533	1 653 835
	2 639 078	3 690 263

4. Long-term liabilities:

Long-term liabilities against loans amount to 200'769'384 thous.tenge (Appendix 2). Long-term loans of the Fund in comparison with the beginning of the year fell on '949 mln. tengge. This appeared due to exchange rate difference against currency loans of Asian Development Bank. Loans are detailed in the table below.

	<u>Amount (thous.tenge)</u>	
	<u>as on March 31, 2017</u>	<u>as on December 31, 2016</u>
JSC Sovereign Wealth Fund "Samruk-Kazyna"	25 026 332	24 955 617
Local executive body	15 510 398	12 742 040
Asian Development Bank	91 364 341	116 484 440
JSC NMH "Baiterek"	68 718 313	67 715 915
JSC NC "Social and enterprise corporation Yesil"	150,000	150,000
	200 769 384	222 048 012

Deferred tax liabilities – 5'412'131 thous.tenge;

Other long-term liabilities for the amount of 1'628'343 thous.tenge – unearned revenue.

5. Capital

Capital stock for the amount of 72'920'273 thous.tenge. Data on flow of issued, fully paid-up shares and shares outstanding

	<u>Number of shares</u>	<u>Ordinary shares</u>
Issued ordinary shares		
	27.462.244	72.920.273
As on April 1, 2017	27.462.244	72.920.273

Other reserve being 1'169'805 thous.tenge.

Retained profit (uncovered loss) as on April 1, 2017 amounts to 27'232'317 thous.tenge.

**Explanations concerning income and expenses of the Fund for January-April 2017
comparing with same period of 2016.**

Name of indices	Amount (thous.tenge)	
	March 2017	March 2016
Selling expenses	239,359	111,263
Administrative expenses	952,259	835,757
Other expenses	26 530 121	48 889 926
Other income	24 961 006	48 315 765
Total operating profit (loss)	-2 760 733	-1 521 181
Financing income	6 484 732	6 725 216
Financing expenses	1 063 644	1 218 024
Profit (loss) before tax	2 660 355	3 986 011
Income tax expenses	-	-
Profit (loss) after tax from continuous operating	2 660 355	3 986 011
Profit for year, attributable to:	2 660 355	3 986 011
parent company owners	2 660 355	3 986 011
Other gross profit, total:	0	0
including:		
Revaluation of financial assets available for sale:	0	0
Total gross profit	2 660 355	3 986 011
Total gross profit, attributable to:		
parent company owners	2 660 355	3 986 011

For the accounting period income generally amounted to 31'445,74 mln. tenge, which is lower than the analogous period level of the previous year on 23'595 mln.tenge. Decrease of income appears due to increase of income from main activities of the Fund and unrealised income from revaluation of SWAP transaction for 2 and 3 instalments of Asian Development Bank and also the exchange rate difference.

In whole expenses for the accounting period amount to 28'785,38 mln tenge, which is lower than the analogous period level of the previous year on 22'269,59 mln tenge due to unrealised expenses from revaluation of SWAP transaction for 2 and 3 instalments of Asian Development Bank and also the exchange rate difference. Expenses in analogous period of the previous year are 51'054,97 mln tenge.

Administrative expenses and other income and expenses take main part in expenses.

Total gross loss for the accounting period amounts to 2'660,36 mln tenge, which is lower than the analogous period level of the previous year on 1'325,66 mln tenge.

Explanation to Cash flow statement is presented as follows:

- Cash flow from operating activities

Other inflow - 25'609'263 thous.tenge;

Other payments – 430'072 thous.tenge;

Cash flow from operating activities for the analogous period of the previous year:

other inflow – 1'913'435 thous.tenge;

other payments - 6'583'520thous.tenge.

- Cash flow from financing activities:

other inflow - 9'794'357 thous.tenge;

other payments - 11'869'457 thous.tenge.

Cash flow from financing activities for the analogous period of the previous year:

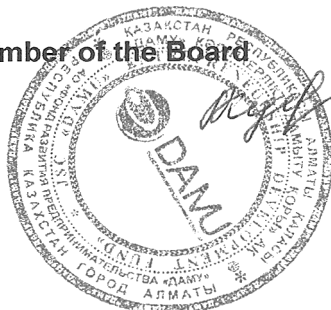
other inflow – 10'387'229 thous.tenge;

other payments - 6'746'534 thous.tenge;.

Total cash inflow for the accounting period is 28'013'728 thous.tenge.

Managing Director- member of the Board

Chief Accountant



A. Finogenova

A. Kusaiynova

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Reserves	413	1 169 805,00	1 212 544,00
Retained profit (uncovered loss)	414	27 232 317,00	24 571 961,00
Total capital attributable to the parent company owners (sum of lines 410 to 414)	420		
Non-controlling owners share	421		
Total capital (line 420 +/- line 421)	500	101 322 395,00	98 704 778,00
Balance (line 300+line 301+line 400+ line 500)		346 530 101,00	349 434 268,00

Managing Director - member of the Board  A.Finogenova.

Chief Accountant  A.Kusaiynova



Name of organization "Entrepreneurship Development Fund "Damu" JSC

Profit and Loss statement
as on April 1, 2017

thous.tenge

Indices	Line code	for accounting period	for analogous previous period
as on January 1, 2014 (preliminary)	010	-	-
Cost of realised goods and services	011	-	-
Gross profit (line 010 - line 011)	012	-	-
Selling expenses	013	239 359	111 263
Administrative expenses	014	952 259	835 757
Other expenses	015	28 530 121	48 889 926
Other revenues	016	24 981 006	48 315 765
Total operating profit (loss) (+/- line 012 to 016)	020	-2 760 733	-1 521 181
Revenues on financing	021	6 484 732	6 725 216
Expenses on financing	022	1 063 644	1 218 024
Interest of company in profit (loss) of associates and joint ventures, equity accounted	023	-	-
Other non operating revenues	024	-	-
Other non operating expenses	025	-	-
Profit (loss) before tax (+/- line 020 to 025)	100	2 660 355	3 986 011
Income tax expenses	101	-	-
Profit (loss) after tax of continuing operation (line 100 - line 101)	200	2 660 355	3 986 011
Profit (loss) after tax of discontinued operation	201	-	-
Profit per year (line 200 + line 201) attributable to:	300	2 660 355	3 986 011
parent company owners		2 660 355	3 986 011
non-controlling owners share		-	-
Other gross profit, total (sum of lines 410 to 420):	400	-	0
including:			
Revaluation of fixed assets	410		
Revaluation of financial assets available for sale	411		
Interest in other gross profit (loss) of associates and joint ventures, equity accounted	412		
Actuarial gains (losses) of benefit liabilities	413		
Effect of change in income tax rate for deferred tax of associates	414		
Cash flow hedge	415		
Exchange difference in foreign entities investments	416		
Hedge of net foreign entities investments	417		
Other components of other gross profit	418		
Reclassification in profit (loss) adjustment	419		
Tax effect of components of other gross profit	420		
Other gross profit (line 300 + line 400)	500	2 660 355	3 986 011
Total gross profit attributable to:			
parent company owners		2 660 355	3 986 011
non-controlling owners share		-	-
Earning per share:	600		
including:			
Basic earnings per share:			
from continuing operation			
from discontinued operation			
Diluted earnings per share:			
from continuing operation			
from discontinued operation			

Managing Director, member of the Board  A. Finogenova.

Chief Accountant  A. Kusainova



Name of organization **"Entrepreneurship Development Fund "Damu" JSC**

**Cash flow statement (direct method)
as on April 1, 2017**

thous.tenge

Indices	Line code	for accounting period	for previous period
I. Cash flow from operating activities			
1. Cash inflow, total (sum of lines 011 to 016)	010	31 324 221	17 091 354
including:			
selling of goods and services	011	0	20 096
other revenue	012	7 674	3 660
Advances received from buyers and customers	013	172 983	96 970
Insurance contracts proceeds	014	78	9 578 933
received interest	015	5 534 223	5 478 260
other proceeds	016	25 609 263	1 913 435
2. Cash outflow, total (sum of lines 021 to 027)	020	2 443 357	8 933 115
including:			
payments to suppliers for goods and services	021	10 803	285 539
advances to suppliers of goods and services	022	334 558	278 772
Salaries payments	023	300 740	484 196
Interest payments	024	1 085 187	1 125 022
Insurance contracts payments	025	0	0
income tax and other payments to budget	026	281 997	176 066
other payments	027	430 072	6 583 520
3. Net cash flow from operating activities (line 010 – line 020)	030	28 880 864	8 158 239
II. Cash flow from investment activities			
1. Cash inflow, total (sum of lines 041 to 051)	040	781	0
including:			
fixed assets sale	041	781	0
intangibles sale	042		
other long-term assets sale	043		
sale of equity instruments of other entities (except for subsidiaries) and interests in joint venture	044		
sale of debt instruments of other entities	045		
consideration in case of loss control over subsidiaries	046		
sale of other financial assets	047		
futures and forward contracts, options and swaps	048		
dividends received	049		
interest received	050		
other proceeds	051		
2. Cash outflow, total (sum of lines 061 to 071)	060	3 722 084	2 737 308
including:			
purchase of fixed assets	061	25 284	37 308
purchase of intangibles	062	0	0
purchase of other long-term assets	063		
purchase of equity instruments of other entities (except for subsidiaries) and and interests in joint venture	064		
purchase of debt instruments of other entities	065		
acquisition of control over subsidiaries	066		
purchase of other financial assets	067		
loans issued	068	3 696 800	2 700 000
futures and forwards contracts, options and swaps	069		
investments in associates and subsidiaries	070		
other payments	071		
3. Net cash flow from investment activities (line 040 - line 060)	080	-3 721 303	-2 737 308
III. Cash flow from financing activities			

1. Cash inflow, total (sum of lines 091 to 094)	090	12 644 357	11 387 229
including:			
stock issue and other financial instruments	091	0	0
loans received	092	2 850 000	1 000 000
interest received	093		
other proceeds	094	9 794 357	10 387 229
2. Cash outflow, total (sum of lines 101 to 105)	100	12 099 386	6 976 463
including:			
loans repaid	101	229 929	229 929
Interest paid	102		
dividends paid	103	0	0
company share premium to owners	104		
other outflow	105	11 869 457	6 746 534
3. Net cash flow from financing activities (line 090 - line 100)	110	544 971	4 410 766
4. Effect of foreign exchange rates to tenge	120	2 309 196	34 948
5. Increase +/- decrease of cash (line 030 +/- line 080 +/- line 110)	130	28 013 728	9 866 645
6. Cash and cash equivalents as on accounting period beginning	140	44 027 014	33 252 986
7. Cash and cash equivalents as on accounting period end	150	72 040 742	43 119 631

Managing Director, member of the Board  A. Finogenova.

Chief Accountant  A. Kusaiynova



Name of organization "Entrepreneurship Development Fund "Damu" JSC

Statement of changes in equity
as on April 1, 2017

Name of components	Line code	Parent company equity					Non-controlling	Total equity
		Capital stock	Share premium	Treasury stock	Reserves	Retained profit		
Balance as on January 1 of the previous year	010	72 920 273	0	0	1 274 176	20 978 739	0	95 173 188
Changes in accounting policy	011							
Restated balance (line 010+line 011)	100	72 920 273	0	0	1 274 176	20 978 739	0	95 173 188
Total gross profit, total (line 210 + line 220)	200	0	0	0	-61 631	5 593 296	0	5 531 665
Profit/(loss) for year	210				-61 631	5 593 296	0	5 531 665
as on September 1, 2016	220	0	0	0	0	0	0	0
including:								
Fixed assets revaluation surplus (less tax effect)	221							
Transfer of depreciation of fixed assets (less tax effect)	222							
Revaluation of financial assets available for sale (less tax effect)	223							
Interest in other gross profit (loss) of associates and joint ventures, equity accounted	224							
Actuarial gains (losses) of pension benefit liabilities	225							
Effect of change in income tax rate for deferred tax of associates	226							
Hedge of cash flow (less tax effect)	227							
Exchange difference in foreign companies investments	228							
Hedge of net foreign entities investments	229							
Operations with owners, total (sum of lines 310 to 318):	300	0	0	0	0	-2 000 075	0	-2 000 075
including:								
Employees benefit in shares:	310							
including:								
employees cost								
shares issue for employees benefit scheme								
Tax benefit regarding the employees benefit shares scheme								
Owners contributions	311							
Issue of equity instruments (shares)	312							0
Issue of equity instruments associated with business combination	313							
Equity component of convertible instruments (less tax effect)	314							
Payment of dividends	315					-2 000 075		-2 000 075
Other allocations in favour of owners	316							
Other operations with owners	317							
Changes in interest in associates with no loss of control	318							
Balance as on January 1 of the accounting year (line 100 + line 200 + line 300)	400	72 920 273	0	0	1 212 545	24 571 960	0	98 704 778
Changes in accounting policy	401							

