Kazakhstan Stock Exchange JSC
Separate Financial Statements
for the Year Ended 31 December 2019
and Independent Auditor's Report

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Statement of management's responsibilities for the preparation and approval of the separate financial statements for the year ended 31 December 2019

Management[1] of Kazakhstan Stock Exchange JSC (the Company) is responsible for the preparation of the separate financial statements that present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its performance, cash flows, and changes in equity for the year then ended, under International Financial Reporting Standards (IFRS).

In preparing these separate financial statements, management is responsible for:

- Selecting appropriate accounting policies and applying them consistently
- Providing information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Disclosing additional information in cases where compliance with the requirements of IFRS is not enough for users of the information to understand effects of certain transactions and other events or conditions on the financial position or financial performance of the Company
- Evaluating the Company's ability to continue as a going concern in the foreseeable future.

Management of the Company is also responsible for:

- Designing, implementing and maintaining reliable internal controls within the Company
- Maintaining accounting records in a manner that enables to disclose and explain Company's transactions, and
- Providing, at any time, with reasonable accuracy, the information on the Company's financial position, and ensure compliance of the financial statements with IFRS requirements
- Maintaining accounting records in compliance with the laws of the Republic of Kazakhstan
- Taking such steps as are reasonably available to safeguard Company's assets
- Detecting and preventing financial fraud and other irregularities.

The separate financial statements for the year ended 31 December 2019 were approved by the management of the Company on 17 April 2020.

On behalf of the Management

A.O. Aldambergen
Chairman of the Management Board

17 April 2020
Almaty, Kazakhstan

S.U. Akybbekova
Chief Accountant

The Management shall mean the Management Board of Kazakhstan Stock Exchange JSC, taking into account paragraph 2 clause 4 Article 6 of the Law of the Republic of Kazakhstan on Accounting and Financial Reporting.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Kazakhstan Stock Exchange JSC

Auditor's Report

Opinion

We have audited the financial statements of Kazakhstan Stock Exchange JSC (the Company), which comprise the statement of financial position as at 31 December 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual audit report but does not include the financial statements and our auditor's report thereon. We assume that the approved annual audit report will be submitted to us after this Audit Report has been issued. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 for accounting, unless management either intends to liquidate the Company 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements 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 International Standards on Auditing 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 the audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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.

BDO Kazakhstan LLP

State license for the audit of the Committee for Financial Control of the Ministry of Finance of the Republic of Kazakhstan No. 15003448 dated February 19, 2015

Director T.A. Omarov

17 April 2020

Auditor Irina Litvinchik

Auditor qualification certificate No. 0000223 issued by the Qualification Commission for Attestation of Auditors of the Republic of Kazakhstan on December 22, 2014

Almaty, Republic of Kazakhstan

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019
(KZT thousand except for earnings per share denominated in KZT)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Incomes from services and commission incomes	4	**2.440.670**	**2.330.291**
Interest income	5	**1.706.859**	**671.598**
Establishing of provision for assets impairment on which the interest is being charged and other transactions	6	**(6.125)**	**(4.535)**
Net profit/(loss) from foreign currency transactions	7	**188**	**7.906**
Dividends received	25	**5.149**	**9.189**
Other income	8	**108.967**	**62.384**
OPERATING INCOME		**4.255.708**	**3.076.833**
Interest expenses	5	**(31.255)**	-
OPERATING EXPENSES	9	**(1.809.666)**	**(1.913.257)**
PROFIT BEFORE TAX		**2.414.787**	**1.163.576**
Corporate income tax expenses	10	**(220.889)**	**(175.011)**
Net profit		**2.193.898**	**988.565**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in the current or subsequent periods			
Net unrealized loss from the remeasurement of investments at fair value through other comprehensive income		**(44)**	(44)
Other comprehensive income		**(44)**	(44)
Total comprehensive income		**2.193.854**	**988.521**
Earnings per share			
Basic and diluted (KZT)	11	**2.251,59**	1.049,42

On behalf of the Management[2]

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief Accountant

17 April 2020
Almaty, Kazakhstan

Notes on pages 6-39 are an integral part of this separate financial statements

[2] In this separate statement of comprehensive income and throughout these Separate Financial Statements the Management shall mean the Management Board of Kazakhstan Stock Exchange JSC, taking into account paragraph 2 clause 4 Article 6 of the Law of the Republic of Kazakhstan on Accounting and Financial Reporting.

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2019
(KZT thousand)

	Notes	31 December 2019[3]	31 December 2018
ASSETS			
Cash and cash equivalents	13	20.243.563	26.695.041
Cash held with banks	14	1.377.794	1.145.303
Financial assets at fair value through OCI	15	21.053	21.053
Financial assets at amortised cost	16	18.770.472	18.593.240
Investment in affiliated subsidiaries	1	12.852	12.852
Financial assets of the central counterparty	12	961.946	3.341.113
Reverse repo	16	27.274.727	-
Advances paid	20	4.034	4.894
Property, plant and equipment	17	1.396.664	1.333.020
Intangible assets	18	720.136	146.143
Assets held for sale		92.495	100.325
Current corporate income tax prepayment		20.468	-
Other assets	19	121.705	166.153
Total assets		71.017.909	51.559.137
EQUITY AND LIABILITIES			
LIABILITIES			
Funds of clearing participants	21	32.857.039	39.141.386
Financial liabilities of central counterparty	12	961.946	3.341.113
Repo	22	25.321.727	-
Advances received		48.348	65.690
Current income tax liabilities		-	18.919
Deferred corporate income tax liabilities	10	74.087	24.360
Other liabilities	20	371.175	73.455
Total liabilities		59.634.322	42.664.923
EQUITY			
Issued capital	23	2.661.775	2.366.256
Treasury stock		(62.076)	(62.076)
Provision for remeasurement of investments at fair value through other comprehensive income		13	57
Provision for revaluation of property, plant and equipment	17	179.490	179.893
Other funds		1.750.000	1.750.000
Retained earnings		6.854.385	4.660.084
Total equity		11.383.587	8.894.214
Total equity and liabilities		71.017.909	51.559.137

On behalf of the Management

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief Accountant

17 April 2020
Almaty, Kazakhstan

Notes on pages 6-39 are an integral part of this separate financial statements

[3] Herein and throughout these Separate Financial Statements and in the notes hereto 31 December of any year shall mean 00:00 am Almaty time as of 31 December of that year.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019
(KZT thousand)

	Issued capital	*Treasury stock*	Provision for remeasurement of investments at fair value through other comprehensive income	*Provision for revaluation of property, plant and equipment*	*Other funds*	*Retained earnings*	*Total equity*
31 December 2017	2.366.256	–	101	180.296	240.000	5.184.233	7.970.886
Provision for expected credit losses due to IFRS 9 application	–	–	–	–	–	(3.117)	(3.117)
Repurchase of own stock	–	(62.076)	–	–	–	–	(62.076)
Other comprehensive loss	–	–	(44)	–	–	–	(44)
Property, plant and equipment carried forward at depreciation	–	–	–	(403)	–	403	–
Increase in capital reserves	–	–	–	–	1.510.000	(1.510.000)	–
Net profit for the year	–	–	–	–	–	988.565	988.565
Total comprehensive income	–	(62.076)	(44)	(403)	1.510.000	(524.149)	923.328
31 December 2018	2.366.256	(62.076)	57	179.893	1.750.000	4.660.084	8.894.214
Revenue from issued capital increase in ordinary shares	295.519	-	-	-	-	-	295.519
Net income from remeasurement of available-for-sale investments	–	–	(44)	–	–	–	(44)
Property, plant and equipment carried forward at depreciation	–	–	–	(403)	–	403	-
Net profit for the year	–	–	–	–	–	2.193.898	2.193.898
Total comprehensive income	295.519	-	(44)	(403)	-	2.194.301	2.489.373
31 December 2019	2.661.775	(62.076)	13	179.490	1.750.000	6.854.385	11.383.587

On behalf of the Management:

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief Accountant

17 April 2020
Almaty, Kazakhstan

Notes on pages 6-39 are an integral part of this separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2019
(KZT thousand)

	Notes	*Year ended 31 December 2019*	*Year ended 31 December 2018*
Operating activities			
Profit before tax		**2.414.787**	**1.163.576**
Non-cash adjustments			
Provision for assets impairment	6	**3.257**	**(885)**
Property, plant and equipment carried forward at depreciation		**-**	**–**
The net change in fair value of investments at fair value through other comprehensive income		**(44)**	**(44)**
Loss from property, plant and equipment disposal		**6.322**	**443**
Asset held-for-sale impairment loss		**5.032**	**-**
Impairment loss of investments in associate		**-**	**37.473**
Income from dividends		**(5.149)**	**(4.391)**
Net interest income	5	**(1.706.815)**	**(671.554)**
Depreciation and amortisation	17,18	**121.486**	**129.684**
Cash flow from operating activities before change in operating assets and liabilities		**838.876**	**654.302**
Change in operating assets and liabilities			
(Increase)/decrease in operating assets			
Reverse repo		**(27.274.727)**	**-**
Funds of clearing participants		**6.787.216**	**1.859.408**
Cash held with banks		**(230.925)**	**772.495**
Advances paid		**860**	**1.137**
Other assets		**39.622**	**(53.049)**
Increase/(decrease) in operating liabilities			
Funds of clearing participants liberalities		**(13.067.231)**	**37.281.978**
Repo		**25.321.727**	-
Advances received		**(17.342)**	**14.404**
Other liabilities		**297.720**	**17.965**
Cash inflow/(outflow) from operating activities before tax		**(7.304.204)**	**40.548.640**
Interest received		**1.707.422**	**674.150**
Corporate income tax paid		**(210.549)**	**(34.758)**
Net earnings from/(used in) operating activities		**(5.807.331)**	**41.188.032**

SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2019
(KZT thousand)

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Investing activities			
Purchase of property, plant and equipment	17	(152.935)	(35.950)
Purchase of intangible assets		(596.772)	(12.388)
Salary and other costs capitalised in intangible assets		(12.940)	(13.880)
Proceeds from the sale of property, plant and equipment		–	–
Purchase of investments recorded at amortized cost		(177.019)	(14.433.760)
Subsidiary liquidation		-	8.930
Dividends received		-	1.036
Net cash used in investing activities		**(939.666)**	**(14.486.012)**
Investing activities			
Cash inflow (outflow) from transactions with own equity instruments		295.519	(62.076)
Net inflow from/ (used in) financing activities		**295.519**	**(62.076)**
Net increase/(decrease) in cash and cash equivalents		**(6.451.478)**	**26.639.944**
Cash and cash equivalents at the year-beginning	13	26.695.041	55.097
Cash and cash equivalents at the year-end	13	**20.243.563**	**26.695.041**

On behalf of the Management:

A.O. Aldambergen
Chairman of the Management Board

S.U. Akybbekova
Chief Accountant

17 April 2020
Almaty, Kazakhstan

Notes on pages 6-39 are an integral part of this separate financial statements

(In KZT thousand, unless otherwise stated)

1. CORPORATE INFORMATION

Kazakhstan Stock Exchange Joint-Stock Company (the Company, the Stock Exchange) was established on November 17, 1993, under the laws of the Republic of Kazakhstan.

Currently, the Company operates based on the certificate of state re-registration of the legal entity No. 1952-1910-01-AO dated January 7, 2004, issued by the Justice Department of the Bostandyk District under the Department of Justice of Almaty.

The Company's activities in the securities market are carried out based on the following licenses:

1) License for carrying out activities on the securities market dated July 19, 2012 No. 4.2.3/1, issued by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan. The license gives the right to carry out the following activities in the securities market:
   - Trading in securities and other financial instruments
   - Clearing activities on transactions with financial instruments in the securities market.

2) The license to conduct banking operations in national and foreign currency dated September 5, 2018 No. 4.3.8, issued by the National Bank of the Republic of Kazakhstan. The license gives the right to conduct the following banking operations:
   - Opening and maintaining correspondent accounts of banks and organizations engaged in certain types of banking operations
   - Transfer operations: execution of orders of individuals and legal entities on payments and money transfers
   - Opening and maintaining bank accounts of legal entities
   - Organization of exchange operations with foreign currency, except for the organization of exchange operations with foreign currency in cash.

The legal address of the Company: 8th floor, 280 Baizakov Street, Northern Tower of the Almaty Towers Multifunctional Complex, 050040, Almaty, Republic of Kazakhstan.

The main activity of the Stock Exchange is the organization of trading in securities and other financial instruments under the laws of the Republic of Kazakhstan.

Related activities of the Stock Exchange are clearing of transactions with financial instruments, the implementation of certain types of banking operations, the provision of information and other services not prohibited by the laws of the Republic of Kazakhstan.

As of 31 December 2019, and 31 December 2018 end-of-day, the shareholders, each of which owns ordinary shares of the Company in an amount exceeding 5% of the total number of its outstanding shares, are as follows:

	31 December 2019, %	*31 December 2018, %*
Shareholders		
National Bank of the Republic of Kazakhstan State-owned Institution	**49,11**	50,10
Komesk-Omir JSC	**8,54**	-
Halyk Savings Bank of Kazakhstan JCS	**7,59**	7,75
CENTRICA LLP	**-**	6,88
Other (individually owning less than 5%)	**34,76**	35,27
Total	**100,00**	100,00

(In KZT thousand, unless otherwise stated)

1. CORPORATE INFORMATION (continued)

Under paragraph 2 of Article 84 of the Law of the Republic of Kazakhstan *On the Securities Market* (the Law), the share of each shareholder of the Exchange together with its affiliates may not exceed 20% of the total number of outstanding shares, unless the shareholder is an authorized body, that is, the National Bank of the Republic of Kazakhstan.

During the years ended December 31, 2019, and December 31, 2018, the National Bank of the Republic of Kazakhstan (the NBRK) is a controlling party of the Company.

For the year ended 31 December 2019 the Company had the following subsidiaries:

Entity	*Country of business*	*Voting shares, %*	*Contributions to the issued capital (KZT thousand)*	*Activity*
eTrade.kz LLP	Kazakhstan	100	12.852	Information technologies
			12.852	

For the year ended 31 December 2018 the Company had the following subsidiaries:

Entity	*Country of business*	*Voting shares, %*	*Contributions to the issued capital (KZT thousand)*	*Activity*
eTrade.kz LLP	Kazakhstan	100	12.852	Information technologies
			12.852	

2. BASIS OF PREPARATION

Basis of accounting

The accompanying financial statements were prepared in compliance with International Financial Reporting Standards (the IFRS). Separate financial statements were prepared based on the principle of accounting at historical cost, with an exception of the principle in the Significant Accounting Policies section, for example, financial assets at fair value through other comprehensive income, property, plant and equipment groups: buildings, land and vehicles have been measured at fair value.

These separate financial statements have been issued additionally to the consolidated financial statements of the Company. Consolidated financial statements of the Company have been approved by the Company's management on 17 April 2020.

These separate financial statements have been prepared on the going concern basis assuming that the Company is currently operating and will operate shortly.

These separate financial statements are presented in thousands of Kazakhstan tenge (tenge, KZT) except for earning per share unless stated otherwise.

Functional currency

The functional currency of the Company's separate financial statements is tenge which best of all is reflecting the substance behind the events and circumstances relevant to the Company.

Application of new and revised IFRSs

The accounting principles applied in the preparation of the separate financial statements comply with the principles applied in the preparation of the separate financial statements of the Company for the year ended December 31, 2018, except for adopted new standards and interpretations effective on January 1, 2019. The Company did not prematurely apply the standards, clarifications or amendments issued but not yet effective.

Nature and effect of these changes are as follows.

2. BASIS OF PREPARATION (continued)

Application of new and revised IFRSs (continued)

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Interpretation Determining whether an Arrangement Contains a Lease, SIC 15 Interpretation Operating Leases - Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The lessee may decide on whether to use a single accounting model concerning:

- Short-term leases
- Leases in which the underlying asset has a low value.

Since the Company is a lessee under short-term leases or leases with a low-value asset, lease payments under such leases are recognized as expenses on a straight-line basis over the lease term. Therefore, the application of IFRS 16 did not affect the accounting for leases where the Company is a lessee. Therefore, the comparative information presented in these separate financial statements has not been restated.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, the application of IFRS 16 did not affect the accounting for leases where the Company is the lessor.

IFRIC 23 Uncertainty over Income Tax Treatments

The IRFIC addresses the accounting treatment of income tax when there is uncertainty in tax treatments, which affects the application of IAS 12 Income Taxes.
The IFRIC does not apply to taxes or fees that are outside the scope of IAS 12; it also does not contain specific requirements related to interest and penalties associated with uncertain tax treatments. In particular, the IFRIC addresses the following issues:

Whether an entity considers uncertain tax treatments separately

- ► Assumptions that the entity makes concerning the examination of tax treatments by tax authorities;
- ► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- ► How an entity considers changes in facts and circumstances.

An entity is required to exercise judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. It is necessary to apply an approach that provides better predictions of the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties regarding the rules for calculating income taxes. Since the Company operates in a complex multinational tax environment, it has analysed whether applying the Interpretation might affect its financial statements. Given that the Company complies with the requirements of tax laws, the Company concluded that the adoption of tax interpretations (including interpretations by the Company subsidiaries) by the tax authorities is likely. This clarification did not affect the separate financial statements of the Company.

Amendments to IFRS 9 *Prepayment Features With Negative Compensation*

According to IFRS 9, debt instruments are subsequently measured at amortised cost, or fair value through other comprehensive income (FVOCI), based on their contractual cash flows that are Solely Payments of Principal and Interest (SPPI) and the instrument is held within a business model allowing such classification. The amendments to IFRS 9 clarify that a financial asset satisfies the SPPI criterion regardless of the event or circumstance that cause the early termination of contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

***Plan Amendment, Curtailment or Settlement* - Amendments to IAS 19**

The amendments to IAS 19 address the accounting treatment in cases where the plan is amended, curtailed or settled during the reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

2. BASIS OF PREPARATION (continued)

Application of new and revised IFRSs (continued)

An entity should also determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement. These amendments had no impact on the financial statements of the Company.

Amendments to IAS 28 *Long-Term Investments in Associates and Joint Ventures*

The amendments clarify that an entity should apply IFRS 9 to long-term investments in an associate or joint venture that are not equity-accounted but that, in essence, form part of the net investment in the associate or joint venture (long-term investments). This clarification is important because it implies that the expected credit loss model in IFRS 9 should apply to such long-term investments.

The amendments also clarify that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Venture.

These amendments did not affect the separate financial statements of the Company, as the Company does not have the long-term investments in an associate or joint venture.

Annual improvements to International Financial Reporting Standards, 2016-2019 cycle

IFRS 3 *Business Combinations*

The amendments clarify that if an entity obtains control of a business that is a joint operation, it shall apply the requirements for business combinations that are carried out in stages, including remeasurement of previously held interests in assets and liabilities of the joint operation at fair value. At the same time, the purchaser shall remeasure the entire previously held interest in joint operations.

These amendments did not affect the separate financial statements of the Company as there were no similar transactions in the periods presented.

IFRS 11 *Joint Arrangements*

A party that participates in, but does not have joint control of, a joint operation, may obtain joint control over the joint operation, which is a business as defined in IFRS 3. The amendments clarify that in such cases, previously held interests in this joint operation are not remeasured.

These amendments did not affect the separate financial statements of the Company due to the lack of operations under which the joint control is received by the Company.

IAS 12 *Income Taxes*

The amendments clarify that the tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the tax consequences of dividends in profit or loss, other comprehensive income or equity depending on in which items the entity initially recognised those past transactions or events. At initial application of these amendments, the entity must apply them to tax implications related to dividends recognised at or after the date of the earliest comparative period.

Since the Company’s current policy complies with the requirements of the amendments, their adoption had no impact on the Company’s financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity should account for loans obtained specifically to acquire a qualifying asset, as part of general borrowings, when all the jobs necessary to prepare the asset for its intended use or sale has been almost completed. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. These amendments had no impact on the separate financial statements of the Company.

New standards, interpretations and amendments issued but not yet effective

There are several standards, amendments and interpretations that have been issued by the IASB and will be effective for the future reporting periods and not early applied by the Company upon the Company's discretion. The most important standards, interpretations and amendments effective for the period beginning January 1, 2020:

2. BASIS OF PREPARATION (continued)

Application of new and revised IFRSs (continued)

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (clarified by Definition of Material)
- IFRS 3 Business Combination (clarified by Definition of a Business)
- A conceptual framework for financial reporting has been revised.

The Company is currently estimating the impact of these new standards and amendments.
The Company does not expect that any other standards issued by the IASB but not yet effective will have a material effect on the Company. Other new and amended standards that, at the time of writing, were issued by the IASB and effective for the future periods:

• IFRS 17 Insurance Contracts (effective on January 1, 2021). In June 2019, the IASB published a preliminary draft amendment to IAS the Standards' effective date until January 1, 2022. At the time of reporting, the draft amendments were not completed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Incomes

Income is recognized if it is probable that the Company receives economic benefits and revenue can be reliably measured, irrespective of the time of payment. Revenue is measured at a fair value of received or receivable consideration, subject to contractual terms of payment, and less taxes or duties. The Company analyses contracts concluded by it that provide a derivation of revenue as per specific criteria to determine whether it acts as a principal or an agent. The Company has concluded that it acts as a principal under all of such contracts.

Activities are carried out through separate identifiable contracts with customers.

The Company recognizes revenue to report provision of promised services to consumers in an amount of a consideration in which the Company expects to acquire the right in exchange for provided services less all discounts, returns.

In recognition of revenue, the Company takes the following steps:
1) Identifying a contract with a customer;
2) Identifying a liability to be settled under a contract;
3) Determining a transaction price;
4) Allocating a transaction price between separate liabilities to be settled under a contract;
5) Recognizing revenue when (or as far as) the liability to be settled under a contract is discharged.

Under IFRS 15, the Company recognizes revenue from services provided by the Company during the period, since the customers simultaneously obtain and use benefits provided by the Company.

Recognition of incomes from services and commission incomes

Incomes from services and commission incomes are recognized as far as respective services are provided. Incomes on admission membership fees and listing fees are recognized based on decisions on the admission of organizations as members of the Stock Exchange and official listing of the securities on the Stock Exchange. Income received by the Stock Exchange from any organization as monthly membership contributions is recognized on a continuing monthly basis until that organization is a member of the Stock Exchange. Incomes on annual listing fees are recognized during the 12-month period which they relate to.

Recognition of interest incomes

Interest incomes are stated on an accrual basis and calculated in the effective interest method. The effective interest method consists in calculating amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities), as well as attributing interest income or interest expense to a respective period.

Effective interest rate is an interest rate using which the expected future cash payments or receipts are reduced to the net current value of a financial asset or a financial liability. Besides, cash flows are discounted for a period of the expected life of a financial asset or a financial liability or, if applicable, for a shorter period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest incomes include interest incomes from investments in securities, accrued return on deposits and cash balances in the effective interest method.

If a financial asset or a group of homogeneous financial assets is (partially) written off as a result of

depreciation, the interest income is determined subject to the original effective interest rate used to discount future cash flows to calculate impairment losses.

Advances from customers

Under IFRS 15, the Company used the practical simplification for short-term advances. As per that simplification, the Company will not adjust promised amount of consideration subject to the effect of significant financing component in contracts, if, upon conclusion of a contract, the Company expects that a period between the provision of promised services by the Company to a customer and payment from a customer for such service does not exceed one year.

Presentation of contracts with customers

If a party to a contract fulfilled any obligations under a contract, the Stock Exchange presents a contract in the statement of financial position either as a contract asset or a contract liability depending on the ratio between an entity's fulfilment of an obligation under a contract and a customer's payments. The Stock Exchange separately presents unconditional rights in compensation as receivables.

A contract asset is a right of the Stock Exchange to receive compensation in exchange for goods or services provided by an entity to a customer. The Stock Exchange tests a contract asset for impairment under IFRS 9.

Receivables mean an unconditional right of an entity to compensation. A right to compensation is unconditional if the moment when such compensation becomes payable is conditioned by the passage of time only. The Stock Exchange recognizes receivables if it has a current right to receive a payment, even if such an amount can be refundable thereafter. The Stock Exchange accounts for receivables under IFRS 9.

If a customer pays compensation or the Stock Exchange has the right to a compensation, which is unconditional (i.e. receivables), before the Stock Exchange provides a service to a customer, the Stock Exchange is required to present a contract as an obligation under a contract when making a payment or when payment becomes due (whatever is earlier). An obligation under a contract is the Stock Exchange's obligation to provide services to a customer for which an entity receives consideration (or a payable consideration) from a customer.

Presentation and disclosure requirements

The Stock Exchange detailed the information on revenue recognized under contracts with customers with breaking down by categories presenting how the economic factors affect the nature, amount, terms, and uncertainty of revenue and cash flows. Disclosures of detailed revenue are considered in Note 8.

Classification and measurement of financial assets

Under IFRS 9, the Stock Exchange initially measures the financial assets at fair value that is increased by costs for the transaction if a financial asset is not measured at fair value through profit or loss.

The debt instruments held under a business model aimed at the derivation of contractual cash flows including only principal amount and interest thereon are measured, as a rule, at amortized cost. The debt instruments held under a business model the goal of which is achieved both by receiving the contractual cash flows and selling a financial asset, as well as those with the contract terms conditioning receipt of cash flows that are only payment of the principal amount and interest on principal outstanding are usually stated at fair value through OCI. All other debts and equity instruments are measured at fair value.

The analysis of whether the contractual cash flows under debt instruments are only payments of principal amount and interest was carried out based on the factors and circumstances existed at initial recognition of those assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and measurement of financial liabilities

Financial liabilities are recognised at fair value less costs to complete the transaction. Subsequently, other financial liabilities are measured at amortized cost. Interest expense is calculated using the effective interest method.

The Stock Exchange derecognizes the financial liabilities only if they are settled, cancelled or the claim therefore expire. Where existing financial liability is replaced with another liability to the same creditor subject to significantly different conditions or conditions of existing liability change significantly, then such replacement or change are accounted for as a write-off of an original liability and recognition of a new liability. A difference between carrying amounts of a financial liability, which is derecognized, and paid or payable consideration, is recognized as profit or loss.

Impairment

The Stock Exchange uses the model of expected credit losses (ECL). The expected credit losses are calculated as a difference between cash flows due to the Stock Exchange under a contract and all cash flows that the Stock Exchange expects to obtain. An insufficient receipt is discounted then at a rate approximate to the original effective interest rate for that asset.

As for the receivables, the Stock Exchange applied a simplified approach provided by the standard and calculated ECL for the entire period. The Stock Exchange used a valuation reserve matrix based on its experience of credit losses adjusted subject to predicted factors specific for borrowers and overall economic conditions. In case of other debt financial assets, the ECL is calculated for 12 months. However, in case of a significant increase in credit risk under a financial instrument after initial recognition, an allowance for losses is measured in the amount equal to expected credit losses for the entire period.

The Stock Exchange management estimated the credit risk for the deposits placed with the National Bank of the RK and short-term government securities to be low considering their stable external credit ratings and it did not recognize expected credit losses for those assets.

Cash and cash equivalents

The cash and cash equivalents include cash on hand, free cash balances on current and correspondent accounts with the National Bank of RK and the banks of the Republic of Kazakhstan and abroad, with initial maturity up to three months, the balances on broker accounts, as well as balances on clearing accounts.

Funds of clearing participants

The most of clearing participants' funds comprise cash of the members of the foreign exchange market placed on correspondent accounts of the Stock Exchange at the reporting date to make operations on the next trading day. Under an internal document of the Stock Exchange – Rules for conducting clearing activities relating to transactions with financial instruments (the Rules) - each clearing participant is required to keep a particular level of security and security deposit on a correspondent account of the Stock Exchange. Likewise, some of the clearing participants leave sums of money at the close of business on a trading day on correspondent account of the Stock Exchange to trade on the next trading day. The Stock Exchange recognizes them as liabilities to clearing participants.

Cash held with banks

In the course of its activities, the Stock Exchange opens current accounts and deposits with banks for a period exceeding three months. The cash with banks with fixed maturity dates are accounted for at amortized cost using the effective interest method. The cash with banks is accounted for less provision for impairment if any.

Assets and liabilities of the central counterparty

The Stock Exchange acts as a central counterparty (the CC) in the foreign exchange market and derivative market being for each participant a party to all transactions concluded at exchange auctions and guarantees performance thereof on a net basis. The assets and liabilities for such transactions are presented in the statement of financial position at the net fair value calculated based on daily estimated prices determined by the Stock Exchange under approved internal documents. The financial liabilities measured at fair value through profit or loss includes liabilities of the central counterparty on transactions in the foreign exchange market that are not completed at the end of the reporting period. These financial liabilities are stated at fair value with presenting re-measurement as profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Security of the central counterparty

The Stock Exchange guarantees discharge of net liabilities to the participants in the foreign exchange market and derivative market using the individual and collective security system. Individual security of a participant may be either full or partial depending on a category assigned to a clearing participant to be determined based on its financial position.

The CC claims for the amount of partial security are calculated based on internal methods of the Stock Exchange and must cover an amount of market risk of net liabilities of a clearing participant to the CC in all financial instruments. The financial instruments taken as partial security in the foreign exchange market and derivative market are the tenge and US dollar transferred by participants to the correspondent accounts of the Stock Exchange.

The clearing reserve and guarantee funds are collective security of settlement of the transactions to the clearing participants with partial security. The reserve funds are formed at the expense of own funds of the Stock Exchange for each stock exchange market. The guarantee funds are formed based on security deposits of the clearing participants.

Property, plant and equipment

The property, plant and equipment are initially recognized at acquisition (original) cost including direct costs and non-refundable taxes that are directly related to the acquisition of property, plant and equipment.

After initial recognition, the property, plant and equipment are accounted for under:
1) the accounting model at the revalued amount – buildings and structures, residential property, land plots and motor transport;
2) the accounting model at actual costs – all other groups of property, plant and equipment.

When using the accounting model at a revalued amount, the property, plant and equipment are accounted for at fair value at the revaluation date less accumulated depreciation and impairment losses.

The Stock Exchange capitalizes costs incurred for upgrading and repairing the units of property, plant and equipment that extend the useful life of that unit or increase the future economic benefits from use thereof. Expenses for repair and technical maintenance of property, plant and equipment that do not meet that capitalization criterion are stated in the Stock Exchange’s separate statement of comprehensive income in that period in which they are incurred.

Depreciation of property, plant and equipment is included in the Stock Exchange's separate statement of comprehensive income as operating expenses during the estimated useful life of those PPE using the straight-line method. If the components of any unit of property, plant and equipment have a different useful life, they are considered as separate units of property, plant and equipment. The estimated useful lives of the Company's property, plant and equipment are stated below.

	Useful lives (years) used in 2019
Buildings	40
Machinery and equipment	3-15
Vehicles	6,7
Other	6-10

Land and construction in progress are not depreciated.

The carrying amount of property, plant and equipment, useful life and depreciation method are reviewed at each reporting date.

Intangible assets

Intangible assets include software and licenses.

Intangible assets acquired separately are initially measured at actual cost. Cost of intangible assets acquired as a result of business combination is a fair value at the acquisition date. After initial recognition, the intangible assets are accounted for under the accounting model at actual costs. When using the accounting model at actual costs, the intangible assets are accounted for at cost less accumulated amortization and accumulated impairment losses.

If the Stock Exchange produces an intangible asset, then expenses for the development of an intangible asset are included in the cost of an intangible asset and accounted for as construction in progress until an intangible asset is ready in full for the intended use under the contract terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

The cost of an in-house intangible asset is an amount of the following costs incurred from a date on which an intangible asset becomes meeting the recognition criteria for the first time and includes all costs that may be directly allocated or attributed reasonably and consistently to development, production, manufacturing and preparation of an asset for its intended use:

1) costs for materials and services used or consumed when producing an intangible asset;
2) salary and other costs connected with employees directly involved in the production of an asset (the Stock Exchange capitalizes rewards of employees directly involved in completion of development of the software products based on reports on works performed if such works conform to all of the above-mentioned requirements);
3) any costs that directly relate to an asset produced, such as fees for registration of a legal right, patents and licenses used for the production of an asset.

Intangible assets can have limited or unlimited useful life. Intangible assets with indefinite useful life are not amortized, but they are annually tested for impairment.

The estimated useful lives of intangible assets are stated below:

	Useful lives (years) used in 2019
In-house software	3-9
Other software and licenses	5
Other IA	5

Provisions

Provisions are stated in the accounting records when the Stock Exchange has obligations (legal or constructive) as a result of past events and it is highly probable that the Stock Exchange is required to discharge those obligations and such obligations can be measured with a reasonable degree of accuracy. An amount of the provision for forthcoming expenses stated in the accounting records is the best measurement of an amount necessary to settle liabilities as determined at the reporting date, subject to risks and uncertainties inherent in those liabilities. If an amount of provision is calculated based on proposed cash flows for settlement of liabilities and influence of change in time value of money is significant, then the provision is determined as the discounted value of such cash flows.

If it is expected that payments that are necessary to settle liabilities will be recovered in part or in full by a third party, respective receivables are stated as an asset given that receipt of indemnity is certain and an amount of those receivables can be reliably measured.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale, if their carrying amount is to be recovered mainly by selling them, but not as a result of continuous use. Non-current assets and disposal groups classified as held for sale are measured at the lower of two values: carrying amount and fair value less selling expenses. Selling expenses are additional costs directly relating to the disposal of an asset (or disposal group) and do not include finance costs and expense on income tax.

A criterion to classify an item as held for sale shall be met only if a sale is highly probable and an asset or disposal group can be immediately sold in their current condition. Actions required to sell must indicate a remote probability of significant changes in selling actions, as well as cancellation of a sale. The management is required to assume an obligation to implement a plan to sell an asset and a sale must be expected to be completed within a year from date of classification.

After classification, as held for sale, the property, plant and equipment and intangible assets, are not subject to depreciation and amortization.

(In KZT thousand, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparation of the financial statements of the Stock Exchange, the transactions that are made in currencies other than the functional currency (the "foreign currencies") are accounted for at market foreign exchange rate prevailing at the transaction date. Cash items denominated in foreign currencies are translated at the respective exchange rate at the end of each reporting period. Non-cash items accounted for at fair value denominated in foreign currency are subject to translation at market foreign exchange rates prevailing at the date of determination of fair value. Non-cash items stated at historical cost denominated in foreign currency are not translated.

The year-end market foreign exchange rates used by the Stock Exchange in preparation of the separate financial statements are stated below:

	31 December 2019	*31 December 2018*
KZT/1 USD	**381,18**	**384,20**
KZT/1 EUR	**426,85**	**439,37**
KZT/1 RUR	**6,17**	**5,52**
KZT/1 GBP	**499,99**	**488,13**

Issued capital

The issued capital is accounted for at the original cost.

Dividends on ordinary shares are stated as a decrease in equity capital in that period in which they are declared. Dividends declared after the reporting date are considered as events after the reporting date under IAS 10 *Events After the Reporting Period* and the information thereon are disclosed respectively.

Provisions and funds as parts of equity

Provisions and funds reported as parts of equity in the Stock Exchange's statement of financial position include:

- investment revaluation reserve, which includes changes in fair value of investments classified as accounted for at fair value through other comprehensive income;
- property, plant and equipment revaluation reserve;
- other funds, which are formed to cover the possible default of the market participants.

In 2018, the reserve fund was increased up to 1.750.000 thousand tenges.

	31 December 2018	*31 December 2018*
Fund to trade with currency futures	**70.000**	**70.000**
Fund to trade with index futures	**100.000**	**100.000**
Clearing reserve fund for "stock" exchange market sector	**80.000**	**80.000**
Clearing reserve fund of foreign exchange market	**1.500.000**	**1.500.000**

The reserve fund is a part of other funds in the separate statement of change in equity.

Investment in subsidiaries

The subsidiary is an entity including such entities as a limited liability partnership controlled by the Company. Investments in subsidiaries are recorded in the separate financial statements at historical cost less any impairment loss (if any).

Taxation

Expenses on corporate income tax include current and deferred taxes and are reported in the Company's statement of profit and loss, except the cases where deferred tax relates to operations accounted for directly in other comprehensive income or equity.

An amount of current expense on corporate tax is an expected amount of tax payable for the period and calculated based on tax rates prevailing under the legislation of the Republic of Kazakhstan at the reporting date, subject to all adjustments to tax debt of prior years. The deferred corporate income tax assets and liabilities are calculated for all temporary differences using the balance-sheet liabilities method. Deferred taxes are determined for all temporary differences between the tax base of assets and liabilities and their book amount in the financial statements, except deferred income tax resulted from the initial recognition of goodwill, asset or liability in a transaction, which is not a business combination and which, at its settlement, does not affect accounting income or taxable income and loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

A deferred tax asset is recognized only to the extent receipt of taxable profit against which deductible temporary differences can be used is highly probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent earning of sufficient taxable profit allowing using all or part of assets is unlikely.

Deferred tax assets and liabilities are measured at tax rates, which will be used during the period of asset disposal or liability settlement based on the legislation in effect or substantially in effect at the reporting date.

The Company sets off deferred tax assets and liabilities and reports the total difference in the separate statement of financial position, if:

- It has a legally enforceable right to set off current tax assets and current tax liabilities; and
- Deferred tax assets and liabilities relate to income tax levied by the same taxation authority from the same taxable business.

Leases

At the time of entering into a contract, the Company analyses whether the contract is a lease or contains lease features. In other words, the Company determines whether the contract transfers the right to control the use of the identified asset during a certain period in exchange for a consideration.

The Stock Exchange as a lessee

The Stock Exchange uses the common approach to recognize and measure all lease contracts, except short-term lease and lease of low-value assets. The Stock Exchange recognized lease liabilities for lease payments and right-of-use assets that represent the right to use underlying assets.

The Stock Exchange recognizes right-of-use assets at the commencement date of lease (i.e. date on which an underlying asset becomes available for use). The right-of-use assets are measured at original cost less accumulated amortization and accumulated impairment losses, with adjustment to re-measurement of liabilities on lease. The original cost of right-of-use assets includes recognized liabilities on a lease, incurred initial direct costs and lease payments made on or before the commencement date of the lease. If a lease contract confers a title in an underlying asset on the Stock Exchange before the expiration of a lease term or if an original cost of a right-of-use asset indicates the intention of the Stock Exchange to exercise a call option, the Stock Exchange amortizes a right-of-use asset from the commencement date of the lease until the expiration of useful life of an underlying asset.

The right-of-use assets are also subject to test for impairment.

For the short-term lease or lease of a low-value underlying asset, the Stock Exchange recognizes lease payments as expense in the straight-line method during a lease term.

The Stock Exchange as a lessor

The Stock Exchange classifies each of its lease contracts as operating or finance lease. A lease is classified as a finance lease if it implies a transfer of substantially all risks and rewards incidental to possession of an underlying asset. A lease is classified as an operating lease if it does not imply a transfer of substantially all risks and rewards incidental to possession of an underlying asset.

The Stock Exchange recognizes income from finance lease during a lease term based on a schedule presenting invariable periodic rate of return on net investment of a lessor in lease.

The Stock Exchange recognizes lease payments under operating lease as an income in the straight-line method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Stock Exchange measures at a fair value such financial instruments as equity instruments and such non-financial assets as property, plant and equipment.

Fair value is a price, which would be received at the sale of an asset or paid at the transfer of a liability in the course of the ordinary transaction between the market participants at the measurement date.

Measurement of a fair value assumes that a transaction is settled to sell an asset or to transfer a liability:

- in the market, which is principal for that asset or liability; or
- in the absence of the principal market, in the market that is the most advantageous for that asset or liability.

The Stock Exchange must have access to the principal or the most advantageous market.

The fair value of an asset or liability is measured using assumptions, which would be used by the market participants when fixing a price for an asset or liability provided that the market participants act in their best economic interests.

Measurement of a non-financial asset at fair value considers an ability of a market participant to generate economic benefits either by using an asset in the best and the most effective manner or as a result of its sale to another market participant, which will use that asset in the best and the most effective manner.

The Stock Exchange uses such measurement models, which are acceptable in the existing circumstances and for which the data sufficient for measurement at fair value is available, and using as much as possible appropriate observable inputs and using minimally non-observable inputs.

All assets and liabilities measured in the financial statements at fair value or the fair value of which is disclosed in the financial statements are classified under the fair value hierarchy described below based on inputs of the lowest level, which are significant for measurement at fair value in general:

- Level 1 — quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2 – valuation models in which inputs significant for measurement at fair value relating to the lower level of the hierarchy are directly or indirectly observable in the market;
- Level 3 - valuation models in which inputs significant for measurement at fair value relating to the lower level of the hierarchy are not observable in the market.

In case of assets and liabilities, which are revalued in the financial statements from time to time, the Stock Exchange determines whether they are required to be transferred between the hierarchy levels with analysing again the classification (based on inputs of the lowest level, which are significant for measurement at fair value in general) at the end of each reporting period.

The Stock Exchange management determines policy and procedures for both recurrent fair value measurements of property, plant and equipment and unquoted financial assets and non-recurrent fair value measurements of such assets as assets held for sale. The external appraisers are involved to evaluate such significant assets as items of property, plant and equipment and unquoted financial assets, as well as such significant liabilities as contingent consideration.

At each reporting date, the management analyses change in the value of assets and liabilities, which are required to be analysed or evaluated again under the Stock Exchange accounting policy. From time to time, the management and external appraisers of the Stock Exchange present the results of the evaluation to the Stock Exchange's independent auditors that assume discussion of principal assumptions that have been used at evaluation.

To disclose the fair value, the Stock Exchange classified assets and liabilities based on their nature, characteristics and risks inherent in them, as well as applicable level in the fair value hierarchy as stated above.

The fair value of the financial instruments and non-financial assets, which are measured at fair value or fair value of which must be disclosed in the financial statements, is disclosed in the following notes:

- Disclosure of valuation techniques, critical estimates and assumptions (Notes 3, 13, and 15);
- Disclosure of numerical information on fair value hierarchy (Note 26);
- Investments in unquoted shares (Note 15);
- Property, plant and equipment accounted for under accounting model at the revalued amount

(Note 17);

- Financial instruments (including those stated at amortized cost) (Note 16).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting assumptions and key sources of estimation uncertainty

When applying the Company's accounting policies, the management makes estimates and assumptions for carrying amount of assets and liabilities, which are not obvious from the other sources. The accounting estimates and underlying assumptions are based on experience and other factors that are deemed relevant under particular circumstances. The actual results can differ from those estimates. The estimates and underlying assumptions are reviewed continuingly. Changes in accounting estimates are recognized in a period in which an estimate is reviewed if a change affects only that period or in a period of change and the future periods if a change affects both current and future periods.

Key sources of estimation uncertainty

The following are key assumptions regarding the future and other key sources of estimation uncertainty as at the end of the reporting period, which are likely to result in significant adjustments to the carrying amounts of assets and liabilities in the next financial year.

Assets held for sale

On 25 December 2018, the Board of Directors announced its decision to dispose of interest of the Stock Exchange in the issued capital of RTRS LLP. The Board of Directors considered that this investment met the criteria of classification as "held for sale" at that date being guided by the following:

- interest is available for immediate sale and can be sold to a customer in its current condition;
- events incidental to the sale were begun, and a sale was expected to be completed within a year from date of initial classification;
- a potential customer was identified and negotiations with it were completed at the reporting dated.

During 2019, that asset has not been disposed of due to lack of approval of that transaction by the RK NB which indirectly holds 52.54% interest in the issued capital of RTRS LLP. Nevertheless, the Stock Exchange management abides by the plan to sell an interest in RTRS LLP under the decision of the Board of Directors No.38 "On disposal of interest of the Stock Exchange in RTRS LLP and conclusion of a transaction with Central Securities Depository JSC" dated 25 December 2018 and considers a sale of that asset during 2020 to be highly probable.

Impairment of receivables

Receivables are included in other assets in the separate statement of financial position. The simplified approach is used when assessing expected credit risks and forming provision for impairment of receivables, the contract assets, which result from transactions within the scope of IFRS 15, and the Stock Exchange receivables on lease.

The simplified approach lies in the following.

The credit losses expected during the entire life cycle of an asset are recognized for receivables and contract assets without significant financing component under IFRS 15 and for contracts with a term not exceeding one year since a life cycle of an asset is usually 12 months or less. Accordingly, 12-month credit loss and credit loss for the entire life cycle of an asset are equal for:

1) Trade receivables – the Stock Exchange calculates expected credit losses using the valuation reserve matrix (broken down by receivables on an ageing basis) adjusted subject to reasonable and justifiable information on current and predicted future economic conditions.

On an annual basis, not later than 01 March in a year following the year analysed, the Stock Exchange analyses maturity dates of receivables to determine a level of defaults for the previous year and to fix a rate of valuation reserves. Calculated rates of valuation reserve are used during the reporting year for the receivables as at the close of business in a quarter depending on the number of days of delay to calculate a provision for expected credit losses. It also should be taken into consideration that a 100% rate of valuation reserve shall be used for the overdue receivables maturing more than 361 days (inclusive);

2) Receivables, contract assets, receivables on lease with significant financing component – the Stock Exchange uses the simplified approach of recognition of expected credit losses for the entire life cycle of a financial asset.

The Stock Exchange does not consider as past-due receivables the revision of periods and maturity date of receivables on provided assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting assumptions and key sources of estimation uncertainty (continued)

Impairment of receivables (continued)

The Stock Exchange derecognizes an asset in the accounting records only for receivables for which 100% of provisions are formed for expected credit losses, or those receivables are not expected to be discharged upon taking all actions to recover overdue receivables, which have not resulted in repayment of a debt amount by a debtor.

As at the close of business on 31 December 2019 and 31 December 2018, the total receivables amounted to 102.690 thousand tenges and 146.175 thousand tenges, accordingly, and the provision for impairment amounted to 10.761 thousand tenges and 6.153 thousand tenges, accordingly (Note 19).

Taxation

Tax, currency and customs laws and regulations of Kazakhstan are subject to varying interpretations and are subject to frequent changes. Management's interpretation of such laws and regulations as applied to transactions and operations of the Company may be challenged by the relevant regional or national authorities. Tax authorities may conduct tax inspection of a period of five calendar years preceding the year inspected. The Stock Exchange believes that it adequately assesses tax liabilities for all reporting periods open for the audit based on its evaluation of many factors, including experience and interpretation of the tax laws. Such evaluation is based on estimates and assumptions and can include several sophisticated judgements about future events. If the resulting total tax liabilities differ from the amount recognized in the statements, then such difference can affect expenses on taxes for the period of such estimation.

In the opinion of the management, as of 31 December 2019, all tax liabilities are assessed in full.

Revaluation of property, plant and equipment

The Stock Exchange measures buildings, transport vehicles at a revalued amount, and changes in their fair value are recognized as parts of OCI. The buildings were measured based on real estate transaction with similar nature, location and condition of items. The property, plant and equipment are re-measured on a reasonably regular basis to the effect that possible difference between the carrying amount of property, plant and equipment and their estimated fair value at the reporting date is insignificant. In 2017, the Stock Exchange engaged independent appraiser to determine a fair value of investment property as of 31 December 2017. The Stock Exchange management considers that as of 31 December 2019, the carrying amount of property, plant and equipment of the Stock Exchange is equal/approximates to their fair value.

Measurement of financial instruments at fair value

Where the fair value of financial assets and financial liabilities recognized in the statement of financial position cannot be determined based on quotations in active markets, it is determined using the valuation models, including a model of discounted cash flows. Where possible, the information from observable markets is used as inputs for these models, but in cases where this is not practical, certain estimation is required to fix a fair value. Estimations include consideration of such inputs as liquidity risk, credit risk, and volatility. Changes in assumptions regarding these factors can affect the fair value of financial instruments stated in the financial statements.

Legal proceedings

Under IFRS, the Stock Exchange recognises the need for provisioning only if current obligations are arising from past events that can be reliably estimated. A contingent liability that does not meet the above criteria may be disclosed in notes to the financial statements. Application of this principle to litigations requires the Stock Exchange to make decisions regarding various operational and legal issues that are beyond its control. In the event of any litigation, the Stock Exchange will follow a policy of reviewing pending litigations at each reporting date to determine the need for provisioning. There are following factors that are taken into account by the Stock Exchange when making decisions regarding provisioning: the nature of a suit, claim or fine; the potential losses that may be incurred by the Stock Exchange as a result of an unfavourable outcome of the litigation; the progress of the litigation (including after the date of preparation of the financial statements but before its release); legal advisors' opinions; experience with such kind of litigations; any decisions of the management of the Stock Exchange regarding how to respond to a suit, claim or fine. As of the date of issue of these financial statements, there were no legal proceedings against the Stock Exchange.

(In KZT thousand, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting assumptions and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

Lease terms

To determine expected lease terms the Stock Exchange considers all relevant factors and circumstances that stipulate the existence of the Stock Exchange economic impetus to exercise or not to exercise the right to extend the terms of the lease contracts. Such factors can be:

- various improvements of the leased property;
- costs in connection with the termination of the lease;
- significance of such an underlying asset for activities of a lessee, for instance, subject to whether an underlying asset is a special-purpose asset, location of an underlying asset and existence of appropriate alternatives.

In determining the factors mentioned above the Stock Exchange also is guided by past practice to a period during which the Stock Exchange usually uses certain types of assets, as well as the economic reasons for which the Stock Exchange did so. Changes in scales and nature of activities, the situation in the industry can affect the judgement of the management regarding actually expected lease terms, and, accordingly, the indications presented in the consolidated financial statements.

4. INCOMES FROM SERVICES AND COMMISSION INCOMES

	2019	*2018*
Incomes from services and commission incomes		
Listing fees	**727.052**	718.150
Stock Exchange membership fees	**259.066**	340.488
Commission for operations on the Stock Exchange	**1.013.780**	993.712
Income from information services	**168.680**	173.341
Income from remote access services	**32.535**	31.240
Clearing fees	**239.557**	73.360
Total Incomes from services and commission incomes	**2.440.670**	2.330.291

5. INTEREST INCOME AND EXPENDITURE

	2019	*2018*
Interest income comprise:		
interest income from non-impaired financial assets	**1.704.818**	669.557
Interest income from impaired financial assets	**2.041**	2.041
Total interest income	**1.706.859**	671.598

Interest income on financial assets carried at amortised cost comprises:		
Interest income from cash due to the banks	**120.285**	155.584
Interest income from investments measured at amortised cost	**1.334.879**	425.550
interest incomes from receipt of consideration in reverse repo transactions with securities (CC transactions)	**31.255**	-
interest income from interest on reverse repos with securities	**212.126**	83.600
Interest income from cash and cash equivalents	**8.314**	6.864

(In KZT thousand, unless otherwise stated)

Total interest income from financial assets	**1.706.859**	671.598

5. INTEREST INCOME AND EXPENDITURE (continued)

Interest expense related to the payment of interest on repo transactions (CC transactions)	**(31.255)**	-
Total interest expense	**(31.255)**	-

The increase in interest income on investments recorded at amortized cost in 2019 is associated with a significant increase in transactions with this investments category.

6. PROVISION FOR IMPAIRMENT OF INTEREST-BEARING ASSETS AND OTHER OPERATIONS

Information on changes in impairment provisions for assets with accrued interest income and other provisions is presented as follows.

	Cash and cash equivalents	*Cash held with banks*	*Financial assets at amortised cost*	*Other assets*	*Total*
As at 31 December 2017 end-of-day	–	–	3.892	6.288	10.180
Establishment of provisions	5.420	5.946	(3.361)	(353)	7.652
As at 31 December 2018 end-of-day	**5.420**	**5.946**	**531**	**5.935**	**17.832**
Establishment of provisions	3.686	(2.173)	(214)	4.826	6.125
As at 31 December 2019 end-of-day	**9.106**	3.773	**317**	**10.761**	**23.957**

7. NET PROFIT (LOSS) ON FOREIGN CURRENCY TRANSACTIONS

Net profit on foreign currency transactions for the year ended 31 December 2019 amounted to 188 thousand tenges (2018: 7.906 thousand tenges).

8. OTHER INCOME

	2019	*2018*
Overnight interest income	**97.959**	55.804
Income from property, plant and equipment disposal	**9.245**	-
Fines and forfeit received	**1.291**	4.892
Income from procurements initial margin recognition	**-**	705
Income from operating lease	**161**	907
Other payables writing off	**-**	75
Reimbursement of expenses (digital entry badge loss)	**1**	1
Income from inventory count recording	**6**	-
Income from sales of inventories	**40**	-
Reimbursement of training expenses	**264**	-
Total other income	**108.967**	62.384

(In KZT thousand, unless otherwise stated)

Income and expenses from the sale of securities (CC transactions) in 2019 amounted to 82.588 thousand tenge. In these separate financial statements, these items are presented on a net basis.

9. OPERATING EXPENSES

	2019	*2018*
Staff costs	**1.162.566**	1.207.245
Depreciation and amortisation	**121.487**	129.684
Social tax	**108.135**	112.785
Maintenance of property, plant and equipment and intangible assets	**54.192**	48.724
Taxes other than income tax	**53.517**	38.909
Travel expenses	**51.336**	35.241
Bank services	**43.964**	42.292
Communications and SWIFT servicing	**32.627**	32.945
Expenses from payment of interest on repos with securities (of the central counterparty on a stock market)	**31.255**	-
Business development expenses	**24.058**	67.272
Information services	**19.151**	14.379
Professional services	**17.491**	33.317
Maintenance and operating lease expenses	**15.859**	17.589
Membership fees	**15.097**	13.833
Staff training	**14.497**	4.344
Impairment of asset held for sale	**5.032**	-
Insurance costs	**1.263**	1.340
Postal and courier services	**672**	673
Impairment loss (investments recorded using equity method)	**-**	37.473
Other expenses	**68.722**	75.212
Total operating expenses	**1.809.666**	1.913.257

Staff costs do not include the remuneration of employees directly involved in the development of software products, capitalized in the Exchange's intangible assets. Above-mentioned remuneration is disclosed in *Note 18* to these financial statements.

10. CORPORATE INCOME TAX

Corporate income tax consists of the following items:

	2019	*2018*
Current corporate income tax expenses	**171.162**	174.197
Deferred income tax expenses	**49.727**	814
Corporate income tax expenses	**220.889**	175.011

The Company computes the income tax for the current period on the tax base under the requirements of the Kazakhstan tax laws which may differ from IFRS.

As some expenses are not accounted for tax purposes, as well as due to the presence of tax-free income, the Company has certain permanent tax differences.

Deferred tax records the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences at 31 December 2019, and 31 December 2018 end-of-day, are mainly related to different methods/income and expenses accounting terms as well as temporary differences arising from different approaches to the accounting and tax values of certain assets.

(In KZT thousand, unless otherwise stated)

10. CORPORATE INCOME TAX (continued)

Movement of net deferred tax liability

The tax effect of temporary differences as of 31 December 2019 and 31 December 2018 end-of-day is presented as follows.

	31 December 2019	*In other comprehensive income*	*In the statement of profit or loss*	*31 December 2018*
Tax effect of deductible temporary differences				
Provision for unused vacation	**12.645**	**–**	**4.229**	8.416
Provision for assets impairment	**1.547**	**–**	**(103)**	1.650
Reserve for doubtful claims	**1.701**	**–**	**810**	891
Deferred income tax assets	**15.893**	**–**	**4.936**	10.957
Tax effect of taxable temporary differences				
Property, plant and equipment	**(89.980)**	**–**	(54.663)	(35.317)
Deferred tax assets	**(89.980)**	**–**	(54.663)	(35.317)
Total deferred income tax liabilities	**(74.087)**	**–**	**(49.727)**	(24.360)

	2019	*2018*
Opening deferred tax liabilities	**24.360**	23.546
Recorded in the statement of profit or loss	**49.727**	814
Closing deferred tax liability	**74.087**	24.360

The tax rate used for the reconciliations below is a 20% corporate tax rate on a taxable profit under Kazakhstan tax laws. A reconciliation between corporate income tax expense reflected in these separate financial statements and profit before accounting for corporate income tax multiplied by the statutory tax rate for the years ended December 31 is as follows.

	For the Year Ended 31 December 2019	*For the Year Ended 31 December 2019*
Profit before tax	**2.414.787**	1.163.576
Statuary corporate income tax rate	**20 %**	20 %
Statuary income tax rate	**482.957**	232.715
Non-taxable interest and other income from government and other securities	**(266.967)**	(85.109)
Other non-taxable income	**(1.030)**	(1.838)
Non-deductible expenses		
Other general and administrative expenses	**4.059**	7.016
Membership fees	**2.864**	2.623
Provision for impairment of other assets	**1.225**	10.403
Others	**(2.219)**	9.201
Total corporate income tax permanent differences	**(262.068)**	(57.704)
Corporate income tax expenses	**220.889**	175.011

(In KZT thousand, unless otherwise stated)

11. EARNINGS PER SHARE

Earnings and weighted average number of ordinary shares used to calculate basic earnings per share are shown below.

	For the Year Ended 31 December 2019	*For the Year Ended 31 December 2018*
Net profit for the year expensed to Company shareholders	**2.193.898**	988.565
The weighted average number of ordinary shares for determining basic earnings per share	**974.373**	942.013
Basic and diluted earnings per share (KZT)	**2.251,59**	1.049,42

12. FINANCIAL ASSETS/ LIABILITIES OF THE CENTRAL COUNTERPARTY

Financial assets and liabilities of the central counterparty for foreign exchange transactions are the fair value of foreign exchange transactions. Set-off and liabilities of individual counterparties are offset under IAS 32.

	31 December 2019	*31 December 2018*
Financial assets of the central counterparty for the currency market	**961.946**	3.341.113
Financial liabilities of the central counterparty for the currency market	**(961.946)**	(3.341.113)

13. CASH AND CASH EQUIVALENTS

In cash and cash equivalents for 2019 the Company recorded cash classified as equity under the accounting policies and clearing rules:

	31 December 2019	*31 December 2018*
Cash-on-hand	**163**	125
Correspondence account in NBRK	**9.700.056**	19.845.570
Correspondence and other current accounts in other banks	**10.552.450**	6.854.766
Less provision for expected credit losses under IFRS 9	**(9.106)**	(5.420)
Cash and cash equivalents	**20.243.563**	26.695.041

14. CASH HELD WITH BANKS

	31 December 2019			*31 December 2018*		
	%	***Maturity***	***Amount***	*%*	*Maturity*	*Amount*
Term deposits	**9**	**2020**	**1.381.567**	2,5-10,0	2019	1.151.249
Less provision for expected credit losses under IFRS 9			**(3.773)**			(5.946)
Total cash in banks			**1.377.794**			1.145.303

(In KZT thousand, unless otherwise stated)

As of 31 December 2019 and 31 December 2018 end-of-day, funds in banks included accrued interest for 642 thousand tenges and 1,249 thousand tenges, respectively.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019		*31 December 2018*	
	Share, %	***Amount***	*Share, %*	*Amount*
Equity securities				
Central Securities Depository JSC	**29,28**	**18.800**	29,28	18.800
Kyrgyz Stock Exchange ZAO	**7,05**	**2.253**	7,05	2.253
Total equity securities	**–**	**21.053**	–	21.053
Total financial assets carried at fair value through other comprehensive income	**–**	**21.053**	–	21.053

The Exchange does not significantly affect the activities of Central Securities Depository JSC under IAS 28 Investments in Associates and Joint Ventures.

Financial assets carried at fair value through other comprehensive income are not measured for impairment.

Due to the lack of an active market and similar financial instruments, and shortage of the available new information on fair value measurement, the Exchange concluded that the historical cost represents the best estimate of fair value.

16. FINANCIAL ASSETS CARRIED AT AMORTISED COST AND REVERSE REPO

Financial assets carried at amortised cost are as follows:

	31 December 2019	*31 December 2018*
Corporate bonds	**25.944**	25.944
Short-term government stocks		
Note of the National Bank of RK	**18.744.845**	18.567.827
Total financial assets carrying at amortised cost	**18.744.845**	18.593.771
Less provision for expected credit losses under IFRS 9	**(317)**	(531)
Total financial assets carried at amortised cost	**18.770.472**	18.593.240

Movement of the provision for impairment losses for the years ended December 31, 2019, and December 31, 2018, is presented in *Note 6* to these statements.

As of December 31, 2019, and December 31, 2018, end-of-day investments carried at amortized cost included accrued interest for 436 thousand tenges and 436 thousand tenges, respectively.

Reverse repos are presented as follows:

	31 December 2019	*31 December 2018*
Reverse repos with securities	**1.953.000**	-
Reverse repos with securities (of the central counterparty on a stock market)	**25.299.297**	-
Accrued income as a fee from securities reverse repos transactions	**22.430**	-
Total	**27.274.727**	-

(In KZT thousand, unless otherwise stated)

17. PROPERTY, PLANT AND EQUIPMENT

	Building	*Land*	*Plant, machinery and equipment*	*Vehicles*	*Others*	*Total*
Historical cost						
31 December 2017	**1.018.154**	**179.675**	**343.693**	**46.747**	**114.056**	**1.702.325**
Additions	–	–	**23.343**	–	**12.607**	**35.950**
Other additions (Irbis dividends)	–	–	**226**	**2.798**	**149**	**3.173**
Setting off accumulated depreciation against the initial value of the transferred assets	–	–	**(15.857)**	–	**(458)**	**(16.315)**
Disposal	–	–	**(397)**	**(2.798)**	**(46)**	**(3.241)**
31 December 2018	**1.018.154**	**179.675**	**351.008**	**46.747**	**126.308**	**1.721.892**
Additions	–	–	**129.125**	**14.768**	**9.042**	**152.935**
Setting off accumulated depreciation against the initial value of the transferred assets	–	–	-	**(1.602)**	-	**(1.602)**
Offsetting of accumulated loss				**(1.453)**		**(1.453)**
Disposal	–	–	-	**(3.524)**	-	**(3.524)**
31 December 2019	**1.018.154**	**179.675**	**480.133**	**54.936**	**135.350**	**1.868.248**

	Building	*Land*	*Plant, machinery and equipment*	*Vehicles*	*Others*	*Total*
Accumulated deprecation						
31 December 2017	(6.499)	–	(225.404)	(4.846)	(88.066)	(324.815)
Accumulated depreciation	(25.995)	–	(38.535)	(7.012)	(8.830)	(80.372)
Setting off accumulated depreciation against the initial value of the transferred assets	–	–	15.857	–	458	16.315
31 December 2018	**(32.494)**	–	**(248.082)**	**(11.858)**	**(96.438)**	**(388.872)**
Accumulated depreciation	**(25.995)**	–	**(42.299)**	**(8.274)**	**(9.199)**	**(85.767)**
Setting off accumulated depreciation against the initial value of the transferred assets	–	–	-	**1.602**	-	**1.602**
Offsetting of accumulated loss	-	-	-	**1.453**		**1.453**
31 December 2019	**(58.489)**	–	**(290.381)**	**(17.077)**	**(105.637)**	**(471.584)**
Residual book value						
As at 31 December 2019 end-of-day	**959.665**	**179.675**	**189.752**	**37.859**	**29.713**	**1.396.664**
As at 31 December 2018 end-of-day	985.660	179.675	102.926	34.889	29.870	1.333.020
As at 31 December 2017 end-of-day	1.011.655	179.675	118.289	41.901	25.990	1.377.510

Under the Accounting Policies of the Stock Exchange amended on 1 December 2016, for the year ended December 31, 2017, the Exchange recognized a revaluation loss for real estate located at 280 Bayzakova Street, Almaty; the real estate valuation was made as of October 01, 2017; the revaluation loss is stated in the Valuation Report of the market value of real estate provided by an independent appraiser TiM Consulting LLP.

As of 31 December 2019, the initial cost of the fully depreciated property, plant and equipment is 268.103 thousand tenges (31 December 2018: 233.501 thousand tenges).

(In KZT thousand, unless otherwise stated)

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment carried at a revalued cost:

	For the Year Ended 31 December 2019			For the Year Ended 31 December 2019		
Property, plant and equipment group carried at revalued cost	**Book value without revaluation**	**Book value with a revaluation**	**Differenc e**	**Book value without revaluation**	**Book value with a revaluation**	**Difference**
Building	**1.006.639**	**959.665**	**(46.974)**	1.035.441	985.660	(49.781)
Land	**1.628**	**179.675**	**178.047**	1.628	179.675	178.047
Vehicles	**33.270**	**37.859**	**4.589**	34.456	34.889	433
Total:	**1.041.537**	**1.177.199**	**135.662**	1.071.525	1.200.224	128.699

18. INTANGIBLE ASSETS

	Intracompany-developed software	*Other software and licenses*	*Other intangible assets*	*onstruction n progress*	*Total*
At historical cost					
31 December 2017	167.901	85.403	5.573	-	258.877
Additions	–	12.388	–	–	12.388
Other additions (Irbis dividends)	–	183	–	–	183
Salary and other costs capitalised in intangible assets	13.880	–	–	–	13.880
Setting off accumulated depreciation against the initial value of the transferred assets	–	(23)	–	–	(23)
31 December 2018	**181.781**	**97.951**	**5.573**	–	**285.305**
Additions	-	**594.221**	**258**	**2.293**	**596.772**
Salary and other costs capitalised in intangible assets	**12.940**	-	-	-	**12.940**
Setting off accumulated depreciation against the initial value of the transferred assets	-	**(217)**	-	-	**(217)**
31 December 2019	**194.721**	**691.955**	**5.831**	**2.293**	**894.800**
Accumulated deprecation					
31 December 2017	**(33.129)**	**(52.100)**	**(4.644)**	-	**(89.873)**
Accumulated depreciation	(31.936)	(16.447)	(929)	-	(49.312)
Setting off accumulated depreciation against the initial value of the transferred assets	–	23	–	-	23
31 December 2018	**(65.065)**	**(68.524)**	**(5.573)**		**(139.162)**
Accumulated depreciation	**(23.673)**	**(12.046)**	-	-	**(35.719)**
Setting off accumulated depreciation against the initial value of the transferred assets	–	**217**	–	–	**217**
31 December 2019	**(88.738)**	**(80.353)**	**(5.573)**	-	**(174.664)**
Residual book value					
As of 31 December 2019 end-of-day	**105.983**	**611.602**	**258**	**2.293**	**720.136**
As of 31 December 2018 end-of-day	116.716	29.427	-	-	146.143
As of 31 December 2017 end-of-day	134.772	33.303	929	-	169.004

(In KZT thousand, unless otherwise stated)

19. OTHER ASSETS

	31 December 2019	*31 December 2018*
Other financial assets		
Commissions receivable	**40.759**	76.278
Income receivable from information services	**36.488**	37.073
Listing compensation receivable	**10.480**	10.237
Membership fees receivable	**-**	120
Income receivable from remote access services	**38**	144
Income from clearing transactions services	**14.887**	21.733
Fines, penalties receivable	**38**	-
Total other financial assets	**102.690**	145.585
Provision for receivables *(Note 6)*	**(10.761)**	(5.935)
	91.929	139.650
Other non-financial assets		
Taxes other than corporate income tax	**3.706**	10.764
Prepaid expenses	**15.765**	6.892
Inventories	**7.681**	6.805
Advances for vacations	**2.585**	2.003
Others	**39**	39
Total other non-financial assets	**29.776**	26.503
Total other assets	**121.705**	166.153

Movement of provisions for impairment of other assets for the years ended December 31, 2019, and December 31, 2018, is presented in Note 6 to these statements.

20. OTHER LIABILITIES

	31 December 2019	*31 December 2018*
Other financial liabilities		
Payables to suppliers	**279.850**	17.576
Dividends payable	**2.203**	2.203
Total other financial liabilities	**282.053**	19.779
Other non-financial liabilities		
Provision for unused vacation	**63.225**	42.082
Taxes other than corporate income tax	**20.535**	4
Others	**5.362**	1.585
Other short-term liabilities	**-**	10.005
Total other non-financial liabilities	**89.122**	53.676
Total other assets	**371.175**	73.455

21. FUNDS OF CLEARING PARTICIPANTS

As of 31 December 2019 and 31 December 2018 end-of-day, the funds of clearing participants are represented by guarantee fees and collateral of clearing participants placed for foreign currency operations.

Funds were placed by the following clearing participants.

	31 December 2019	*31 December 2018*
Kazakhstan second-tier banks	**29.093.748**	37.073.663
Other financial institutions	**2.183.111**	67.763
International banking clearing and credit institution	**1.580.180**	1.999.960
Total funds of clearing participants	**32.857.039**	39.141.386

(In KZT thousand, unless otherwise stated)

21. FUNDS OF CLEARING PARTICIPANTS (continued)

	31 December 2019	*31 December 2018*
Guarantee fees for foreign exchange derivatives (futures)	**30.000**	28.000
Guarantee fees for equity instruments (futures)	**2.000**	2.000
Guarantee fees for currency market	**675.000**	675.000
Guarantee fees for the stock market	**69.000**	28.000
Margin fees for the stock market	**32.023.379**	38.408.386
Margin account for futures	**57.660**	-
Total funds of clearing participants	**32.857.039**	39.141.386

22. REPOs

	31 December 2019	*31 December 2018*
Repos with securities (CC transactions)	**25.299.297**	-
Accrued expenses as consideration from Repos with securities (CC transactions)	**22.430**	-
Total	**25.321.727**	-

23. ISSUED CAPITAL

The issued capital of the Company comprises the following ordinary shares:

	Authorized share capital, in shares	*Issued capital authorised for the issue but not issued, in shares*	*Issued capital, in shares*
Ordinary shares			
As of 31 December 2017 end-of-day	5.000.000	4.057.987	942.013
Ordinary shares issued	–	–	–
As of 31 December 2018 end-of-day	5.000.000	4.057.987	942.013
Ordinary shares issue	-	(32.360)	32.360
As of 31 December 2019 end-of-day	**5.000.000**	**4.025.627**	**974.373**

On January 29, 2019, the Exchange and Moscow Exchange (MOEX) entered into a deal to sell 32,360 shares of the Exchange as part of the implementation of the Strategic Cooperation Agreement previously signed by the parties. As a result of the transaction, MOEX share in the Exchange capital amounted to 3.32% outstanding shares. A Strategic Cooperation Agreement was signed between the Exchange and MOEX on October 10, 2019.

As of 31 December 2019 and 2018 end-of-day, the issued and paid-up issued capital, consisting of ordinary shares, amounted to 2.661.775 and 2.366.256 thousand tenges, respectively.

In 2018, the Exchange repurchased own stock for a total of 62.076 thousand tenges.

Shares value date	*Repurchased shares*	*Repurchase price (KZT)*	*Amount (KZT thous)*	*Counterparty*
Abstract of the minutes No. 26 of Board of Directors meeting dated September 07, 2019, Share Purchase Agreement dated September 26	6.063	4.657,18	28.237	Unified Accumulative Pension Fund JSC
Abstract of the minutes No. 34 of Board of Directors meeting dated November 20, 2019, Share Purchase Agreement No. 75 dated December 19, 2019	7.266	4.657,18	33.839	Kauzhar LLP
	13.329		**62.076**	

(In KZT thousand, unless otherwise stated)

24. COMMITMENTS AND CONTINGENCIES

Legal proceedings

In the course of business, customers and counterparties may claim against the Company. The management believes that as a result of possible judicial proceedings on such claims, the Company will not incur a significant loss; therefore, no relevant provisions were made in separate financial statements.

Taxation

The provisions of the commercial and, in particular, tax legislation of the Republic of Kazakhstan may have multiple interpretations. Besides tax authorities usually make a discretionary judgement on taxpayers operations, and if any specific actions based on the interpretation of the law by the management regarding the activities of the Company are challenged by tax authorities, this may result in additional taxes, fines and penalties.

Such uncertainty may, in particular, relate to the measurement of the financial instruments, establishing provisions for impairment and the determination of the market level of transactions price indices. The Company's management is confident that all necessary tax accruals have been made, and therefore no provisions in the separate financial statements were accrued. Tax authorities may inspect the correctness of tax deductions within five years after the tax period closure.

Operating environment

Emerging countries markets, including Kazakhstan, are subject to economic, political, social, judicial and legislative risks other than those of advanced markets. Laws and regulations governing business in Kazakhstan are still amended very rapidly; there is the possibility of laws and regulations multiple and ambiguous interpretations. The future growth of Kazakhstan largely depends on the adopted governmental economic, tax and monetary policies, laws and regulations as well as changes in the political, regulatory and legal situation in the country. Because Kazakhstan produces and exports large volumes of oil and gas, the economy of Kazakhstan is particularly sensitive to changes in world oil and gas prices.

Commitments

As of December 31, 2019, the Company does not have long-term operating non-cancellable leases. On October 10, 2018, the Kazakhstan Stock Exchange (KASE) and the Moscow Exchange (MOEX) signed the Strategic Cooperation Agreement. The Agreement stipulates acquisition of maximum 20% of KASE issued capital by the Moscow Exchange, acquisition by KASE of the right to use MOEX software (for servicing operations on the KASE exchange markets and other Kazakhstan financial markets), and for MOEX strategic consulting services for KASE.

25. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties are disclosed below.

	31 December 2019	*31 December 2018*
Cash and cash equivalents		
Other related parties	**-**	777
Traders cash (margin collateral and guarantee fees) on correspondent accounts and in investments		
Parent	**9.700.056**	19.845.570
Other related parties	**2.095.549**	-
Financial assets carried at fair value in other comprehensive income		
Other related parties	**21.053**	21.053
Financial assets carried at amortised cost		
Parent	**18.744.845**	18.567.828
Reverse repo		
Parent	**1.953.000**	-
Other related parties	**6.350.268**	-

(In KZT thousand, unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (continued)

	31 December 2019	*31 December 2018*
Financial assets of the central counterparty		
Parent	**178.935**	162.296
Other related parties	**-**	153.042
Non-current assets held for sale		
Other related parties	**92.495**	97.527
Other assets		
Parent	**4.831**	8.639
Company's key executives	**65**	146
Other related parties	**7.864**	29.154
Restricted cash liabilities to the Stock Exchange members		
Other related parties	**442.863**	1.588.600
Advances received		
Other related parties	**4.664**	809
Other liabilities		
Company's key executives	**11.776**	9.461
Other related parties	**263.433**	3.675

The statement of comprehensive income for the years ended December 31, 2019, and December 31, 2018, comprises the following amounts arising from related parties' transactions.

	Year ended 31 December 2019	*Year ended 31 December 2018*
Incomes from services and commission incomes		
Parent	**179.925**	113.833
Other related parties	**192.178**	354.767
Interest income		
Parent	**1.332.794**	423.465
Establishing of provision for assets impairment on which the interest is being charged and other transactions		
Parent	**2**	1
Other related parties	**10**	12
Operating expenses		
Subsidiaries	**(230)**	(236)
Parent	**(15)**	–
Other related parties	**(58.005)**	(60.962)
Income from dividends		
Subsidiaries	**5.149**	9.189
Other income		
Other related parties	**-**	241
Subsidiaries	**161**	907

13 key executives' remuneration (2018: 13 key executives) is as follows.

(In KZT thousand, unless otherwise stated)

25. RELATED PARTY TRANSACTIONS (continued)

	For the Year Ended 31 December 2019	*For the Year Ended 31 December 2018*
Company key executives short-term remuneration		
Corporate body remunerations	**50.520**	50.657
Executive body remunerations	**117.710**	198.748
Other authorised officers	**11.716**	16.183
Total	**179.946**	265.588

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Measured fair value disclosures are made under IFRS 13 Fair Value Measurement, IFRS 7 Financial Instruments: Disclosure and IFRS 9 Financial Instruments for determining the fair value or approximate fair value of such instruments.

The balance book value of cash and cash equivalents, restricted cash, amounts due from banks, receivables, customer deposits and payables is approximately equal to their fair value due to the short-term nature of these financial instruments.

Except for the following items, in the opinion of the Company's management, the fair value of other financial assets and liabilities approximates their balance book value.

	31 December 2019		***31 December 2018***	
	Carrying amount	***Fair value***	***Carrying amount***	***Fair value***
Financial assets carried at amortised cost (Level 1)	**18.770.472**	**18.596.781**	**18.593.241**	**18.574.485**
Non-recognized income/(expenses)		**(173.691)**		**(18.756)**

The purpose of fair value measurement is to determine the most accurate value at which financial instruments can be currently exchanged when making a transaction between the independent and willing parties. However, due to existing uncertainties and subjective estimates, the fair value should not be considered as the price at which assets can be immediately sold or liabilities settled.

Fair value is an amount for which a financial instrument could be exchanged for by the knowledgeable and willing parties on commercial terms excluding constrained sale or sale at liquidation.

Financial instruments carried at fair value are hierarchically divided into three levels depending on the market data availability:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities. Additional adjustments or general discounting do not apply to such financial instruments. Since remeasurement is based on market quotes permanently available in an active market, these indices do not result in a considerable scope of judgement.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

In 2019 there were no transfers between Level 1 and Level 2 of the hierarchy in the fair value measurement.

27. RISK MANAGEMENT POLICY

Risk management is an integral part of the Stock Exchange operations. The Stock Exchange operations are subject to the following risks:

- Credit risk
- Operating risk
- Market and system risks
- Liquidity risk
- Legal risk
- Reputation risk.

The Stock Exchange realises the importance of an efficient and effective risk management process in place. To ensure an effective and efficient risk management policy, the Stock Exchange determined the basic risk management principles with the main purpose of the Stock Exchange protection from the existing risks and allowing the Stock Exchange to achieve the scheduled goals.

The main objectives of the risk management system are risk sources identification, risk levels measurement, risk management policies and rules designing and control mechanisms introduction, including establishing limits and subsequent compliance to them.

Risk management policy, risk identification, estimation, monitoring and response, as well as the financial and operating risks management of the Stock Exchange are governed by the Stock Exchange relevant internal documents.

The Stock Exchange main risks are described below.

Risk management structure

Board of Directors

The Board of Directors is responsible for risk management strategy development and approval of policy concepts and limits on each type of risk. Additionally, the Board of Directors is responsible for substantive risk management issues, monitoring the relevant risk decisions and overseeing them.

Management

The Management is responsible for ensuring the Stock Exchange effective risk management system arrangement.

Market Risk Committee

Market Risk Committee is a collegial advisory body of the Stock Exchange which is composed of the members approved by the Management. Market Risk Committee is responsible for analysis, monitoring and identification of the risks related to the financial markets situation as well as for operations of the Stock Exchange and its counterparts − issuers and investors.

Investment Committee

Investment Committee is a collegial body of the Stock Exchange which is composed of the members approved by the Management. Investment Committee is responsible for making investment decisions on transactions with financial instruments at the expense of the Stock Exchange internal funds and ensuring minimization of investing activities financial risks.

Credit risk

The Stock Exchange is exposed to credit risk, i.e., the risk of non-performance of obligations by correspondent banks, debtors or other counterparties and, consequently, to cost exposure. In line with the Asset Investment Policy (the Policy) approved by a decision of the Board of Directors, the Stock Exchange forms performance-and-risk balanced portfolios of financial instruments diversified by types of assets, degree of liquidity, level of return and maturity.

Investment portfolios are divided into:

1) The Stock Exchange own portfolio excluding reserve funds
2) Clearing funds' portfolio (guarantees and reserve funds)
3) Clearing participants' collaterals portfolio.

(In KZT thousand, unless otherwise stated)

27. RISK MANAGEMENT POLICY (continued)

The investment policy defines the investees and the Stock Exchange investment portfolios structure.

The restrictions established by the Investment Policy in terms of investees and structures of the Stock Exchange portfolios do not apply to corporate securities acquired before the Investment Policy implementation that can be sold by the Investment Committee decision.

If the sale of these corporate securities results into loss, such a decision will be taken by the Investment Committee with the Stock Exchange Board of Directors' approval.

Under the Investment Policy, the Stock Exchange analyses the Stock Exchange investment portfolios monthly and the Risk Management Department analyses the investment portfolios status and their risk exposure on the quarterly basis, including default probability determining of the financial instruments, as well as stress-testing and backtesting of the Stock Exchange investment portfolios.

The Stock Exchange credit risk on the part of the trading participant is minimized by the Stock Exchange's trading payments on the Delivery Versus Payment principle.

Maximum credit exposure

The maximum credit risk amount of the Stock Exchange may vary significantly depending on the individual risks inherent in specific assets and general market risks.

The following table discloses the maximum amount of credit risk for balance sheet and off-balance financial assets. For financial assets recorded in balance accounts, the maximum amount of credit risk is equal to the balance book value of these assets without accounting offsets of assets and liabilities and collateral.

	31 December 2019	***31 December 2018***
Cash and cash equivalents other than money in hand	**20.243.400**	26.694.916
Cash held with banks	**1.377.794**	1.145.303
Reverse repo	**27.274.727**	–
Financial assets carried at amortised cost	**18.770.472**	18.593.240
Other financial assets	**91.929**	139.650
Total	**67.758.322**	46.573.109

Financial assets of the Stock Exchange are classified according to several criteria, such as credit rating, financial standing, delay in payments and other criteria. The information on the current credit ratings of the Stock Exchange financial assets assigned by international rating agencies is provided below. The highest possible rating is AAA, the investment level rating from AAA to BBB-, the rating below BBB- refers is a speculative grade.

As of 31 December, 2019 and 2018 end-of-day the financial assets excluding impaired assets are classified as standard except for impaired assets.

The Stock Exchange financial assets classification according to credit risks is provided below.

	AA	*AA-*	*BBB*	*BBB-*	*<BBB-*	*Credit rating is not assigned*	*Total*
31 December 2019							
Cash and cash equivalents other than money in hand	**7.261.434**	**808.207**	**22**	**10.078.026**	**162**	**2.095.549**	**20.243.400**
Cash held with banks	-	–	–		**1.377.794**	–	**1.377.794**
Reverse repo	-	-	-	-	-	**27.274.727**	**27.274.727**
Financial assets carried at amortised cost	-	–	-	**18.744.851**	**25.621**	–	**18.770.472**

(In KZT thousand, unless otherwise stated)

Other financial assets	-	–	–	-	-	**91.929**	**91.929**
Total	**7.261.434**	**808.207**	**22**	**28.822.877**	**1.403.577**	**29.462.205**	**67.758.322**

27. RISK MANAGEMENT POLICY (continued)

	AA+	*A+*	*BBB*	*BBB-*	*<BBB-*	*Credit rating is not assigned*	*Total*
31 December 2018							
Cash and cash equivalents other than money in hand	4.893.091	1.861.789	19.845.570	93.680	786	–	**26.694.916**
Cash held with banks	-	–	–		1.145.303	–	**1.145.303**
Financial assets carried at amortised cost	-	–	18.567.826		25.414	–	**18.593.240**
Other financial assets	-	–	–			139.650	**139.650**
Total	**4.893.091**	**1.861.789**	**38.413.396**	**93.680**	**1.171.503**	**139.650**	**46.573.109**

Liquidity risk

During the years ended 31 December 2019 and 31 December 2018, there were no overdue unimpaired financial assets.

Liquidity risk management

The liquidity loss risk may arise if the active operations claims do not coincide with the maturities of the Stock Exchange liabilities. The Stock Exchange is also subject to the liquidity loss in case of trading participant credit risk.

Temporarily available assets of the Exchange were placed on deposits with second-tier banks for a period not exceeding two years. The list of second-tier banks in which the Exchange deposits could be placed was regularly reviewed and approved by the Exchange Investment Committee.

At the same time, the investees making up the investment portfolio are diversified for the elimination of the loss risks arising from the concentration of financial assets with the same maturity in the Stock Exchange investment portfolio.

Moreover, according to the Stock Exchange Policy, the funds of trading participants are not placed in any instruments but kept with the Stock Exchange correspondent accounts. Liquidity risk arising during trades is minimized as the Stock Exchange makes payments in return of net claims of the trading participants in line with Delivery Versus Payment principle which says that the money of the trading participant violating the settlement rules is not transferred, but remained with the Stock Exchange correspondent accounts. Besides, for minimisation of default risk on forward deals the derivatives market participants has set up guarantee funds, and the Stock Exchange has set up a reserve fund; these funds levels are estimated using the internal methodology.The following table provides an analysis of financial assets and liabilities, calculated based on the remaining maturity under the contracts.

The table is based on the information provided to the Stock Exchange management:

	Up to 1 month	*1 to 3 months*	*3 months - 1 year*	*1 to 5 years*	*Over 5 years*	*No maturity is established*	*31 December 2019, total*
Financial assets							
Cash and cash equivalents	20.243.400	–	–		–	–	20.243.400
Cash held with banks	1.377.794	–	–		–	–	1.377.794
Reverse repo	27.274.727	-	-		-	-	27.274.727
Financial assets at fair value through OCI	–	–	–		–	21.053	21.053
Financial assets carried at amortised cost	9.378.721	4.967.979	4.423.772	-	–	–	18.770.472

(In KZT thousand, unless otherwise stated)

Other financial assets	91.929	–	–		–	–	91.929
Total financial assets	58.366.571	4.967.979	4.423.772		–	21.053	67.779.375

27. RISK MANAGEMENT POLICY (continued)

	Up to 1 month		*3 months – 1 year*	*1 to 5 years*	*Over 5 years*	*No maturity is established*	*31 December 2019, total*
Financial liabilities							
Funds of clearing participants	32.857.039	–	–	–	–	–	32.857.039
Other financial liabilities	282.053	–	–	–	–	–	282.053
Total financial liabilities	33.139.092	–	–	–	–	–	33.139.092
Net position	25.227.479	4.967.979	4.423.773	-	–	21.053	34.640.284
Cumulative liquidity gap as of 31 December 2019 end-of-day	25.227.479	30.195.458	34.619.231	34.619.231	34.619.231	34.640.284	-

The table is based on the information provided to the Stock Exchange management:

	Up to 1 month	*1 to 3 months*	*3 months - 1 year*	*1 to 5 years*	*Over 5 years*	*No maturity is established*	*31 December 2018, total*
Financial assets							
Cash and cash equivalents	26.694.916	–	–	–	–	–	26.694.916
Cash held with banks	1.145.303	–	–	–	–	–	1.145.303
Financial assets at fair value through OCI	–	–	–	–	–	21.053	21.053
Financial assets carried at amortised cost	14.458.176	1.217.642	2.892.008	25.414	–	–	18.593.240
Other financial assets	139.650	–	–	–	–	–	139.650
Total financial assets	42.438.045	1.217.642	2.892.008	25.414	–	21.053	46.594.162

	Up to 1 month	*1 to*	*3 months – 1 year*	*1 to 5 years*	*Over 5 years*	*No maturity is established*	*31 December 2018, total*
Financial liabilities							
Funds of clearing participants	39.141.386	–	–	–	–	–	39.141.386
Other financial liabilities	19.779	–	–	–	–	–	19.779
Total financial liabilities	39.161.165	–	–	–	–	–	39.161.165
Net position	3.276.879	1.217.642	2.892.008	25.414	–	21.053	7.432.996
Cumulative liquidity gap as of 31 December 2018 end-of-day	3.276.879	4.494.521	7.386.529	7.411.943	7.411.943	7.432.996	-

(In KZT thousand, unless otherwise stated)

The difference between undiscounted and discounted financial liabilities is insignificant due to their short maturity.

27. RISK MANAGEMENT POLICY (continued)

Market risk

Market risk is the risk of incurring losses due to changes in market variables including changes in interest rates, foreign currency exchange rates, prices of financial instruments which the Stock Exchange is exposed to.

Interest rate risk

Interest risk is the risk of interest income or financial instruments price changes due to interest rates changes.

The Stock Exchange Management and the Investment Committee are responsible for managing the assets and liabilities of the Stock Exchange. To measure the interest rate risk impact on the fair market value of financial instruments, the Stock Exchange intermittently measures potential loss that may be caused by competitive business environment negative changes.

The Risk Management Department intermittently monitors the investment portfolio current financial results.

In terms of interest rate risk exposure, the Stock Exchange investment portfolio is exposed to the risk of changes in coupon yield on bonds with a floating rate indexed to inflation; the interest rates changes also affect the market value of the sub-portfolio of the Stock Exchange bonds classified as fair value investments in other comprehensive income.

The table below presents a rate risk sensitivity analysis based on the reasonably possible interest rates changes.

The effect on before-tax profit is the effect of the allowed changes in the interest rate on the net interest income for one year based on the change in the floating rate on financial assets and liabilities with a floating rate at 31 December 2019 and 31 December 2018 end-of-day and the instruments remeasurement effect with fixed interest rates at fair value.

The effect on equity is the effect of the allowed changes in the interest rate that has arisen due to changes in retained earnings, and the effect of revaluation of available-for-sale investment securities with fixed rates.

The effect on before-tax profit as of 31 December 2019 and 31 December 2018 end-of-day is as follows.

	31 December 2018		*31 December 2018*	
	Interest rate +2%	*Interest rate -2%*	*Interest rate +2%*	*Interest rate -2%*
Profit before tax and equity	**102**	**(114)**	**109**	**(109)**
Effect on equity	**1**	**(1)**	**2**	**(2)**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency exchange rates. The financial position and cash flows of the Stock Exchange are subject to fluctuations in foreign currency exchange rates.

The policy identifies the investees and investment portfolios structure of the Stock Exchange.

	KZT	*US dollar*	*Euro*	*Others*	*31 December 2019, total*
Financial assets					
Cash and cash equivalents other than money in hand	**9.457.242**	**10.625.508**	**126**	**160.524**	**20.243.400**
Cash held with banks	**1.377.794**	–	–	–	**1.377.794**
Reverse repo	**27.274.727**	-	-	-	**27.274.727**
Financial assets carried at amortised cost	**18.770.472**	–	–	–	**18.770.472**
Other financial assets	**55.075**	36.854	**–**	**–**	**91.929**

(In KZT thousand, unless otherwise stated)

Total financial assets	**56.935.310**	**10.662.3622**	**126**	**160.524**	**67.758.322**

27. RISK MANAGEMENT POLICY (continued)

	KZT	*US dollar*	*Euro*	*Others*	*31 December 2018, total*
Financial assets					
Cash and cash equivalents other than money in hand	**19.928.053**	**6.766.584**	**227**	**52**	**26.694.916**
Cash held with banks	**1.145.303**	–	–	–	**1.145.303**
Financial assets carried at amortised cost	**18.593.240**	–	–	–	**18.593.240**
Other financial assets	**103.492**	36.158	**–**	**–**	**139.650**
Total financial assets	**39.770.088**	**6.802.742**	**227**	**52**	**46.573.109**

During the years ended 31 December 2019 and 31 December 2018, a significant part of financial assets (2019 - 92%, 2018 - 85%) were Kazakhstan tenge-denominated. Financial assets in foreign currency are provided for foreign currency liabilities which reduce the currency risk level.

Limitations of sensitivity analysis

The above tables show the effect of a change in the principal assumption, while the other assumptions remain unchanged. There is a connection between the assumptions and other factors. It should be noted that the sensitivity is non-linear; therefore, no interpolation or extrapolation of the results should be performed.

The sensitivity analysis does not take into account that the Stock Exchange is actively managing assets and liabilities. Additionally, the financial position of the Stock Exchange may be subject to market changes. For example, the financial risks management strategy of the Stock Exchange is aimed at managing the risk of securities market fluctuations. In the event of sudden negative securities market fluctuations, the Management may apply such methods as selling investments, changing the investment portfolio composition as well as other protection measures.

Other limitations of the above sensitivity analyses are applying of hypothetical movements in the market aimed at potential risk disclose; such hypothetical movements are the Stock Exchange forecasts of the upcoming market changes that cannot be predicted with any level of confidence. Besides, the limitation is the assumption that all interest rates are subject to similar changes.

Price risk

The risk of equity instruments price change is the risk of changes in the financial instrument value due to changes in market prices, regardless of whether these changes are caused by factors specific to individual security or its issuer, or factors affecting all marketable securities.

Operating risk

Operating risk is the risk of direct or indirect loss resulting from a wide range of risk events associated with system failure, human error, technology and infrastructure, fraud, or external events. In case of a control system failure, operation risks can injure reputation, have legal consequences, or cause financial loss.

It is assumed that the Stock Exchange is not able to eliminate all operational risks, but it seeks to manage them through the application of a control system, systematic checks by the internal audit service, as well as through monitoring possible risks and responding to them.
The control system provides for the effective split of responsibilities, access privileges, approval and reconciliation procedures, human resources training and assessment procedures. Risk monitoring is performed by the Risk Management Department. To ensure that the Stock Exchange will be able to continue as a going concern, the Stock Exchange has prepared a geographically-distributed layout of its computing equipment.

27. RISK MANAGEMENT POLICY (continued)

Legal risk

Legal risk management procedures include:

- Ongoing monitoring of laws and internal procedures for compliance
- Ongoing monitoring of the proper compliance by the Stock Exchange employees with the applicable laws, the Charter and internal documents of the Stock Exchange
- Ongoing monitoring of proposed changes in the applicable laws, measures development and implementation, including preventive measures, arising from proposed and/or effective amendments in the applicable laws
- Total verification of all Stock Exchange draft internal documents and bodies' and officials' decisions for compliance with applicable laws, the Charter and internal documents of the Stock Exchange
- Full standardization of all procedures, technologies and forms of documentation used in the Stock Exchange activities to exclude their arbitrary (uncontrolled, non-provided) application by the Stock Exchange employees
- Mandatory preliminary legal examination of new business processes and services of the Stock Exchange.

28. EVENTS AFTER THE REPORTING DATE

As part of the Strategic Cooperation Agreement implementation previously signed between the Exchange and Moscow Exchange (MOEX) which provides for the acquisition by the Moscow Exchange of 20% of the Exchange's issued capital, in 2020 the Exchange plans to make a deal on selling the remaining block of shares.

In March 2020, the World Health Organization (WHO) announced on the coronavirus pandemic as the most countries and all continents were affected. The outbreak of a new coronavirus at the end of 2019 ("coronavirus" or "COVID-19") poses a serious threat to public health. The announced lockdown has suspended the movement of people and goods around the world, and many government agencies impose restrictions on work for individuals and enterprises. In this regard, the Exchange Management assessed the possible impact of the lockdown on the Exchange's activities and determined that no significant changes in the strategic and operational plan are expected; however, the certain tasks and projects deadlines may be changed due to the lockdown.

29. DATE OF APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The separate financial statements for the year ended 31 December 2019 were approved by the management of the Company on 17 April 2020.