iX Global Emerging Markets Bonds SPC Limited

Financial Statements
for the Period from 29 October to 31 December 2019
with Independent Auditor's Report

Contents

Statement of Management's Responsibility for the Preparation and Approval of the Financial Statements for the Period from 29 October to 31 December 2019

The Management of iX Global Emerging Markets Bonds SPC Limited (hereinafter the "Company") is responsible for preparing the financial statements that present fairly in all material respects the financial position of the Company as at 31 December 2019 as well as its financial performance, cash flows and changes in equity for the Period from 29 October to 31 December 2019, in accordance with the International Financial Reporting Standards (IFRS).

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

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

The Management is also responsible for:

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

These financial statements of the Company for the Period from 29 October to 31 December 2019 were approved for issue on 14 February 2020 by the Management of the Company.

Renat Bekturov

Director

Crowe Audit Astana Limited Liability Partnership LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Management of iX Global Emerging Markets Bonds SPC Limited

Opinion

We have audited the accompanying financial statements of iX Global Emerging Markets Bonds SPC Limited (hereinafter – the Company) consisting of the statement of financial position as at 31 December 2019 and the statement of comprehensive income, the statement of changes in the equity, the statement of cash flows for the Period from the date of establishment to 31 December 2019, and a summary of significant accounting policies and other explanatory notes as well.

In our opinion, the accompanying financial statements fairly present, in all material respects, the financial position of the Company as at 31 December 2019, as well as its financial performance and cash flows for the Period from the date of establishment to 31 December 2019, in accordance with the International Financial Reporting Standards.

Basis for Opinion

We have performed audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section *Auditor's Responsibility for the Audit of the Financial Statements* herein. We are independent in relation to the Company, as required by the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (Code of IESBA) and the ethical requirements applicable to our audit of the financial statements in Kazakhstan, and we fulfilled other ethical responsibilities in compliance with those requirements and the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for the evaluation of a Company's ability to continue as a going concern, and for disclosure, where appropriate, of information relevant to the continuity of operations, as well as for preparation of the financial statements based on the assumption of continuity of operations, except when management intends to liquidate the Company, or discontinue operations, or where it has no other realistic alternatives, other than liquidation or discontinuation of operations.

Those charged with governance are responsible for supervision of the preparation of the Company’s financial statements.

Auditor’s Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance whether the financial statements are free of material misstatement due to fraud or error, and to express the audit opinion. Reasonable assurance means a high degree of certainty, but does not guarantee that the audit performed in accordance with the International Standards on Auditing always identifies significant misstatements, if any. Misstatement can be the result of fraud or error and are considered material if it can be reasonably assumed that they, individually or cumulatively, can affect the economic decisions of users made on the basis of the financial statements.

As part of the audit performed in accordance with the International Standards on Auditing, we use professional judgment and maintain professional scepticism throughout the audit. In addition, we perform the following:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error; design and perform audit procedures in response to the risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  Detection risk of material misstatement resulting from fraud is higher than the detection risk of material misstatement due to error, since fraud can involve conspiracy, falsification, deliberate omission, misrepresentation of information or override of internal controls;
- Obtain understanding of the 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 appropriateness of disclosures prepared by management;
- Make a conclusion with respect to the legitimacy of application of the going concern assumption, and based on the audit evidence obtained we make a conclusion whether there is a material uncertainty due to certain events or conditions that can result in significant doubts about the Company's ability to continue as a going concern. If we come to a conclusion that material uncertainty exists, in the audit opinion we should draw attention to the relevant disclosure in the financial statements or, if such disclosure is inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our audit opinion. However, future events or conditions can result in the loss of the Company’s ability to continue as a going concern.
- Evaluate the overall presentation of the financial statements, its structure and content, including disclosures, as well as evaluate whether the financial statements present the underlying transactions and events so as to ensure their fair presentation.

We carry out information operations with those charged with governance, bringing to their attention, inter alia, information about the planned scope of the audit and its timing, as well as material findings of the audit, including significant shortcomings of the internal control identified in the course of the audit.

We also provide those charged with governance with a statement that we complied with all relevant ethical requirements with respect to independence, and informed them about all relationships and other issues that may reasonably be regarded as affecting the auditor’s independence and, where necessary, about appropriate precautions.

We select from the issues that we brought to the attention of those charged with governance those issues that were most important to the audit of the financial statements for the current period and, therefore, are key issues of the audit. We describe those issues in our audit opinion, except in cases where public disclosure of those issues is prohibited by applicable laws or regulations, or, in very rare cases, where we come to the conclusion that a certain matter shall not be communicated in our audit report, since we reasonably assume that the adverse effects of communicating such information would be much stronger than public benefit from its disclosure.

Lidiya Petruk

Auditor

Петрук Лидия Александровна * Казақстан Республикасының * 0546

Alberto Simoncini

Director

Crowe Audit Astana Limited Liability Partnership LLP

Auditor Qualifying Certificate No. 0000546 issued by Kazakhstan Qualifications Commission on Auditors' Certification. 08 July 2003

Commercial License to perform audit activities in Astana International Financial Centre No. AFSA-O-CD-2019-0078 issued by Astana Financial Services Authority on 26 June 2019

12/2 Kunayev Street, Office 16

Nur-Sultan, Kazakhstan

14 February 2020

Statement of Financial Position as at 31 December 2019

(all amounts are presented in KZT thousands)

	Note	As at 31 December 2019
Assets		
Financial assets at fair value through profit or loss	5	75,834
Cash at bank		379
TOTAL ASSETS		**76,213**
EQUITY AND LIABILITIES		
Equity		
Issued capital		1
Total equity		**1**
Liabilities		
Financial liabilities at fair value through profit or loss	6	76,212
Total liabilities		**76,212**
TOTAL EQUITY AND LIABILITIES		**76,213**

These financial statements of the Company for the period ended 31 December 2019 were approved for issue on 14 February 2020 by the Management of the Company.

Renat Bekturov

Director

Notes on pages from 11 to 25 are the integral part of the Financial Statements.

Statement of Comprehensive Income
for the Period from 29 October to 31 December 2019
(all amounts are presented in KZT thousands)

	2019
Net gain from changes in fair value of financial assets	1,803
Net loss from changes in fair value of financial liabilities	(1,801)
Administrative expenses	(2)
Income before income tax	**-**
Income tax expense	-
Income for the period	**-**
Other comprehensive income	-
Total comprehensive income for the period	**-**

Notes on pages from 11 to 25 are the integral part of the Financial Statements.

	2019
Operating activities	
Management fee	(2)
Income tax paid	-
Net cash flows from operating activities	**(2)**
Financial activities	
Placement of exchange traded notes	385
Contributions of equity	1
Net cash flows from financial activities	**386**
Net increase in cash	**384**
Net foreign exchange difference	(5)
Cash at date of establishment	-
Cash at 31 December	**379**

Non-cash transactions:

- 34,310 shares were acquired in the transaction with related party (Note 5) in exchange of exchange trade notes, issued by the Company (Note 6).

	Issued capital
As at the date of establishment	**-**
Total comprehensive income for the period	-
Contributions of equity	1
As at 31 December 2019	**1**

Notes on pages from 11 to 25 are the integral part of the Financial Statements.

1 General Information

IX Global Emerging Markets Bonds SPC Limited (hereinafter the "Company") was registered on 29 October 2019 as a Special Purpose Company at the Astana International Financial Centre (AIFC) under the identification number 191040900264 in accordance with the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Centre" and the legislation of AIFC. Company operates under the legislation of AIFC, which is a financial hub based in Nur-Sultan, Kazakhstan.

The sole shareholder is AIX FM Limited, which is, in turn, owned and managed by Astana International Exchange Limited (AIX Limited), a private company registered at AIFC. The owners of AIX Limited are AIFC Authority JSC – 62.59%, Shanghai Stock Exchange – 25.10% and others. The ultimate owner is the Government of the Republic of Kazakhstan represented by National Bank of the Republic of Kazakhstan, which transferred its shares in trust to the Ministry of Finance of the Republic of Kazakhstan.

Legal address of the Company is: 55/15, Mangilik El Ave., Block C 3.4, Expo Center, Nur-Sultan, Republic of Kazakhstan.

As a Special Purpose Company, the activity of the Company is mostly limited to issuing exchange traded notes and holding foreign financial assets received for the sale of the former. Exchange traded notes are then placed on AIX stock exchange and mirror the market value of Company's financial assets.

The financial statements of the Company for the year ended 31 December 2019 were approved for release by the management of the Company on 14 February 2020.

2 Basis of preparation

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

The initial acquisition cost is usually determined on the basis of the fair value of the consideration given in exchange for the assets, with financial instruments initially recognized at fair value.

Preparation of the financial statements in accordance with IFRS requires using certain key accounting estimates, and also requires Management to make judgements based on assumptions in the course of application of the Company's accounting policies. The areas associated with the higher level of complexity and application of assumptions as well as areas where the use of estimates and assumptions is material for the Company's separate financial statements are disclosed in Note 4. Those estimates are based on the information available as at the date of financial statements. Therefore, the actual amounts may differ from those estimates.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a voluntary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2 Basis of preparation (continued)

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

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

(a) Going Concern

These financial statements have been prepared on a going concern basis, which contemplates realisation of assets and repayment of liabilities and contractual commitments in the normal course of business.

Having analysed current management estimates regarding the Company's cash flow projections, the Company's management made a conclusion that the application of the going concern principle for these financial statements is reasonable and there is no material uncertainty as to the Company's ability to continue as a going concern.

(b) Foreign Currency Translation

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

Transactions and Balances

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

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

2 Basis of preparation (continued)

Exchange Rates

Weighted average exchange rates established on the Kazakhstan Stock Exchange ("KASE") are used as official exchange rates in the Republic of Kazakhstan. The following exchange rates have been used in the preparation of these financial statements:

	31 December 2019
US Dollar	381.18

3 Summary of Significant Accounting Policies

(a) New standards and explanations not yet accepted for use

The following new standards and interpretations have not yet entered into force and have not been applied in the preparation of these financial statements:

- IFRS 17 - Insurance Contracts. This standard was released in May 2017 and comes into force on January 1, 2021. The standard will replace IFRS 4 - Insurance Contracts, and applies to all insurance contracts (regardless of the organization that issues them), as well as certain guarantees and financial instruments with discretionary participation opportunities. This standard is not expected to have an impact on the financial position or performance of the Company.
- Amendments to IFRS 3 - Definition of Business. In October 2018, the IASB issued amendments to IFRS 3 Business Combinations, which changed the definition of the term “business” and should help organizations determine whether the acquired combination of activities and assets is a business or not. These amendments clarify the minimum business requirements, exclude the assessment of whether market participants are able to replace any missing element, add guidance to help organizations evaluate whether the acquired process is significant, narrow down the definition of business and returns, and introduce an optional test for availability concentration of fair value. This standard will not affect the financial position or performance of the Company.
- Amendments to IAS 1 and IAS 8, Determination of Materiality. In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to harmonize the definition of materiality in different standards and clarify some aspects of this definitions. According to the new definition, “information is material if it can reasonably be expected that its omission, distortion or disguise will affect the decisions of the main users of general financial statements made on the basis of these financial statements that provide financial information about a particular reporting entity.” Amendments to the definition of materiality are not expected to significantly affect the financial statements of the Company.

3 Summary of Significant Accounting Policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

3 Summary of Significant Accounting Policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)

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

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

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

The Company's financial assets at amortised cost include cash at bank.

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

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

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

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

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

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

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

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

3 Summary of Significant Accounting Policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

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

Financial assets at fair value through profit or loss

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

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

Derecognition

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

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

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

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

3 Summary of Significant Accounting Policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

Impairment of financial assets

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

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

For funds in credit institutions (cash and cash equivalents), the Company calculated expected credit losses for a 12-month period. The 12-month expected credit losses are part of the lifetime credit losses, which are expected credit losses that arise as a result of defaults on the financial instrument, possible within 12 months after the reporting date. However, in the event of a significant increase in the credit risk of a financial instrument since its initial recognition, the provision is estimated at an amount equal to the lifetime expected credit losses.

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

Financial liabilities

Initial recognition and measurement

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

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

The Company’s financial liabilities include financial liabilities at fair value through profit or loss.

Subsequent measurement

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

3 Summary of Significant Accounting Policies (continued)

(b) Financial instruments - initial recognition and subsequent measurement (continued)

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Derecognition

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

Offsetting of financial instruments

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

(c) Cash

Cash reported in the statement of financial position includes cash on current bank accounts.

4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4 Significant Accounting Judgments, Estimates and Assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company's assumptions and estimates were based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxation

In assessing tax risks, management considers as possible liabilities certain areas of tax positions that the Company is not able to challenge or does not believe that it is able to successfully challenge if assessed by tax authorities. Such definitions involve significant judgments and may change as a result of changes in tax laws and regulations, the determination of expected results from tax revenues and the results of tax audits by tax authorities.

Financial instruments' fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a voluntary transaction between market participants at the measurement date. When measuring fair value of financial instruments, the Company takes into account quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Financial assets' fair value is determined according to market value on active financial exchange markets.

The market value of financial liabilities (exchange traded notes) is calculated as a cost of Company's financial assets less Company's expenses.

5 Financial assets at fair value through profit or loss

The terms of financial assets at fair value through profit or loss as of 31 December 2019 are as follows:

Issuer	Quantity	Maturity date	interest rate	Currency	Value
ISHARES J.P.MORGAN USD EM BOND UCITS ETF	34,310	n/a	0%	USD	75,834
Total					**75,834**

All financial assets were acquired in the transaction with related party Astana International Exchange Market Liquidity Services Ltd. (AIX MLS Ltd.) dated 6 December 2019. Initially, 34,310 shares and 1 thousand Dollars were transferred to Company in exchange of exchange trade notes, issued by the Company (Note 6). As such, all the Company's financial assets are held until maturity date of aforementioned notes when the former would be transferred to the holders of notes.

Notes can also be redeemed by Company or the initial purchaser (as a holder) before maturity date, which would cause the corresponding outflow of financial assets before maturity date.

The Company is permitted to hold only cash and shares as its assets.

(all amounts are presented in KZT thousands)

6 Financial liabilities at fair value through profit or loss

The terms of financial assets at fair value through profit or loss as of 31 December 2019 are as follows:

Issuer	Quantity	Maturity date	interest rate	Currency	Value
iX Global Emerging Markets Bonds SPC Limited	34,310	5 December 2029	0%	USD	76,212
Total					**76,212**

All financial liabilities were issued by Company and sold to the related party AIX MLS Ltd. on 6 December 2019.

Notes are unsecured and can be redeemed by Company or the initial purchaser (as a holder) before maturity date. The value of exchange traded notes is calculated as a cost of Company's financial assets less Company's expenses. Overall quantity of issued notes is 34,310 as at 31 December 2019.

7 Related Party Transactions

The parties, one of which is in the position to exercise control over the other, may have significant influence on operational and financial decisions of the other party, or which are under joint control, are considered related. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company's related parties are the Company's shareholders (Note 1), companies under common control (namely, AIX MLS Ltd.), its affiliates and the key management.

For 2019, transactions between related parties were as follows:

	2019
Astana International Exchange Market Liquidity Services Limited	
Placement of exchange traded notes	75,318
AIX FM Limited	
Administrative expenses	(2)

7 Related Party Transactions (continued)

The outstanding balances at 31 December 2019 were as follows:

	31 December 2019
Astana International Exchange Market Liquidity Services Limited	
Financial liabilities at fair value through profit or loss	76,212

The Company has no staff and is entirely managed by parent company AIX Ltd. Remuneration for the Company's management for 2019 was 2 thousand Tenge recognized in administrative expenses.

8 Commitments and Contingencies

(a) Political and Economic Conditions

Over the last few years there were some improvements in the country's economic situation, however, the Kazakhstan economy continues to demonstrate features characteristic for developing markets including, but not limited to, absence of national currency that is freely convertible outside the country and low liquidity of debt and equity securities in the markets.

The Company's financial position and future operations may be deteriorated by lingering economic difficulties characteristic for developing economies. The Company Management is able to foresee neither the extent nor duration of economic difficulties or estimate their effect, if any, on these financial statements.

(b) Taxation

The Company is subject to taxation under the Kazakhstan Tax Code and the Constitutional law on AIFC.

Kazakhstan tax laws and practices are continuously modified and consequently are subject to various interpretations and frequent changes which may have retrospective effect. Besides, interpretation of tax laws by tax authorities with respect to the Company transactions and business may differ from the management's interpretation. Consequently, the Company transactions may be challenged by tax authorities, and the Company may be charged with additional taxes, fines and penalties. Tax periods are open for retrospective inspection by Kazakhstan tax authorities during five years.

Although there is a risk that Kazakhstan tax authorities may challenge the policies applied, the Company Management believes that its position will be successfully supported in case of any dispute. Therefore, as at 31 December 2019 no provisions for potential tax liabilities were accrued.

8 Commitments and contingencies (continued)

(c) Legal Processes and Actions

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

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

9 Financial Risk Management

The Company's operations are exposed to various financial risks: market risk, credit risk and liquidity risk. The Company's risk management program focuses on unpredictability of financial risks and is aimed at minimising the potential adverse impact on the Company's financial performance. The Company does not use derivative financial instruments to hedge its risk exposure.

(a) Categories of financial instruments

As at 31 December 2019, financial instruments were as follows:

	As at 31 December 2019
Financial assets	
Financial assets at fair value through profit or loss	75,834
Cash at bank	379
Financial liabilities	
Financial liabilities at fair value through profit or loss	(76,212)

(b) Interest Rate Risk

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

(c) Currency Risk

The Company's exposure to a risk associated with changes in foreign exchange rates, is associated with the Company's activities. In 2019, the supply of goods is denominated in USD. Thus, the main currency risk concentration is associated with a change in the exchange rate of USD against tenge. Management does not hedge its currency risks due to the inactive market of financial instruments in the Republic of Kazakhstan.

(all amounts are presented in KZT thousands)

9 Financial Risk Management (continued)

(c) Currency Risk (continued)

As of 31 December 2019, the structure of financial instruments in USD were as follows:

	USD
2019	
Financial assets at fair value through profit or loss	75,834
Cash at bank	379
Financial liabilities at fair value through profit or loss	(76,212)
Net foreign currency position as at 31 December	**1**

A 10% weakening of tenge versus USD as at 31 December would have no effect on the capital and profit (loss) for the period. This analysis was performed based on the assumption that all other variables, in particular interest rates, remain unchanged.

(d) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company is exposed to credit risk from its operating activities. Maximum credit risk exposure is shown below:

	31 December 2019
Financial assets at fair value through profit or loss	75,834
Cash at bank	379

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

The following table shows the balance of financial assets in banks at the reporting date using the credit ratings of Fitch Rating:

	Location	Rating	Amount
Reiffesenbank	Russia	BBB/Stable	75,834
Bank CenterCredit	Kazakhstan	B/Stable	379

(e) Liquidity Risk

The liquidity risk management objective is to ensure that the Company always has adequate funds. Due to the dynamic nature of the operating activities, the Company seeks to maintain flexibility of financing by ensuring sufficient funds.

Financial liabilities at fair value through profit or loss should be paid within 9 years after the reporting date.

(all amounts are presented in KZT thousands)

9 Financial Risk Management (continued)

(f) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk limits are set and continuously reviewed by the parent company AIX Ltd. As a part of their established market risk management process, the market risk department also monitors early signs of possible changes in market conditions such as: anticipated and actual changes to interest rates; socio-economic factors driving mortgage prepayment behaviours; and economic and geopolitical factors driving currency and equity price movements. Market risk limits are ultimately approved by the AIX Ltd. Board of Directors.

At an operational level, market risk is primarily managed by AIX Ltd., which is responsible for ensuring that the Company's exposures are in compliance with market risk limits approved by the AIX Ltd. Board of Directors and to take adequate actions when necessary.

Company's total market risk exposure as follows:

	Carrying amount	Traded risk	Non-traded risk	Primary risk sensitivity
Financial assets				
Financial assets at fair value through profit or loss	75,834	75,834	-	Equity price, FX*
Cash at bank	379	-	379	FX
Financial liabilities				
Financial liabilities at fair value through profit or loss	(76,212)	(76,212)	-	Equity price, FX

*Foreign exchange rates

A 10% strengthening of financial instruments' market equity prices as at 31 December would have the following effect on the capital and profit (loss) for the period. This analysis was performed based on the assumption that all other variables remain unchanged.

	2019
Financial assets at fair value through profit or loss	7,583
Financial liabilities at fair value through profit or loss	(7,583)

(g) Fair Value of Financial Instruments

All of the Company's financial assets and liabilities measured at fair value. Management believes that the inputs it uses to determine fair value belongs to Level 1 inputs, as its shares are traded on reputed international stock exchanges.

9 Financial Risk Management (continued)

(h) Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the participants and benefits to other stakeholders as well as to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to the participants, ensure return on the participants' investment, issue new capital and sell assets in order to reduce the debt.

10 Subsequent Events

There were no material events after the reporting date.