

**«INGOSSTRAKH» INSURANCE COMPANY  
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**31 DECEMBER 2017**

**Bishkek 2018**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>The Management Statement of Responsibility for Preparation and Approval of Annual Financial Statements</b>	<b>6</b>
<b>Financial Statements for the year ended 31 December 2017:</b>	<b>7</b>
Statement of Income or Loss and other Comprehensive Income	7
Statement of Financial Position	8
Statement of Cash Flows	9
Statement of Changes in Equity	10
Notes to Financial Statements	11

**INDEPENDENT AUDITOR'S REPORT**  
**Marka Audit Bishkek Ltd**  
**on Financial Statements of**  
**"Ingosstrakh" Insurance company**

**TO SHAREHOLDERS AND BOARD OF DIRECTORS OF « Ingosstrakh » Insurance company**

**Conclusion on the audit of financial statements**

***Opinion***

We have audited the accompanying financial statements of «Ingosstrakh» Insurance company, previously "Kyrgyzinstrakh" CISJC ("Company"), including the Statement of Financial Position as of 31 December 2017, Statement of Income or Loss and other Comprehensive Income, Statement of Cash Flow, and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements, in all material respects, fairly present financial position of the Company as of 31 December 2017, its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

We have also audited adjustments described in Note 2 to the accompanying financial statements, which were applied for re-calculation of the Company's financial statements for 2016. In our opinion, those adjustments are reliably and properly applied.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities in accordance with these standards are described below in the section "Responsibility of the auditor for the audit of the financial statements" of our conclusion. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants Council (IESBA Code) and ethical requirements applicable to our audit of the financial statements carried out in the Kyrgyz Republic, and we carried out other ethical duties 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***

The audit of the Company's financial statements for the year ended 31 December 2016 was performed by the other auditor, who expressed its unqualified opinion concerning those financial statements on 20 March 2017.

***Management's responsibility and those charged with the responsibility for the corporate management, for the financial statement***

The Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRS as well as for maintaining internal control system which the management considers relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for the corporate management and overseeing the financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of 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 an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ✓ Identify and assess the risk of material misstatement of financial statements, whether due to fraud or errors, 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 errors, 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 "Legion Asia Distribution" LLC'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 the officials responsible for the corporate management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the officials responsible for the corporate management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **MARKA AUDIT BISHKEK LTD.**

License No.0018 (GC) dated 06 September 2004 issued by the State Committee under the Government of the Kyrgyz Republic on the Financial Statements and Audit Standards;  
Registration certificate No.4850-3301-000 issued by the Kyrgyz Republic Ministry of Justice dated 20 March 2008;  
38, Professor Zima Street, Bishkek,  
The Kyrgyz Republic Telephone/fax: (312) 32-05-75  
E-mail: marka@marka-audit.ktnet.kg

**S.S. Tazhibayeva, Director**

Qualified Auditor Certificate Series A No.0041,  
registration No.00136 of 15.12.2008

**L.G. Zalunina, Auditor**

Qualified Auditor Certificate No. 00222 of 31.10.2011  
DiplIFR (Rus.) Certificate No.1768245 of 09.12.2010  
CAP - Certificate No.0007812 of 15.12.2007

20 March 2018

**MANAGEMENT STATEMENT OF RESPONSIBILITY  
FOR PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The statement below, which should be considered together with the description of obligations of independent auditors, accompanied the report of independent auditors, is made with the purpose to delimit obligations of auditors and the management in regard to the financial statements of «Ingosstrakh» Insurance company, previously “Kyrgyzinstrakh» CIJSC (hereinafter the “Company”). The Management of the Company is responsible for preparing financial statements that fairly reflect, in all material respects, financial position as of 31 December 2017, financial performance, cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS).

When preparing financial statements, the Management is responsible for:

- selecting appropriate accounting principles and using those consistently;
- performing well-grounded measurements and calculations;
- compliance with IFRS requirements and disclosure of all material variances from IFRS in comments to financial statements;
- preparing financial statements allowing for assumption that the Company will continue its activity in the foreseeable future, except for cases when such an assumption is not legitimate;
- maintaining of accounting in accordance with the current legislation of the Kyrgyz Republic and IFRS.

The Management is also responsible for:

- development, implementation and maintenance of effective and reliable internal control system in all subdivisions of the Company;
- maintenance of accounting system that permits to provide information on financial status of Company at any given time with a specified degree of accuracy and assure that the financial statements comply with IFRS requirements;
- taking measures within its terms of reference to assure the integrity of Company assets;
- revelation and prevention of any fraud or other abuse.

These financial statements for the years ended 31 December 2017 were approved by the Company management on 20 March 2018.



**D.S. Tezekbaeva**  
**Chairwoman of Board**  
**«Ingosstrakh» Insurance company**

20 March 2018  
Bishkek, Kyrgyz Republic

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

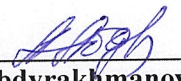
Statement of Income or Loss and other Comprehensive Income

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz som (KGS))

	Note	2017	2016 Re-calculated
<b>Technical account on insurance, net of reinsurance</b>			
Earned insurance premiums	6	85,384,911	69,257,046
Losses incurred	7	(20,787,725)	(15,687,313)
Expenses on carrying out insurance operations	8	(14,974,314)	(10,926,623)
<b>Total technical account on insurance, net of reinsurance</b>		<b>49,622,872</b>	<b>42,643,110</b>
<b>Non-technical account</b>			
Administrative expenses	9	(41,778,624)	(40,721,919)
Other income /expenses from investing activities	10	18,678,553	8,340,066
Exchange rate difference	11	(816,370)	(10,517,404)
Other income		508,577	8,168,072
<b>Total non-technical account</b>		<b>(23,407,864)</b>	<b>(34,731,184)</b>
<b>Net income or loss before taxation</b>		<b>26,215,008</b>	<b>7,911,926</b>
Expenses of income tax from activities	25	(3,301,422)	(1,260,491)
<b>Net income or loss of the reporting year</b>		<b>22,913,586</b>	<b>6,651,435</b>
<b>Other comprehensive income</b>			
Income tax on earnings from revaluation of fixed assets	25	5,037,743	
<b>Total other comprehensive income for the reporting period</b>		<b>5,037,743</b>	

  
**D.S. Tezekbaeva**  
 Chairwoman of Board  
 «Ingosstrakh» Insurance company

  
**A.T. Abdyrakhmanov**  
 Chief Accountant  
 «Ingosstrakh» Insurance company



“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

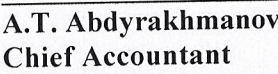
Statement of Financial Position

As of 31 December 2017

(Amounts in tables are shown in the Kyrgyz soms (KGS))

	Note	31 December 2017	31 December 2016 re-calculated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	12	27,794,018	19,151,240
Non-current financial assets	13	216,543,326	203,487,708
Receivables on insurance/reinsurance operations	14	39,228,694	25,685,613
Other assets	15	6,060,647	4,215,660
Insurance provisions (Reinsurers' share in provisions)	16	201,681,196	200,595,787
Deferred acquisition expenses	17	9,402,291	6,585,470
Claims on current income tax		-	119,956
<b>Total current assets</b>		<b>500,710,172</b>	<b>459,841,434</b>
<b>Non-current assets</b>			
Fixed assets	18	55,548,847	57,891,055
Intangible assets	19	1,179,222	1,595,342
Long-term investments	20	5,274,533	5,164,841
Other non-current assets	21	19,525,434	
<b>Total non-current assets</b>		<b>81,528,036</b>	<b>64,651,238</b>
<b>TOTAL ASSETS</b>		<b>582,238,208</b>	<b>524,492,672</b>
<b>Current liabilities</b>			
Accounts payable on insurance/reinsurance operations	22	34,668,724	26,515,537
Liabilities on current income tax		79,344	
Other liabilities	23	9,055,374	1,288,833
Deferred acquisition income	24	4,185,589	3,182,488
Insurance (technical) provisions	16	250,571,062	246,998,650
<b>Total current liabilities</b>		<b>298,560,093</b>	<b>277,985,508</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	25	5,037,743	-
Other non-current liabilities	22	20,553,088	
<b>Total non-current liabilities</b>		<b>25,590,831</b>	<b>-</b>
<b>Total liabilities</b>		<b>324,150,924</b>	<b>277,985,508</b>
<b>Equity</b>			
Shareholder's equity	26	160,000,920	160,000,920
Other capital	27	63,008,064	67,855,210
Retained income / (uncovered loss)		35,078,300	18,651,034
<b>Total capital</b>		<b>258,087,284</b>	<b>246,507,164</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>582,238,208</b>	<b>524,492,672</b>

  
D.S. Tezekbaeva  
Chairwoman of Board  
«Ingosstrakh» Insurance company

  
A.T. Abdyrakhmanov  
Chief Accountant  
«Ingosstrakh» Insurance company



“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)


Statement of Financial Position

As of 31 December 2017

(Amounts in tables are shown in the Kyrgyz soms (KGS))

	Authorized capital	Other capital	Retained income	Total equity
<b>As of 1 January 2017</b>	<b>160,000,920</b>	<b>67,855,210</b>	<b>18,485,920</b>	<b>246,342,050</b>
Changes in accounting policy or errors of the past period			165,114	165,114
<b>Adjusted balance</b>	<b>160,000,920</b>	<b>67,855,210</b>	<b>18,651,034</b>	<b>246,507,164</b>
Recognition of deferred tax liabilities from revaluation of property		(5,037,743)		(5,037,743)
Income for the period			22,913,586	22,913,586
Dividends			(5,500,000)	(5,500,000)
Use of funds of consumption / Profit constraints allocable		190,597	(986,320)	(795,723)
<b>As of 31 December 2017</b>	<b>160,000,920</b>	<b>63,008,064</b>	<b>35,078,300</b>	<b>258,087,284</b>
<b>As of 1 January 2016</b>	<b>118,135,800</b>	<b>62,914,800</b>	<b>64,154,105</b>	<b>245,204,705</b>
Errors of the past period				-
<b>Adjusted balance</b>	<b>118,135,800</b>	<b>62,914,800</b>	<b>64,154,105</b>	<b>245,204,705</b>
Emission of shares	41,865,120		(41,865,120)	-
Gain (deficit) from revaluation of property		(2,311,252)		(2,311,252)
Profit for the reporting period			6,486,320	6,486,320
Dividends			(2,200,000)	(2,200,000)
Use of consumption fund / Profit constraints allocable		7,251,662	(8,089,385)	(837,723)
<b>As of 31 December 2016</b>	<b>160,000,920</b>	<b>67,855,210</b>	<b>18,485,920</b>	<b>246,342,050</b>

  
**D.S. Tezekbaeva**  
 Chairwoman of Board  
 «Ingosstrakh» Insurance company

  
**A.T. Abdyrakhmanov**  
 Chief Accountant  
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“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Statement of Financial Position

As of 31 December 2017

(Amounts in tables are shown in the Kyrgyz soms (KGS))

	2017	2016
<b>Section I. Cash flows from operating activities</b>		
Insurance premiums on insurance and reinsurance contracts, received	180,008,784	129,558,318
Insurance premiums on contracts, transferred to reinsurance, paid	(76,992,876)	(41,605,266)
Payment on insurance and reinsurance contracts, paid	(22,166,892)	(14,994,804)
Insurance premiums received from reinsurers in connection with dissolution of insurance contracts	1,484,027	271,041
Return of insurance premiums received from insurer in connection with dissolution of insurance contracts	(464,582)	(2,053,731)
Reinsurers' share in payments on insurance and reinsurance contracts, received	450,639	90,909
Payment for acquisition expenses	(16,951,529)	(13,698,968)
Payment for expenses on losses settlement	(6,209,863)	(2,221,743)
Receipts of amounts on subrogation and restau claims	1,027,546	71,920
Receipts as payment for indemnifications on direct indemnification	436,669	5,522,690
Payment of salary and other emoluments to employees	(24,540,627)	(25,414,008)
Payment for other administrative and operating expenses	(23,031,442)	(26,548,223)
Bank commissions paid off	(607,361)	(407,203)
Income tax paid	(1,495,000)	(1,700,000)
Other cash flows from operating activities	125,331	22,602
<b>Balance of cash flows provided by operating activities</b>	<b>11,072,824</b>	<b>6,903,534</b>
<b>Section II. Cash flows from investing activities</b>		
Cash inflows from sales of fixed assets		6,057,000
Payments for acquisitions, creation, modernization, reconstruction and preparation of fixed assets for operation	(129,011)	(478,085)
Payments for acquisitions, creation of intangible assets		(108,765)
Interests received	15,296,255	12,134,908
Net cash flows on securities held to maturity	13,633,421	24,214,669
Payments less receipts from placement and closing of deposits and other funds deposited at banks	(25,870,928)	(37,716,225)
Receipts of income from investing property let on lease	47,200	
<b>Balance of cash flows used in investing activities</b>	<b>2,976,937</b>	<b>4,103,502</b>
<b>Section III. Cash flows from financing activities</b>		
Payment of dividends	(4,950,000)	(1,980,000)
<b>Balance of cash flows provided by financing activities</b>	<b>(4,950,000)</b>	<b>(1,980,000)</b>
<b>Balance of cash flows for the reporting period</b>	<b>8,642,778</b>	<b>7,206,515</b>
Impact value of foreign currency exchange rates to som	(456,983)	(1,820,521)
<b>Balance of cash and cash equivalents at the beginning of the reporting period</b>	<b>19,151,240</b>	<b>11,944,725</b>
<b>Balance of cash and cash equivalents at the end of the reporting period</b>	<b>27,794,018</b>	<b>19,151,240</b>

D.S. Tezekbaeva  
Chairwoman of Board  
«Ingosstrakh» Insurance company

A.T. Abdyrakhmanov  
Chief Accountant  
«Ingosstrakh» Insurance company



## “Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

### Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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#### 1. Background of the Company

The «Ingosstrakh» Insurance company, previously Close Insurance Joint Stock Company «Kyrgyzinstrakh», («Company») is an assignee of Close Joint Kyrgyz and Russian Insurance Company on foreign insurance “Kyrgyzinstrakh”, founded by the Resolutions No.508 of 31 October 1996 and No.539 of 15 November 1996 of the Government of the Kyrgyz Republic, based on the voluntary agreement through amalgamation of their contributions.

The company is registered with the Ministry of Justice of the Kyrgyz Republic, Certificate of State Reregistration is No. 4336-3300-CJSC of 25 May 2016.

The Company is a legal entity in accordance with the current legislation of the Kyrgyz Republic and acts its activities in accordance with its Charter.

Founder/shareholder of the Company is “INVEST-POLIS”, registered at the address: Russian Federation, Moscow, house 41 Lesnaya Street.

The main activities of the Company are insurance and reinsurance. Besides, the Company may perform other types of activities which are not prohibited by the current legislation of the Kyrgyz Republic.

To perform the insurance activities the Company has licenses of the State Services for Regulation and Supervision over the financial market under the Government of the Kyrgyz Republic:

- on compulsory types of insurance;
- on voluntary types of insurance.

Types of insurance carried out by the Company are stated in licenses:

License on obligatory types of insurance, carried out by an insurance organization (Series «S» No. 0036 of 15 July 2016 with no fixed term basis) comprises rendering of the following services:

- Obligatory insurance of civil responsibility of hazardous cargo carriers;
- Obligatory insurance of civil responsibility of organizations operating dangerous production objects;
- Obligatory insurance of civil responsibility of an employer for inflicting harm to life and health at performing labor duties by him;
- Obligatory insurance of civil responsibility of a carrier to passengers;

License on voluntary personal insurance, carried out by an insurance organization (Series «S» No. 0065 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Voluntary medical insurance;
- Voluntary insurance of medical expenses when going abroad;
- Voluntary accident insurance.

License on voluntary property insurance, carried out by an insurance organization (Series «S» No. 0066 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Insurance of transport vehicles, civil responsibility and seats in means of transportation;
- Insurance of aviation risks;
- Complex and property insurance of banks;
- Insurance of baggage during trips abroad;
- Insurance of expenses arising resulting from the cancellation of a trip abroad or changes in terms of staying abroad;
- Insurance of transported cargoes;

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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- Insurance of cars and equipment against breakdowns;
- Insurance of mobile equipment;
- Insurance against fire and other hazards;
- Construction and mounting insurance;
- Insurance of electronic equipment;
- Insurance of financial and crediting institutions (banks) against electronic and computer crimes;
- Insurance of financing risks.

License on voluntary property insurance, carried out by an insurance organization (Series «S» No. 0067 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Insurance of civil responsibility of haulers and forwarders;
- Insurance of responsibility to third parties at constructing and mounting works;
- Insurance of professional responsibility;
- Insurance of responsibilities of directors and heads of executing agencies;
- Insurance of civil responsibility;
- Insurance of civil and legal responsibilities of an employer.

License on incoming reinsurance on obligatory and voluntary types of insurance, carried out by reinsurance organization, (Series «S» No. 0068 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Insurance of transport vehicles, civil responsibility and seats in means of transportation;
- Insurance of aviation risks;
- Complex and property insurance of banks;
- Insurance of baggage during trips abroad;
- Insurance of expenses arising as a result of cancellation of a trip abroad or changes in terms of staying abroad;
- Insurance of transported cargos;
- Insurance of cars and equipment against breakdowns;
- Insurance against fire and other hazards;
- Insurance of expenses arising resulting from the cancellation of a trip abroad or changes in terms of staying abroad;
- Insurance of transported cargos;
- Insurance of cars and equipment against breakdowns;
- Insurance of mobile equipment;
- Construction and mounting insurance;
- Insurance of electronic equipment;
- Insurance of financial and crediting institutions (banks) against electronic and computer crimes;
- Insurance of financing risks;
- Insurance of civil responsibility of haulers and forwarders;
- Insurance of responsibility to third parties at constructing and mounting works;
- Insurance of professional responsibility;
- Insurance of responsibilities of directors and heads of executing agencies;
- Insurance of civil responsibility;
- Insurance of civil and legal responsibilities of an employer;
- Voluntary medical insurance;
- Voluntary insurance of medical expenses when going abroad;
- Voluntary accident insurance.

The Company has the following branches:

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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- Osh branch located in Osh;
- Issyk-Kul branch, located in Karakol.

As of 31 December 2017 the Company employed 34 (thirty four) employees (as of 31 December 2016 – 38 (thirty eight) employees).

Company’s registered office is located at the address: Kyrgyz Republic, Bishkek, 219 Chui Avenue.

Profit received resulting from the economic activities is allocated to shareholders of the Company according to an order established by them. The right to command the net profit rests exclusively with the shareholder of the Company.

***Relations with the State***

The State has its influence on the Company’s operating activities through the State Service for regulation and supervision over financial market under the Government of the Kyrgyz Republic by means of issued licenses, established tariff rates on obligatory types of insurance in accordance with Resolution No.113 of 26 February 2010 and use of funds of insurance (technical) reserves, and also by establishing prudential guidelines in accordance with the current legislation of the Kyrgyz Republic.

**2. Basic Accounting Estimations and Professional Judgments in Applied Accounting Policy**

The accompanying financial statements of the Company has been prepared in accordance with the International Financial Reporting Standards (IFRS) and Provisions on formation procedure and presentation of financial reporting by insurance organizations (approved by Decree No.142, of 31 December 2008, of Service of supervision and regulation of financial market in the Kyrgyz Republic) for a fiscal year from 1 January 2017 to 31 December 2017.

The accompanying financial statements has been prepared in accordance with the principle of evaluation at origin costs, except for the cases when otherwise is specified.

For the preparation of these financial statements in accordance with IFRS the management is required to make a number of estimates and assumptions affecting the reflected amounts of assets and liabilities as at the reporting date and reflected amounts of income and expenditures within the reporting period. Actual results could differ from those estimates.

Below are presented main assumptions regarding future events, as well as other sources of uncertainty of estimates as at the reporting date, which bear a material risk causing the necessity to make material adjustments in carrying values of assets and liabilities within the following reporting period.

***Impairment of fixed assets***

At each reporting date, the Company shall review the assets to look for any indication that an asset may be impaired. If there is an indication that an asset may be impaired or that it is necessary to perform annual testing of assets, then the Company must calculate the asset’s recoverable amount. The asset’s recoverable amount is the higher of the fair value of an asset or a cash generating unit less costs to sell and its value in use. At that, this amount is calculated for an individual asset, except for cases when the asset generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the recoverable amount of an asset is less than its carrying amount, the carrying amount should be reduced to the recoverable amount. In measuring value in use, estimated future cash flows are reduced to their carrying amount using the pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to these assets. For the reporting period, the Company does not have assets exceeding their recoverable amounts.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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***Useful life of fixed assets***

The Company reviews the remaining useful life of its fixed assets at least at the end of each reporting year. In case the expected useful life is different from previous estimates, the changes should be accounted as changes in accounting estimates in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates, and Errors”.

***Taxation***

During the evaluating tax risks, the management considers as contingent liabilities the well-known spheres of non-observance of tax legislation, which the Company may not litigate or does not consider that it is able to litigate successfully, if the additional taxes would be accrued by the tax agencies. Such a statement may require material opinion and may be changed as a result of alterations introduced into the tax legislation and regulatory legal acts, determination of expected results in respect to expecting its solution tax judgment and current result of examination on compliance performing by the tax agencies.

***Deferred tax assets and liabilities***

Deferred tax assets and liabilities are estimated values, because their preparation is carried out under conditions of an uncertain outcome of events, which occurred in the past or, likely, will happen in the future, and may be a subject of special knowledge and professional judgments.

***Tax base of fixed assets***

Depreciated fixed assets with the taxable aims are recognized as the property owned by the taxpayer, put into operation, and which value exceeds 10,000 KGS. To the amortized fixed assets for the taxable aims are also equated the intangible assets, which values also exceed 10,000 KGS.

The fixed assets subject to the depreciation are classified according to 6 groups with different rates of depreciation. The revaluated costs are not included into the tax base in accordance with the requirements of the Tax Code of the Kyrgyz Republic.

To compute the tax depreciation of fixed assets, the Company uses a special formula, envisaged by the tax legislation, accounting a number of complete months when fixed assets were operated.

The fixed assets subject to depreciation for the tax purposes on each of a group define the tax cost of the group. An amount of tax costs of fixed assets groups comprise the tax base for fixed and intangible assets.

***Evaluation of insurance liabilities sufficiency***

The evaluation of insurance liabilities sufficiency is performed as at each reporting date. For this purpose an estimated value of cash flows in operations with insurance contracts is used. Such a value is needed for revelation of necessity to increase the carrying value of insurance liabilities.

***Principle of going concern***

As of 31 December 2017 on outcomes of financial and economic activities of the Company a gross profit was gained (from production activities) in the amount of 49,622,872 KGS, income from operating activities are in the amount of 23,407,864 KGS, and net profit is in the amount of 22,913,586 KGS.

Performance of standards, characterizing its financial position, provides a basis to suppose that the company does not have any intentions or necessity to liquidate or significantly reduce its volume of activities. The Company's management believes that the Company will continue its activity in the near future in accordance

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

with continuity principle and in this connection it has prepared its financial reporting based on the principle of going concern.

**3. Basic Principles of Accounting Policy**

*Functional currency and currency for reporting presentation*

Items of the Company’s financial reporting are evaluated in the currency of the Kyrgyz Republic (“functional currency”). The Company’s functional currency is the national currency of the Kyrgyz Republic – som (KGS). The Company’s reporting currency is the Som. All amounts in the financial statements are expressed in thousands of soms.

Monetary assets and liabilities, expressed in foreign currency, are translated at an exchange rate effective as set up by the National Bank of the Kyrgyz Republic at the reporting date.

Non-monetary item, which are evaluated at fair value in foreign currency are translated at the exchange rates effective on the date of determination of fair value.

Foreign currency exchange rates to the Som, fixed by the National Bank of the Kyrgyz Republic for the purpose of accounting, are shown in the following Table:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Russian ruble	1.1951	1.1413
Euro	82.5936	72.8439
US dollar	68.8395	69.2301

*Fixed assets*

*Recognition and Measurement*

Original measurement of fixed assets is made at actual purchase cost (purchase cost of assets, comprising import duties and non-refundable taxes and fees, expenses directly related to creation, delivery, mounting, installation, and probing, insurance and other expenses directly related to bringing assets into operation).

After initial recognition as an asset, the fixed assets item is accounted at its origin cost less accumulated depreciation and accumulated losses from impairment, except for categories of buildings and structures, which are accounted for at revaluated costs.

The Company measures buildings and constructions at revaluated cost and changes at their fair values and they are recognized as a component of other comprehensive income. Office buildings are evaluated based on operations with real estate having the similar character, location and conditions of objects. The Company has engaged an independent appraiser with the purpose to measure a fair value of investing real estate as of 31 December 2015. As of 31 December 2017 the revaluation was not performed.

*Further costs*

Costs related to a replaced significant component of a fixed asset and increase its book value in the case, if a probability that the Company will gain economic benefits in the future, in connection with the aforesaid component, is very high and it is possible to reliably evaluate it. A carrying value of the replaced component is written-off. Expenses on repair and maintenance of fixed assets items are recognized as a part of income or loss for the period when they are incurred.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**Depreciation**

The wear-prone fixed assets are depreciated using the straight-line method within the expected useful life, because such a method is more accurately reflect peculiarities of expected use of future economic benefits, included in an asset and amortized deductions are included as income or loss for the period.

The expected useful life periods of fixed assets in the reporting and comparative periods were as follows:

<b>Fixed assets groups</b>	<b>Useful life</b>
Buildings, constructions	50 years
Transport vehicles	5 years
Furniture and accessories	from 3-5 years
Computers, office and other equipment	from 3-5 years

Depreciation methods, expected useful life and residual costs of fixed assets as of every reporting date at the end of each reporting period and they are adjusted in case of need.

Fixed assets are written off from the balance when retiring or in case in the future it is not expected that economic benefit will be received from use or retirement of the fixed asset. Income or expenses arising as a result of writing off the asset (computed as a difference between net receipts from retirement or carrying cost of the asset) are included in the Statement of Income or Loss and other Comprehensive Income for the reporting year when the asset was written off.

**Intangible assets**

Intangible assets are accounted for at their cost values less any accumulated amortization and any impairment loss. At a moment of acquisition of intangible assets, they are measured at an acquisition cost. The acquisition cost comprises all costs incurred in connection with the purchase of the asset.

Intangible assets are amortized within their useful life and are evaluated subject to impairment only when there is an indicator that an intangible asset can be amortized.

Intangible assets comprise software. Their useful life is 5 years.

The intangible assets with the limited useful life have fixed useful life in accordance with the limitation.

**Classification of financial assets**

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, except for those which the Company intends to sell in the nearest future. Trade accounts receivable, mainly having short-term character, are reflected in the amount of issued invoice less a provision for decrease of accounts receivable costs.

All other financial assets are included in a category of assets available for sale.

At their original recognition financial assets are recognized at fair value plus, in case they are not investments, revaluated at fair value through income or loss, costs of transaction, directly related to acquisition of the financial asset.

Accounts receivable on other operations include amounts of debts on cash assets, paid out on account, amounts of accounts receivable on salary.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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***Financial liabilities***

Financial liabilities under the effectiveness of IAS 39 comprise trade accounts payable, loans and borrowings.

Liabilities on trade and other accounts payable are shown at their costs, which are fair values of payments in the future for received goods and services, irrespective of whether they were issued or not to the Company.

A financial liability is derecognized in books, if the liability is repaid, annulled or its effective term is expired.

If the existing financial liability is superseded by another liability to the same creditor, on different conditions, or if conditions of the existing liability was significantly changed, such a substitution or changes are accounted for as derecognitions of initial liability and as a beginning of a new one, and the difference is recognized on a statement of income or loss.

***Impairment of financial assets***

As of every reporting date the Company evaluates its financial asset or groups of financial assets for the purpose to identify objective evidences of its possible impairment.

***Derecognitions of financial assets and liabilities***

***Financial assets***

A financial asset (or, where applicable – a part of financial assets or a part of similar financial assets) is derecognized in financial statements if a validity period for rights on receipt of cash flows from an assets is expired.

Impaired debts are written-off when they are measured as bad debts.

***Financial liabilities***

A financial liability is derecognized if the liability is repaid, annulled or its effective term is expired.

If an existing financial liability is superseded by another one to the same creditor on different conditions, or conditions of the existing liability were significantly changes, such a substitution or a change are accounted for as derecognitions of initial liability and beginning of a new one, and the difference in their carrying values are recognized on a statement of income or loss and other comprehensive income.

***Capital***

Ordinary shares are classified as the equity. External costs directly related to issuance of new shares, except for amalgamation of organizations, are shown as deductions from the amounts of receipts to capital. Any exceeding of fair value of received assets over nominal cost of issued shares is recognized as additional paid up capital.

***Dividends***

All paid dividends refers to a component of the capital and, therefore, they are recognized as allocation of profit. Dividends are recognized as a liability and are paid from the amount of the capital as of a reporting date in case that they were declared before the reporting date inclusive. Information about dividends is disclosed in reporting, if they were recommended before a reporting date, as well as they were recommended or declared after a reporting date, but before a date of approval of financial statements.



**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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***Remunerations paid to employees***

When defining a scope of a liability regarding short-term remunerations paid to employees the discounting is not applied, and corresponding expenses are recognized as workers fulfilled their labor obligations. As for the amounts expected to be paid within the short-term incentive payments plan or participation in profits, the liability is recognized if the Company has an effective legal and constructive liability on payment of a corresponding amount, arising as a result from fulfilled labor obligations by workers in the past, and it is possible to reliably evaluate the liability.

***Pension plans***

Liabilities of paying fees to funds through which the pension plans with the fixed fees are fulfilled, including fees paid to the State Pension Fund of the Kyrgyz Republic, are recognized as expenses of emoluments paid to workers as a part of income or losses for those periods when the workers rendered corresponding services within the scope of their labor contracts. Accounts of fees, paid in advance, are recognized as an asset in those cases when the Company has a right to repay the fees paid by it or to decrease amounts of future payments of fees. When a worker retires, all pension payments are made by the pension fund mentioned above.

***Cash assets***

Cash assets comprise cash on hand and funds on accounts at banks.

***Statement of Cash Flows***

The Statement of Cash Flows is prepared using a direct method.

Operating, investing and financing operations, which do not require using cash and cash equivalents, were excluded out of the Statement of Cash Flows.

***Insurance contract - classification***

Insurance contracts are defined as contract which stipulates transfer of insurance risk at signing a contract, or those which at their concluding contain conditions having commercial contents, according to which a level of insurance risk can be material. An insurance risk is connected with the uncertainty regarding the following aspects at concluding a contract: occurrence of insured event, a date of insurance event occurrence and amount of loss related to occurred insured event.

***Description of insurance products***

The Company offers insurance products covering all the widespread insurance risks. The Company provides insurance on the following trends:

- Car insurance;
- Voluntary medical insurance (hereinafter – «VMI - ДМC») and accident and health insurance;
- Insurance of property of individuals;
- Insurance of property and responsibility of legal entities;
- Obligatory insurance of responsibilities of owners of dangerous objects (hereinafter – «OIRODO - OCOHO»);
- Insurance of aviation risks;
- Cargo insurance;
- Insurance of transport operators;

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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- Insurance of travellers;
- Life insurance.

Insurance of property and cars implies that the Company pays a compensation for a damage incurred on clients' property. Clients also receive compensations for a loss of profit because of impossibility to use insured property in their economic activities resulting from the occurrence of insured event (for example, a risk of damage incurred from disruption of production).

VMI is performed with the purpose to provide clients of the Company with paid medical services. Such contracts are classified as insurance if only the Company at a moment of conclusion a contract does not sure in probability, terms and amounts of cash flows related to these types of insurance.

Accident insurance is performed with the purpose to provide the Company's clients with financial security in case of their loss temporary or permanent working ability resulting from an accident and/or disease, as well as in case of death of an insured person provision of members of families of insured person or assigned beneficiary of that financial security.

Insurance of responsibility protects the Company's clients against injurious actions to third parties resulting from their activities. A risk of civil responsibilities protects the Company's clients against obligations arising as a result of life and/or health injury (“physical injury”) or property injury of third parties (“Property injury”). The insurance objects are property interests of a policy holder, which do not contradict the laws of the Kyrgyz Republic, related with his/her obligation, arising as a result of injury incurred on third parties, in connection with activities performed by a policy holder, which is specified in his/her insurance contract. The company performed obligatory insurance of civil responsibility of carriers (OICRC - ОЦРОИ) and an owner of dangerous production object (ODPO - ОДОПО). OICRC secures passengers at transporting by any kinds of transport (except for taxi cabs and metro) against risks of traumas on way, loss or damage of baggage, death of passengers. According ODPO as an object of insurance acts a civil responsibility of an owner of dangerous object, which can arise resulting from health injury, injury of property belong to third parties and also injury of environment.

On aviation risks the Company accepts insurance of property interests of a policy holder, related to damage or complete destruction of insured objects, and also arising on the force of the Law obligation of a policy holder to indemnify life and health injury or injury of property belong to third parties, if such injury was incurred in the course of performed activities.

Cargo insurance – the Company accepts the insurance of property interest of a policy holder, related to ownership, use and disposal of cargo, resulting from its loss, destruction or damage.

In respect of insurance of travellers, the Company pays compensations in case of arising medical or other unforeseen expenses of insured person during staying outside of its permanent residence.

***Insurance reserves (funds)***

Insurance reserves of the Company are formed and used in accordance with the current legislation of the Kyrgyz Republic.

Accruals and recognition of reserves of an insurance organization are recognized in accordance with Provisions on the order of calculating deductions into insurance (technical) reserves of insurance organizations in the Kyrgyz Republic, approved by the Resolution of the Government of the Kyrgyz Republic, No.500 of 5 August 2009.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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Insurance reserves are classified as follows:

- Reserves for unearned premiums;
- Reserves for occurred, but not claimed losses;
- Reserve for claimed, but not settled losses.

A basis for financial soundness of insurer is the availability paid-in authorized capital and insurance reserves.

To ensure the accepted insurance liabilities, the Company, in an order and on conditions established by the legislation of the Kyrgyz republic, forms insurance reserves for individual insurance, property insurance and responsibility insurance from received and left for own deduction the insurance fees needed for forthcoming insurance payments. The insurance reserves are not subject for withdrawal to the budget.

Formation of insurance reserves allows ensuring fulfillment of the company's liabilities on insurance payments, based on concluded insurance contracts. The company's insurance reserves on each kind of insurance policies are formed in that currency in which the insurance policy is produced.

Having available additional risks on concluded insurance contracts (reinsurance), the Company forms additional insurance (reinsurance) reserves covering risks on concluded insurance (reinsurance) contracts.

***Reserves for life insurance***

Insurance reserves under life insurance contracts are recognized in case when the contracts were concluded and premiums were accrued. Computations of insurance reserves are based on preconditions on a level of mortality, disability, investing income and servicing expenses. Assumptions of investing profitability shall be established and fixed at concluding the contract and may differ depending on a year of validity beginning of the contract. Adjustments of insurance reserves are terminated, when the contract is expired, or complete payment has been made under the contract, or the contract was dissolved.

At every reporting date, the company reevaluates the adequacy of formed insurance reserves for life insurance, using tests on evaluation of the adequacy. The size of insurance reserves can be increased, if it is clear that the reserves are not sufficient for coverage of future income and expenses.

***Insurance reserves on other insurance than life insurance***

Insurance reserves on other insurance than life insurance are based on computation of total cost of all arising, but not settled losses at the end of a reporting, both claimed and not claimed, including direct expenses of settled losses. The reserves are computed at a reporting date based on statistical data. The insurance reserves are not discounted. Recognition of insurance reserves is terminated only when a liability is executed, or annulled, or its effective period is expired.

A part of accrued insurance gross premiums, referred to following periods, are reflected as a part of unearned premiums. A reserve of unearned premium is computed taking into account allocation of insurance risk during effective period of an insurance contract. The reserve is recognized when premiums are accrued and allocated during effective period of an insurance contract in accordance with the intraperiod risk allocation. Changes in the reserve of unearned premiums are reflected as a component of income or loss with the purpose to recognize the income in that period when the coverage of insurance risk is effective.

Differences arising at revaluation of reserves are recognized in a period following a date of reserve revaluation.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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***Share of reinsurers in insurance reserves***

In the course of its activities the company accepts and bears risks in reinsurance. A share of reinsurers in insurance reserves is measured taking into consideration conditions of both a reinsured direct contract and a reinsurance contract. Evaluation of impairment is performed regarding all shares of reinsurers in insurance reserves. At arising objective circumstances, indicating their impairment, a corresponding impairment loss is recognized as a component of income or loss.

***Order of recognition of income and expenses on insurance operations***

Recognition of insurance premium under a certain insurance contract by other than life insurance types of insurance is made at a date when a right on a receipt of insurance premium arises under a contract or the right is confirmed by other ways (for example, by an account).

If a date of beginning of responsibility (a date of beginning of insurance effectiveness) is not stipulated in the contract, then a date for accrual is usually recognized a date when a contract came in force, specified in the contract. If a contractual date of coming in force is not stipulated, that accrual is made at a moment when the contract begins its validity period.

An insurance premium on contracts, accepted in reinsurance, is recognized at a date when a reinsurer's right on receipt of insurance premium on a certain reinsurance contract or other confirmation of the right (for example, issuance of invoice on payment of premium) arises. On contracts transferred to reinsurance, an accounting record is made when a reinsurer's liability to pay to the reinsurer the insurance premium (fee), sounding in defined reinsurance or otherwise confirmed, arises.

Other receipts are reflected in the accounting in the following way:

- Penalties, fines for violations of contractual conditions, as well as compensation of losses incurred to the company – in the reporting period, in which the court made a decision to recover them or they are recognized by a debtor;
- Amount of payables and depositor's debt, on which an actionable term is expired in a reporting period, in which limitation of action term is expired;
- Amounts of additional measurement of assets – in the reporting period, to which the date is referred, as of which the re-measurement was performed.

***Deferred expenses on concluded insurance contracts (deferred acquisition expenses)***

Expenses on concluded insurance contracts and capitalized and amortized evenly within a validity period of a corresponding contract.

Deferred expenses on concluded insurance contracts are accounted for within frameworks of examination of insurance reserves adequacy at every reporting date.

***Lease revenue***

Revenue from investing real estate, provided in operating lease is accounted for on a straight-line method within the lease validity period.

***Financial income*** includes interests receivable, arising at accrual of interest income on deals generating interest income.

***Dividends include*** dividends receivable, arising as a result of allocation of income from insurance organization, whose share instruments are owned by the reporting insurance organization.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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*Financial expenses include* interests payable on non-bank loans.

***Contingent assets and liabilities***

Contingent liabilities are reflected in financial reporting only in that case if recovery of such liabilities requires disposal of assets, which size can be measured with a specified degree of accuracy. Contingent assets are not reflected in financial statements, but they are subject to disclosure if there is a probability of inflow of economic benefits.

***Taxes***

***Value added tax (VAT)***

Provision of insurance services, coinsurance and reinsurance, as well as services of brokers or agents, related to rendering of the services, are a supply exempted from VAT in accordance with the Tax Code of the Kyrgyz Republic. Besides its basic activities, the Company provides services of operating lease. The value added tax (VAT) connected with lease is paid to tax agencies according to the earlier of the two dates: the date of receiving payment for lease, or the date of submission of the tax invoice at the moment of supply. Refund of VAT for acquisitions is made on the date when the tax invoice from a supplier is received. Tax authorities allow paying the VAT on the net-basis. The VAT on sales and acquisitions that were not paid on the date of accounting balance are reflected on the net-basis. The VAT for realizations and acquisitions, on which a settlement was not made at the date of balance sheet, is reflected there on the net-basis. Non-refundable VAT is written-off as expenses when arising.

***Sales tax***

Expenses and assets are recognized less the amount of sales tax, except for the cases when: - sales tax arising at purchasing of assets or services, are not refunded by the tax authorities: in this case the sales tax is recognized as a part of expenses incurred on a purchased asset or a part of the expense item; - accounts receivable and accounts payable are reflected taking into consideration the amount of sales tax.

A net amount of sales tax, refunding to or by the tax authorities, are included in accounts receivable and accounts payable, reflected on the Statement of Financial Position.

***Income tax***

Income tax comprises the sum of current taxes.

***Current income tax***

Tax assets and liabilities for the current and previous periods are assessed on the amount expected to be indemnified from tax agencies or to be paid to tax agencies.

Tax rates and tax legislation applied for computation of that amount are rates and laws approved or actually adopted at the reporting date.

***Deferred income tax***

Deferred income tax is determined by liabilities method through determination of timing differences at the reporting date between the tax base of assets and liabilities and their carrying values for the purpose of financial statements.

Deferred tax liabilities are recognized on all taxable timing differences.

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

Deferred income tax assets are recognized on all deductible timing differences, unused tax privileges and unused tax losses in that degree when there is a probability that taxable income will exist against which it can be reckoned deducted timing differences, unused tax privileges and unused tax losses.

The carrying value of deferred tax assets on each of reporting date is reconsidered and decreased in that degree in which the achievement of sufficient taxable profit, which will allow using all or a part of deferred tax assets, is evaluated as unlikely.

Unrecognized deferred tax assets are reviewed as of each reporting date, and they are recognized to the extent, to which a significant probability that future taxable profit will allow using the deferred tax assets occurs.

Deferred tax assets and liabilities are evaluated at the tax rates, which as it is supposed, will be applied in that reporting year, in which such an asset will be realized, and the liability will be repaid on the basis of tax rates (and tax legislation), which as of the reporting date have come into force or actually effective.

Deferred income tax, referred to the items recognized directly in the capital, is recorded in as a part of the capital, but not in an item of income/loss.

Deferred tax assets and deferred tax liabilities are set off against each other, if there is a legally fixed right of setoff of current tax assets and liabilities, and deferred taxes relate to the same taxable company and taxation body.

**4. Reclassification of comparable data**

Defined reclassifications of comparable data in respect of data for a previous year were carried out in the statement of income or loss and other comprehensive income and corresponding disclosures to the financial information with the purpose to reduce the data for the past period in a comparable view with the date of the reporting period.

The Company adjusted financial statements as of 31 December 2016 in connection with the recalculation of deferred taxes and insurance reserves for 2016, recognition of expenses/income, incurred/gained for 2016 in connection with changes in balances of accounts payable, accounts receivable and fixed assets.

The effect of the reclassification is presented in the following way (in thousands of soms):

		Amounts of current reporting for 2016	Adjustments	Amounts of previous financial reporting for 2016
<i>Accounts of statement of financial position</i>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash assets	14	19,151,240	-	19,151,240
Current financial assets	15	203,487,708	-	203,487,708
Accounts receivable on operations of insurance / reinsurance	16	25,685,613	(7,058)	25,692,671
Other assets	17	4,215,660	(119,957)	4,335,617
Share of reinsurance and insurance reserves	18	200,595,787	-	200,595,787
Deferred acquisition expenses	19	6,585,470	-	6,585,470
Claims on current income tax		119,956	119,956	-

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

		Amounts of current reporting for 2016	Adjustments	Amounts of previous financial reporting for 2016
<b>Total current assets</b>		<b>459,841,434</b>	<b>(7,059)</b>	<b>459,848,493</b>
<b>Non-current assets</b>		0	0	0
Fixed assets	20	57,891,055	-	57,891,055
Intangible assets	21	1,595,342	-	1,595,342
Noncurrent investments	22	5,164,841	165,114	4,999,727
Other non-current assets	23	-	-	-
<b>Total non-current assets</b>		<b>64,651,238</b>	<b>165,114</b>	<b>64,486,124</b>
<b>TOTAL ASSETS</b>		<b>524,492,672</b>	<b>158,055</b>	<b>524,334,617</b>
<b>Current liabilities</b>				
Accounts payable on insurance/reinsurance operations	24	26,515,537	130,330	26,385,207
Liabilities on current income tax		-	-	-
Other liabilities	25	1,288,833	(136,988)	1,425,821
Deferred acquisition income	26	3,182,488	-	3,182,488
Insurance (technical) reserves	18	246,998,650	-	246,998,650
<b>Total current liabilities</b>		<b>277,985,508</b>	<b>(6,658)</b>	<b>277,992,166</b>
<b>Non-current liabilities</b>		-	-	-
Deferred tax liabilities	25	-	-	-
Other non-current		-	-	-
<b>Total non-current liabilities</b>		-	-	-
<b>Total liabilities</b>		<b>277,985,508</b>	<b>(6,658)</b>	<b>277,992,166</b>
<b>Equity</b>		0	-	0
Authorized capital	28	160,000,920	-	160,000,920
Other capital	29	67,855,210	-	67,855,210
Retained income / (uncovered loss)		18,651,034	164,713	18,486,321
<b>Total capital</b>		<b>246,507,164</b>	<b>164,713</b>	<b>246,342,451</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>524,492,672</b>	<b>158,055</b>	<b>524,334,617</b>

		Amounts of current reporting for 2016	Adjustments	Amounts of previous financial reporting for 2016
<i>Accounts of statement of income or loss and other comprehensive income</i>				
<b>Technical results of insurance, net reinsurance</b>				
Insurance premiums unearned	6	69,257,046	0	69,257,046
Losses incurred	7	(15,687,313)	0	(15,687,313)
Expenses of performed insurance operations	8	(10,926,623)	0	(10,926,623)
<b>Total Technical results of insurance, net reinsurance</b>		<b>42,643,110</b>	<b>0</b>	<b>42,643,110</b>

Non-technical results

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

		Amounts of current reporting for 2016	Adjustments	Amounts of previous financial reporting for 2016
Administrative expenses	9	(40,721,919)	0	(40,721,919)
Other income /expenses from investing activities	10	8,340,066	165,114	8,174,952
Foreing exchange rate difference	11	(10,517,404)	0	(10,517,403)
Other income	12	8,168,072	0	8,168,072
<b>Total technical results</b>		<b>(34,731,184)</b>	165,114	<b>(34,896,298)</b>
			0	
<b>Net income or loss before taxation</b>		<b>7,911,926</b>	165,114	<b>7,746,812</b>
Expenses of income tax from activities	25	(1,260,491)	0	(1,260,491)
<b>Net profit or loss for the reporting year</b>		<b>6,651,435</b>	165,114	<b>6,486,321</b>

**5. Adoption of new and revised standards and interpretations**

*New standards, interpretations and improvements to the effective standards and interpretations:*

The Company has applied for the first time several improvements to standards, which are effective for annual periods beginning on or after 1 January 2017. The Company did not apply earlier the standards, interpretations or improvements which were issued but not come in force.

Character and impact of each of the improvements is described below:

*Amendment to IAS 7 «Statement of Cash Flow» — «Disclosure Initiative»*

The amendment is to require information to be disclosed by an entity to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and also changes which are not arising from them (for example, income or losses from changes in foreign currency exchange rates). The Company has provided the information both for the current period and previous comparative period.

*Amendments to IAS 12 «Income Taxes» — «Recognition of deferred tax assets related to unrealized losses»*

The amendments make clear that an entity must take into consideration whether the tax legislation restricts taxable income sources, against which it can make deductions when reducing such deductible temporary difference related to unrealized losses. Besides, amendments require that an entity should evaluate future taxable profits and describe circumstances under which the taxable profit can recover several assets in the amount exceeding their carrying value.

The Company does not have deductible temporary differences or assets which are in the sphere of application of these amendments.

*Standards which were issued but not come in force*

Below are presented standards and interpretations, which were issued, but not come in force as at the date of issuance of the Company's financial reporting. The Company intends to apply the standards from their effective date.

*IFRS 9 «Financial instruments»*

In July 2014 the IASB issued a final version of IFRS 9 «Financial instruments», which replaced IAS 39 «Financial instruments: Recognition and Measurement» and all the previous versions of IFRS 9. IFRS 9



**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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includes three parts on accounting of financial instruments: recognition and measurement, impairment and hedge accounting.

IFRS 9 is mandatorily effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, the standard is applied retrospectively, but provision of comparative information is not mandatory. Requirements in respect of hedge accounting are mainly applied prospectively, with several limited exclusions.

The Company plans to apply the new standard from the required effective date and will not recalculate comparative information. In 2017 the Company performed the detailed measurement of the impact having from IFRS 9. The measurement is based on information available at the present time, and may be changed resulting from additional reasonable and supporting information, which will be available for the Company in 2018, when the Company begins applying IFRS 9. The assessment is based on information available at the present time, and can be changed resulting from received additional reasonable supporting information, which will be available for the Company in 2018 when the Company begins to apply IFRS 9. On the whole, the Company does not expect significant impact of new requirements on its statement of financial position and equity, except for requirements of impairment in IFRS 9. At the present time the Company is not able to assess a degree of impact of estimated reserve of its equity.

***IFRS 15 «Revenue from contracts with customers»***

IFRS 15 is published in May 2014 and in April 2016 there were made amendments. The standard recognizes revenue from contracts with customers in accordance with five steps. In accordance with IFRS 15 an entity recognizes revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services provided to customers.

The new standard on revenue will supersede all the existing requirements of IFRS to revenue recognition. It will be required to apply the standard retrospectively or using the modified retrospective application for annual periods beginning on or after 1 January 2018; at that, early application is permitted. The Company plans to use a version of full retrospective application of the new standard from the effective date. In 2017 the Company began measuring consequences of application of IFRS 15, and then it will be performed a detailed analysis which will be completed in 2018.

***Amendments to IFRS 10 and IAS 28 «Sales or contribution of assets between an investor and its associate/joint venture»***

The amendments consider contradictions between IFRS 10 and IAS 28, in a part where control over a subsidiary is lost, which is sold to an associate or joint venture or housed in them. The amendments clarify that income or loss arising from sales or contribution of assets is a business in accordance as defined in IFRS 3, in recognized in full. However, revenue or loss arising from sales or contributes of assets, which are not a business, are recognized only in limits of interest, having by them, then the entity, investors in associate or joint ventures. The IASB has transferred an effective date of the amendments for an indefinite term, though an entity having applied those amendment early, should apply them prospectively. The Company will apply the amendments when they come in force.

***Amendments to IFRS 2 «Classification and measurement of share-based payment transactions»***

The IASB has issued amendments to IFRS 2 «Share-based payment transactions», where three basic aspects are considered: the effects of vesting on the measurement of a cash-settled share-based payment transactions; the classification of a share-based payment transaction with net settlement features for withholding tax obligations deducted from a source; the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

When an entity accepts amendments they should not recalculate information for the previous periods, though, it is allowed to apply them retrospectively under conditions that the amendments are applied regarding all three aspects and observation of other criteria. The amendments are effective for annual periods

## Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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beginning on or after 1 January 2018 with early application permitted. Presently, the Company is measuring the impact of the amendments on its financial reporting.

### **IFRS 16 «Leases»**

IFRS 16 was published in January 2016 and replaced IAS 17 «Leases», IFRIC interpretations 4 «Determining whether an Arrangement Contains a Lease», SIC Interpretation 15 «Operating Leases - Incentives» and SIC Interpretation 27 «Evaluating the Substance of Transactions involving the Legal form of a Lease». IFRS 16 sets criteria for recognition, measurement, presentation and disclosures of lease and requires that a leaseholder reflect all the lease contracts using a unified accounting model, similarly to accounting order, stipulated by IAS 17 for financial lease. The standard stipulates two exemptions from recognition for leaseholders – regarding lease of assets with low costs (for example, personal computers) short-term leases (i.e. lease with a term no longer than 12 months). As at a date of lease beginning a leaseholder will recognize a liability regarding lease payments (i.e. liability on a lease), and also an asset entitles to use a basic asset within a lease term (i.e. an asset in a form of right of use). Leaseholders will be obliged to recognize interest expense on a lease liability separately from expenses of asset depreciation in a form of a right of use.

Leaseholders also should reevaluate liabilities on a lease at occurrence of a definite event (for example, change in a lease term, changes in future lease payments resulting from changes in index or rate, used for determining such payments). In majority cases a leaseholder will account for amounts of revaluation of a lease liability as an adjustment of the asset in a form of right of use.

Accounting order for a leaseholder in accordance with IFRS 16 is not practically changes in comparison with requirements of IAS 17 effective at the present moment. Leaseholders may continue classify lease using the same classification criteria as stated in IAS 17, singled out two types of lease: operating and financial.

Besides, IFRS 16 requires from leaseholders and lessee to disclose a big volume of information in comparison with IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not earlier than an entity begins application of IFRS 15. A leaseholder has a right to apply the standard using a retrospective approach or a modified retrospective approach. The standard transition provisions stipulate definite exemptions.

In 2018 the Company will begin to measure the probable effects of IFRS 16 on its financial reporting.

### **IFRS 17 «Insurance Contracts»**

In May 2017 the IASB published IFRS 17 «Insurance contracts», a new comprehensive standard of financial reporting for insurance contracts, which considers recognition and measurement, presentation and disclosures. When IFRS 17 comes in force, it replaces IFRS 4 «Insurance contracts», which was published in 2005.

IFRS 17 is applied to all types of insurance contracts (life insurance and insurance differed from the life insurance, direct insurance and re-insurance) irrespective of a type of an entity, which issued them and also to defined guarantees and financial instruments with conditions of discretionary party. There are several exclusions from the sphere of their application. A main objective of IFRS 17 is to provide a model for accounting of insurance contracts, which is a more efficient and consistent for insurance companies.

As opposed to requirements of IFRS 4, which are mainly based on previous local accounting policies, IFRS 17 provides a comprehensive accounting model for accounting of insurance contracts, covering all relevant accounting aspects. The basis for IFRS 17 is a general model, added by the following:

- Definite modifications for insurance contracts with direct investing income (a method of variable compensation).
- Simplified approach (an approach based on allocation of premium) mainly for short-term contracts.

IFRS 17 is effective for annual periods beginning on or after 1 January 2021, at that, the comparable information is required to be presented. Early application permitted provided that the Company also applies IFRS 9 and IFRS 15 as at the date of first application IFRS 17 or before it.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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Presently, the Company is measuring the possible impact of the amendments on its financial reporting.

***Amendments to IAS 40 «Transfers of investment property»***

The amendments clarify that when an entity transfers real estates, including real estates in a construction process or development, in a category or out of a category of investing real estate. It is stated in the amendments that changes in a character of use are occurred when an item of real estate begins or ceases match a definition of a real estate and there is a certificate of its change in a character of its use. Changes in the management’s intentions regarding the use of the object of real estate do not give evidence concerning changes in a character of its use. An entity should apply the amendments perspectivevely regarding changes in character of use, which occur as at a date of annual reporting period beginning, when an entity applies the amendments, or after the date. An entity should repeatedly analyze classification of real estate, held as at the date, and, if applicable, transfer the real estate to reflect conditions existing as of the date. Early application is permitted under condition of disclosure of the fact. It is permitted the retrospective application in accordance with IAS 8, but only if it is possible without using later information. Amendments are effective for annual periods on or after 1 January 2018. Early application is permitted provided that the fact will be disclosed. The Company will apply the amendments when they come in force. However, as the Company’s current activities comply with the requirements of clarification, the Company does not expect that it has an impact on its financial reporting.

***“Annual Improvements to IFRSs, 2014 -2016 Cycle” (issued in December 2016)***

The improvements comprise the following:

***IFRS 1 «First-time***

***Adoption of International Financial Reporting Standards» — removing of short-term exemptions for entities applied IFRS for the first time***

A short-term exemption stipulated by paragraphs E3-E7 of IFRS 1 were deleted because they have already performed their function. The amendments are effective on 1 January 2018. The amendments are not applied to the Company.

***IAS 28 «Investments in associate and joint ventures» – Clarification of the aspect that a decision to measure objects of investments at fair value through income or loss should be taken separately for each investment.***

The amendments clarify the following:

An entity which is specialized on venture investments or any other similar entity may make a decision to measure investments in associate and joint ventures at fair value through income or loss. Such a decision shall be taken separately for each investment at original recognition.

If an entity is not an investing organization, has an interest in associate or joint enterprise, which are investing organizations, then at applying the share-based method such an entity may make a decision to preserve the measurement at fair value, applied by its associate or joint venture, which is an investing enterprise, to its own shares in subsidiaries. Such a decision is made separately for each associate or joint venture, which are investing organizations, on the following later dates: (a) a date of original recognition of associate or joint venture, which is investing enterprise; (b) a date when an associate or joint venture becomes investing organizations; and (c) a date, when an associate or joint venture, being investing organizations, become parent organizations for the first time.

The amendments are applied retrospectively and effective on 1 January 2018. Early application is permitted. If an entity applies the amendments regarding earlier period, it must disclose the fact. The amendments are not applied to the Company.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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***Amendments to IFRS 4 «Application of IFRS 9 «Financial Instruments» together with IFRS 4 «Insurance Contracts»***

The amendments remove challenges arising in connection with the application of a new standard on financial instruments, IFRS 9, before adoption of IFRS 17 «Insurance Contracts », which replaces IFRS 4. The amendments stipulate two possibilities for entities issuing insurance contracts: temporary exemption from application of IFRS 9 and a superposition method. Temporary exemption is applied for the first time in respect of reporting periods beginning on or after 1 January 2018. An entity may make a decision to apply a superposition method when it applies IFRS 9 for the first time and applies the method retrospectively regarding financial assets, classified at the discretion of an entity at transferring to IFRS 9. At that, the entity recalculates the comparative information to reflect the superposition method, in case and only in the case if it recalculates the comparative information at applying IFRS 9. The amendments are not applied to the Company.

***IFRIC 22 Interpretations «Foreign Currency Transactions and Advance Consideration»***

The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate, which shall be used for initial recognition of corresponding asset, expense or income (or a part of it) at derecognitions of non-monetary asset or non-monetary liability, arising from payment or advance consideration is the date on which the transaction first recognizes a non-monetary asset or non-monetary liability, arising from transaction or receipt of advance consideration.

In case of several transactions or advance considerations an entity shall define a transaction date for each payment or receipt of advance consideration. An entity applies the interpretation retrospectively.

Alternatively the entity may apply the interpretation prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after:

- ✓ the beginning of the reporting period in which the entity first applies the Interpretation; or
- ✓ the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application is permitted provided that the fact is disclosed. However, as the current activities of the Company are in compliance with the requirements of the interpretation, the Company does not expect that it has an impact on its financial reporting.

***IFRIC 23 Interpretations «Uncertainty over Income Tax Treatment»***

This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Interpretation does not apply to taxes or fees in the scope of IAS 12, and also it does not contain any requirements concerning interests and penalties related to uncertain tax interpretations. In particular, the interpretation considers the following matters:

- ✓ whether an entity considers uncertain tax treatments separately;
- ✓ the assumptions an entity makes about the examination of tax treatments by taxation 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 shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. The entity should apply the approach that better predicts the resolution of the uncertainty. The interpretations are effective for annual reporting periods beginning on or after 1 January 2019. It is allowed to have certain exemptions in transition. The Company will apply the interpretations from its effective date.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**6. Earned insurance premiums, net insurance of reinsurance**

	2017	2016
<b>Earned insurance premiums on operations of insurance, reinsurance:</b>		
Insurance premiums on operations of insurance, life co-insurance	12,772,960	13,841,036
Return of premiums	(513,408)	(5,386,129)
<b>Total earned life insurance premiums</b>	<b>12,259,552</b>	<b>8,454,907</b>
Insurance premiums on direct insurance contracts other than life insurance	409,564,660	447,463,486
Insurance premiums on contracts, accepted in reinsurance other than life insurance	790,403	105,700
Return of premiums	(8,040,181)	(9,492,036)
<b>Total earned premiums on insurance operations other than life insurance</b>	<b>402,314,882</b>	<b>438,077,150</b>
<b>Total earned premiums on insurance operations and life co-insurance</b>	<b>414,574,434</b>	<b>446,532,057</b>
<b>Insurance premiums, transferred to reinsurance:</b>		
Premiums, transferred to reinsurance	(344,169,131)	(370,245,944)
Return of premiums, transferred to reinsurance	4,897,613	3,723,932
Reclassification of premiums on long-term contracts, by premiums, transferred to reinsurance	19,474,663	
<b>Total premiums earned on insurance contracts, net reinsurance other than life insurance</b>	<b>(319,796,855)</b>	<b>(366,522,012)</b>
Premiums, transferred to reinsurance, on life insurance contracts	(5,206,610)	(3,593,890)
Return of premiums, transferred to reinsurance	456,238	614,293
<b>Total premiums earned on life insurance contracts, net reinsurance</b>	<b>(4,750,372)</b>	<b>(2,984,597)</b>
<b>Total premiums earned on insurance contracts, net reinsurance</b>	<b>(324,547,227)</b>	<b>(369,506,609)</b>
<b>Changes in reserve of unearned premium</b>	<b>(4,077,469)</b>	<b>36,741,545</b>
<b>Changes in share of reinsurers in reserve of unearned premium</b>	<b>(564,827)</b>	<b>(44,509,948)</b>
<b>Total earned insurance premiums, net-insurance of reinsurance</b>	<b>85,384,911</b>	<b>69,257,046</b>

**7. Losses incurred – net - reinsurance**

	2017	2016
<b>Changes in reserves for losses:</b>		
Changes in reserves for losses	505,054	(5,733,489)
Changes in share of reinsurers in reserves for losses	1,650,238	2,331,359
<b>Total Changes in reserves for losses</b>	<b>2,155,292</b>	<b>(3,402,130)</b>
<b>Direct expenses, including:</b>		
Paid losses	(27,878,709)	(20,116,430)
Share of reinsurers in expenses	4,935,692	7,831,247
<b>Total losses incurred net-reinsurance</b>	<b>(20,787,725)</b>	<b>(15,687,313)</b>

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**8. Expenses of execution of insurance operations – net reinsurance**

	2017	2016
<b>Acquisition works:</b>		
Expenses of payments for social deductions of brokers and insurance agents	(27,109,484)	(21,083,980)
Remunerations and bonuses on contracts transferred in reinsurance	(66,601)	(9,216)
<b>Total acquisition expenses</b>	<b>(27,176,085)</b>	<b>(21,093,197)</b>
Remunerations on life reinsurance contracts	9,126,495	6,715,057
<b>Total acquisition expenses /income - net</b>	<b>(18,049,590)</b>	<b>(14,378,140)</b>
<b>Changes in deferred acquisition expenses and income</b>		
On direct insurance	2,018,632	6,585,470
On outgoing insurance	(1,003,101)	(3,182,488)
<b>Changes in deferred acquisition expenses and income</b>	<b>1,015,531</b>	<b>3,402,982</b>
<b>Other income on insurance</b>	<b>2,533,841</b>	<b>250,712</b>
<b>Other expenses on insurance</b>	<b>(474,096)</b>	<b>(202,177)</b>
<b>Total expenses on execution of insurance operations – net reinsurance</b>	<b>(14,974,314)</b>	<b>(10,926,623)</b>

**9. Administrative expenses**

	2017	2016
Labor payments	22,270,980	24,380,467
Expenses of accruals of bonuses to management	5,400,000	
Expenses for deductions to the social fund	3,697,242	4,062,014
Expenses of depreciation of fixed assets	2,471,219	2,541,596
Expenses of advertisements	1,198,665	2,850,241
Expenses for deductions to the social fund on accrued bonuses	931,500	
Travel expenses (international)	912,525	320,384
Expenses of payments for banking services	613,350	413,954
Expenses of communications (communications, internet, telegraph)	532,023	671,301
Expenses of fuels and lubricants	459,981	586,144
Expenses of maintenance of office	429,850	466,570
Rent costs	422,371	864,486
Expenses of amortization of intangible assets	416,119	387,928
Remunerations to auditors	402,510	38,600
Hospitality expenses	312,966	895,719
Expenses of software	295,638	472,294
Repair and technical maintenance of fixed assets	245,686	483,061
Stationery	124,542	237,009
Expenses of consultations, information services	89,651	179,561
Expenses of insurance	76,403	171,373
Expenses of property tax	73,826	-
Operation and economic expenses	49,628	229,249
Expenses of mail service	47,695	58,169
Expenses of VAT, not offsetting	33,098	31,011
Remunerations to lawyers	27,540	
Travel expenses (local)	15,960	49,912
Expenses of transport tax	14,778	7,729

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	2017	2016
Expenses of public relations (charitable works)	10,900	139,633
Expenses of sales tax, not offsetting	5,516	19,382
Expenses of training	7,140	59,666
Other expenses of taxes	2,592	-
Other general and administrative expenses	186,728	54,468
<b>Total administrative expenses</b>	<b>41,778,624</b>	<b>40,721,919</b>

**10. Other income /expenses from investing activities**

	2017	2016 (re-calculated)
Income from investments in real estate	87,508	
Expenses of revaluation of investments	(22,018)	
Expenses of retirement of fixed assets		(5,220,447)
Interest income on state securities	2,088,111	1,207,418
Interest income on deposits	16,393,242	12,187,981
Premium on state securities	131,710	165,114
<b>Total</b>	<b>18,678,553</b>	<b>8,340,066</b>

**11. Foreign exchange rate difference**

	2017	2016
Income from foreign exchange rate difference	21,015,615	29,155,022
Expenses from foreign exchange rate difference	(21,831,986)	(39,672,425)
<b>Total loss from exchange rate difference</b>	<b>(816,370)</b>	<b>(10,517,404)</b>

**12. Cash assets**

Cash assets include the following:

	31 December 2017	31 December 2016
Cash on hand in national currency	318,954	377,280
Cash on hand in foreign currency	429,190	806,897
Cash in bank in national currency	25,071,486	14,565,867
Cash in bank in foreign currency in local banks	1,974,388	3,401,196
<b>Total cash assets</b>	<b>27,794,018</b>	<b>19,151,240</b>

The Statement of Cash Flows presents information about changes in the cash assets.

**13. Current financial assets**

	31 December 2017	31 December 2016
Debt securities (GTB - ГKB, Notes, Obligations)	9,160,489	22,793,910

**"Ingosstrakh" Insurance company (previously "Kyrgyzinstrakh" CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

Deposits in bank	206,149,257	180,693,798
Interests receivable	1,233,580	-
<b>Total current</b>	<b>216,543,326</b>	<b>203,487,708</b>

Debt securities are presented by the Government Treasury Bills (GTB - ГКБ), as of 31 December 2017:

- GTB with nominal values of 100 soms, 52,640 pieces in quantity, at the price of 94.98 soms, at the rate of annual 5.23%, for a term of 364 days, with the maturity on 19 March 2018;
- GTB with nominal values of 100 soms, 42,600 pieces in quantity, at the price of 97.67 soms, at the rate of annual 4.71%, for a term of 182 days, with the maturity on 9 March 2018.

Deposits in banks:

Bank	31 December 2017		31 December 2016	
	Amount of a deposit	Rate, % annual	Amount of a deposit	Rate, % annual
"Aiyi Bank" OJSC	44,401,477	3.0-3.5	41,987,302	2.5-8.0
"Halyk Bank Kyrgyzstan-Bishkek" OJSC	19,275,060	2.5-5.0	7,634,055	5.00
"Optima Bank" OJSC	13,767,900	3.5	31,230,225	3.0-7.0
"Kommercherkyi Bank Kyrgyzstan" OJSC	12,115,752	3.5	20,473,148	3.0-3.5
"Bakai Bank " OJSC	6,147,092	3.00	5,899,043	3.5
"Demir Kyrgyz International Bank" CJSC	3,441,975	1.5	3,470,025	1.5
<b>Total deposits in foreign currency (US dollars)</b>	<b>99,149,256</b>	-	<b>110,693,798</b>	-
"Aiyi Bank" OJSC	61,000,000	11.0-14.0	9,000,000	15
Bank "Bai Tushum" CJSC	24,000,000	12.5-14.0	31,000,000	13.5-16.0
"Kyrgyzkommertsbank" OJSC	12,000,000	14	12,000,000	14
"KICB" CJSC	10,000,000	12		
"Optima Bank " OJSC			10,000,000	14
"RSK Bank" OJSC			5,000,000	13
"Finca Bank" CJSC			3,000,000	14
<b>Total deposits in national currency</b>	<b>107,000,000</b>	-	<b>70,000,000</b>	
<b>Total deposits in commercial banks</b>	<b>206,149,256</b>		<b>180,693,798</b>	

**14. Accounts receivable on insurance/reinsurance operations**

	31 December 2017	31 December 2016
<b>Accounts receivable on life insurance</b>		
<b>Accounts receivable on life insurance</b>	<b>358,580</b>	<b>621,107</b>
<b>Accounts receivable on insurance other than life insurance</b>		
Premiums receivable on risky property insurance contracts	27,584,885	14,235,782
Premiums receivable on risky contracts on responsibility insurance	5,045,535	9,591,662
<b>Total Accounts receivable on other insurance than life insurance</b>	<b>32,630,420</b>	<b>23,877,444</b>
<b>Total accounts receivable on insurance operations</b>	<b>32,989,000</b>	<b>24,498,551</b>
<b>Accounts receivable on reinsurance</b>		
<b>Accounts receivable on life reinsurance</b>	<b>99,376</b>	<b>1,284</b>
<b>Accounts receivable on insurance other than life reinsurance</b>		
Premiums receivable on responsibility insurance contracts, accepted for reinsurance	317,556	7,403



“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	31 December 2017	31 December 2016
Amounts of insurance compensations receivable on property insurance contracts, transferred for reinsurance	4,575,308	514,501
Amounts of insurance compensations receivable on responsibility insurance contracts, transferred for reinsurance	-	30,040
Premiums receivable from reinsurers in connection with dissolutions of property insurance contracts, transferred for reinsurance	91,729	244,810
Premiums receivable from reinsurers in connection with dissolutions of responsibility insurance contracts, transferred for reinsurance	4,497	36,309
<b>Total Accounts receivable on insurance other than life reinsurance</b>	<b>4,989,090</b>	<b>833,063</b>
<b>Total accounts receivable on reinsurance operations</b>	<b>5,088,466</b>	<b>834,347</b>
<b>Claims on compensation of losses on subrogation claims</b>	<b>1,151,228</b>	<b>352,715</b>
<b>Total accounts receivable on insurance operations of reinsurance</b>	<b>39,228,694</b>	<b>25,685,613</b>

As of 31 December 2017 and 31 December 2016 accounts receivable of any counteragent did not exceed 5% of the capital amount at the end of the reporting period.

As of 31 December 2017 and 31 December 2016 accounts receivable of any reinsurer did not exceed 5% of the capital amount at the end of the reporting period.

**15. Other assets**

	31 December 2017	31 December 2016
<b>Other financial assets</b>		
Accounts receivable получению	52,378	
<b>Total other financial assets</b>	<b>52,378</b>	-
<b>Other non-financial assets:</b>		
	including:	
<b>Prepaid taxes</b>		
Prepaid payroll tax	38,565	-
Prepaid VAT	57,243	57,118
Prepaid tax on income of non-residents	127,311	-
Prepaid sales tax	310,575	-
Prepaid tax on transport	1,750	5,550
Prepaid Property tax	13,767	57,051
Land tax, prepaid	4,418	-
Other local taxes	23,931	-
<b>Total taxes, paid in advance</b>	<b>577,559</b>	<b>119,719</b>
<b>Advances issued</b>		
Inventory, prepaid	525,996	504,407
Services, prepaid	91,288	99,893
Insurance services, prepaid	50,197	-
Advanced payments on settlements of insurance events	2,940,755	1,593,284
<b>Total advances issued</b>	<b>3,608,235</b>	<b>2,197,584</b>
<b>Inventory holdings:</b>	<b>1,793,178</b>	<b>1,863,930</b>

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

Other receivables	29,297	34,427
<b>Total Other non-financial assets</b>	<b>6,008,269</b>	<b>4,215,660</b>
<b>Total other assets</b>	<b>6,060,647</b>	<b>4,215,660</b>

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

16. Insurance reserves

	31 December 2017			31 December 2016		
	Reserves	Share of reinsurers in reserves	Reserves on net basis	Reserves	Share of reinsurers in reserves	Reserves on net basis
Reserves for life insurance and share of reinsurers in reserves for life insurance	3,783,649	(1,365,877)	2,417,772	3,053,481	(1,066,613)	1,986,868
Reserves for insurance other than life insurance and share of reinsurers in reserves for insurance other than life insurance	246,787,413	(200,315,319)	46,472,094	243,945,169	(199,529,174)	44,415,994
<b>Total insurance reserves</b>	<b>250,571,062</b>	<b>(201,681,196)</b>	<b>48,889,866</b>	<b>246,998,650</b>	<b>(200,595,787)</b>	<b>46,402,862</b>

Reserves for life insurance and shares of reinsurers in reserves for life insurance are presented in the Table below:

	31 December 2017			31 December 2016		
	Reserves	Share of reinsurers in reserves	Reserves on net basis	Reserves	Share of reinsurers in reserves	Reserves on net basis
Insurance reserves of unearned premium	3,490,184	(1,265,929)	2,224,254	2,680,310	(906,118)	1,774,192
Insurance reserves on occurred, but not claimed losses	153,466	(71,448)	82,018	204,171	(93,995)	110,176
Insurance reserves on occurred, but not settled losses	140,000	(28,500)	111,500	169,000	(66,500)	102,500
<b>Total Reserves for life insurance and shares of reinsurers in reserves for life insurance</b>	<b>3,783,649</b>	<b>(1,365,877)</b>	<b>2,417,772</b>	<b>3,053,481</b>	<b>(1,066,613)</b>	<b>1,986,868</b>

Insurance reserves on insurance other than life insurance and shares of reinsurers in insurance reserves for insurance other than life insurance are presented in the Table below:

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	31 December 2017			31 December 2016		
	Reserves	Share of reinsurers in reserves	Reserves on net basis	Reserves	Share of reinsurers in reserves	Reserves on net basis
<b>Insurance reserves for unearned premiums</b>						
Property	202,748,925	(177,213,670)	25,535,255	195,233,147	(174,585,565)	20,647,582
Obligatory	17,792,824	(5,530,261)	12,262,563	17,644,562	(4,684,296)	12,960,266
Responsibility	9,288,789	(6,717,071)	2,571,719	13,685,233	(11,115,778)	2,569,455
<b>Total insurance reserves for unearned premium</b>	<b>229,830,537</b>	<b>(189,461,001)</b>	<b>40,369,536</b>	<b>226,562,943</b>	<b>(190,385,640)</b>	<b>36,177,303</b>
<b>Insurance reserves for incurred but not claimed losses</b>						
Property	5,357,329	(3,352,005)	2,005,324	5,368,548	(2,982,933)	2,385,615
Obligatory	350,000	(210,000)	140,000	250,000	-	250,000
Responsibility	1,000,748	(733,445)	267,303	547,331	(414,421)	132,910
<b>Total Insurance reserves for incurred but not claimed losses</b>	<b>6,708,077</b>	<b>(4,295,450)</b>	<b>2,412,627</b>	<b>6,165,879</b>	<b>(3,397,354)</b>	<b>2,768,525</b>
<b>Insurance reserves for claimed but not settled losses</b>						
Property	9,287,715	(6,136,756)	3,150,959	10,112,007	(5,364,663)	4,747,344
Obligatory	700,000	(420,000)	280,000	500,000	-	500,000
Responsibility	261,085	(2,113)	258,972	604,340	(381,518)	222,822
<b>Total Insurance reserves for claimed but not settled losses</b>	<b>10,248,799</b>	<b>(6,558,868)</b>	<b>3,689,931</b>	<b>11,216,347</b>	<b>(5,746,180)</b>	<b>5,470,166</b>
<b>Total Insurance reserves on insurance other than life insurance and shares of reinsurers in insurance reserves for insurance other than life insurance</b>	<b>246,787,413</b>	<b>(200,315,319)</b>	<b>46,472,094</b>	<b>243,945,169</b>	<b>(199,529,174)</b>	<b>44,415,994</b>

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**17. Deferred acquisition expenses**

	<b>2017</b>	<b>2016</b>
Deferred acquisition expenses, related to insurance operations and life reinsurance at the beginning of the reporting period		
acquisition expenses, deferred for the period	140,698	
Changes in deferred acquisition expenses:	169,451	140,698
Acquisition expenses deferred for the period	463,034	246,423
Amortization of deferred acquisition expenses	(293,583)	(105,725)
<b>Deferred acquisition expenses, related to insurance operations and life reinsurance at the end of the reporting period</b>	<b>310,150</b>	<b>140,698</b>
Deferred acquisition expenses, related to insurance operations and reinsurance other than life insurance at the beginning of the reporting period		
acquisition expenses, deferred for the period	6,444,771	
Changes in deferred acquisition expenses:	2,647,370	6,444,771
Acquisition expenses, deferred on the period	8,931,377	9,842,603
Amortization of deferred acquisition expenses	(6,284,007)	(3,397,832)
<b>Deferred acquisition expenses, related to insurance operations and reinsurance other than life insurance at the end of the reporting period</b>	<b>9,092,142</b>	<b>6,444,771</b>
<b>Deferred acquisition expenses, related to insurance operations</b>	<b>9,402,291</b>	<b>6,585,470</b>

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**18. Fixed assets**

	Buildings	Equipment	Furniture	Transport vehicles	Office equipment	Total
<b>Original cost</b>						
Balance as of 1 January 2017	53,791,020	5,099,456	1,608,478	2,299,468	119,048	62,917,470
Purchased within the year		18,516	11,513		258,022	288,051
Retirement within the year		(37,032)	(31,826)		(129,011)	(197,869)
Balance as of 31 December 2017	53,791,020	5,080,940	1,588,165	2,299,468	248,059	63,007,652
<b>Accumulated depreciation</b>						
Balance as of 1 January 2017	5,141	2,627,254	1,296,322	1,060,444	37,254	5,026,415
Accrued depreciation for the year	1,071,716	874,647	100,244	390,584	34,027	2,471,219
Retirement within the year		(18,516)	(20,313)			(38,829)
Balance as of 31 December 2017	1,076,857	3,483,385	1,376,253	1,451,028	71,281	7,458,805
Carrying value as of 31 December 2017	52,714,163	1,597,555	211,912	848,440	176,778	55,548,847
<b>Original cost</b>						
Balance as of 1 January 2016	59,360,721	5,226,851	1,543,073	2,299,468	119,048	68,549,161
Purchased within the year	6,130,029	88,561	753,365			6,971,955
Retirement within the year	(11,699,730)	(215,956)	(687,960)			(12,603,646)
Balance as of 31 December 2016	53,791,020	5,099,456	1,608,478	2,299,468	119,048	62,917,470
<b>Accumulated depreciation</b>						
Balance as of 1 January 2016	-	1,859,241	1,405,557	669,860	14,759	3,949,417
Accrued depreciation for the year	1,134,863	895,409	98,245	390,584	22,495	2,541,596
Retirement within the year	(1,129,722)	(127,396)	(207,480)			(1,464,598)
Balance as of 31 December 2016	5,141	2,627,254	1,296,322	1,060,444	37,254	5,026,415
Carrying value as of 31 December 2016	53,785,879	2,472,202	312,156	1,239,024	81,794	57,891,055

The fixed assets did not manifest signs of impairment.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**19. Intangible assets**

	Software	License agreement	Total
<b>Original cost</b>			
<b>Balance as of 1 December 2017</b>	<b>1,185,637</b>	<b>894,960</b>	<b>2,080,597</b>
Purchased in current year	-	-	-
Retirement within the year	-	-	-
<b>Balance as of 31 December 2017</b>	<b>1,185,637</b>	<b>894,960</b>	<b>2,080,597</b>
<b>Accumulated amortization</b>			
<b>Balance as of 1 December 2017</b>	<b>250,391</b>	<b>234,864</b>	<b>485,255</b>
Accrued amortization for the year	237,127	178,992	416,119
Retirement within the year	-	-	-
<b>Balance as of 31 December 2017</b>	<b>487,518</b>	<b>413,856</b>	<b>901,374</b>
<b>Carrying value as of 31 December 2017</b>	<b>698,118</b>	<b>481,104</b>	<b>1,179,222</b>
<b>Original cost</b>			
<b>Balance as of 1 January 2016</b>	<b>621,818</b>	<b>894,960</b>	<b>1,516,778</b>
Purchased in current year	1,127,637		1,127,637
Retirement within the year	(563,818)		(563,818)
<b>Balance as of 1 December 2016</b>	<b>1,185,637</b>	<b>894,960</b>	<b>2,080,597</b>
<b>Accumulated amortization</b>			
<b>Balance as of 1 January 2016</b>	<b>41,455</b>	<b>55,872</b>	<b>97,327</b>
Accrued amortization for the year	208,936	178,992	387,928
Retirement within the year			0
<b>Balance as of 31 December 2016</b>	<b>250,391</b>	<b>234,864</b>	<b>485,255</b>
<b>Carrying value as of 31 December 2016</b>	<b>935,246</b>	<b>660,096</b>	<b>1,595,342</b>

	31 December 2017	31 December 2016
Non-current government securities	4,999,727	4,999,727
Premium of GCB	274,806	
<b>Total Non-current investments</b>	<b>5,274,533</b>	<b>4,999,727</b>

- Non-current government securities are presented by Government Treasury Bonds (Bills) of the Ministry of Finance of the Kyrgyz Republic, with nominal 100 scms, 56,590 pieces in quantity, for a term of 5 years, purchased in 2015.

**20. Other non-current assets**

	31 December 2017	31 December 2016
Non-current accounts receivable on property reinsurance operations against fire	19,525,434	-
<b>Total non-current accounts receivable on reinsurance operations</b>	<b>19,525,434</b>	

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

**21. Accounts payable on insurance/reinsurance operations**

	31 December 2017	31 December 2016
<b>Accounts payable on life insurance and reinsurance</b>		
Accounts payable on life insurance on direct recovery of losses	186,874	129,390
Accounts payable on payments of premiums on life insurance contracts, transferred to reinsurance	505,939	376,307
Prepayment of premiums on insurance contracts	373,892	1,805
Accounts payable on return of received premiums on life insurance contracts	3,977	2,637
<b>Total Accounts payable on life insurance and reinsurance</b>	<b>1,070,682</b>	<b>510,139</b>
<b>Accounts payable on reinsurance other than life insurance</b>		
Accounts payable on insurance on direct recovery of losses	608,661	791,615
Accounts payable on payments of premiums on insurance contracts, transferred to reinsurance	30,212,924	24,232,681
Accounts payable on insurance payments on insurance contracts, accepted to reinsurance	-	20
Liabilities of return of received premiums on insurance contracts	33,595	31,443
Prepayment of premiums on insurance contracts	1,155,898	522,837
Debts to insurance agents and brokers	1,292,638	130,330
Other debts on insurance operations	294,326	296,471
<b>Total Accounts payable on insurance of reinsurance operations other than life insurance</b>	<b>33,598,042</b>	<b>26,005,397</b>
<b>Total Accounts payable on insurance of reinsurance operations</b>	<b>34,668,724</b>	<b>26,515,537</b>

A long-term part of insurance premium in accordance with the Insurance Contract No. 000064 CONSTRUCTION AND MOUNTING RISKS with the Chinese Rail road Engineering Group company No.5 from 01.05.2017 to 30.04.2017 – total amount of premium is 447,848 US dollars and long-term part is 20,553,088 soms (447,848/3\*2=298,565USD).

**22. Other liabilities**

	31 December 2017	31 December 2016
<b>Other financial liabilities</b>		
Accounts payable	444,894	135,588
<b>Total Other financial liabilities</b>	<b>444,894</b>	<b>135,588</b>
<b>Taxes payable оплата</b>		
Payroll tax on income of individuals payable	7,129	39263.23
Tax on income of non-resident payable	0	9,231
Sales tax payable	565	188,959
<b>Total taxes payable</b>	<b>7,694</b>	<b>237,453</b>
<b>Accrued liabilities</b>		
Accrued salary	634,461	74,574
Fees to social fund	789,270	455,638
Provision for vacations	847,556	385,580
Bonuses accrued to management	6,331,500	0
<b>Total accrued liabilities</b>	<b>8,602,787</b>	<b>915,792</b>
<b>Other accounts payable</b>		
<b>Total other non-financial liabilities</b>	<b>8,610,481</b>	<b>1,153,245</b>



“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	31 December 2017	31 December 2016
<b>Total other liabilities</b>	<b>9,055,374</b>	<b>1,288,832</b>

Flows on provisions for vacations for the period are as follows:

	2017	2016
<b>Provision at the beginning of the year</b>	<b>385,580</b>	<b>-</b>
Accrued provision for the year	1,738,878	1,876,320
Used	1,276,902	1,490,740
<b>Provision at the end of the year</b>	<b>847,556</b>	<b>385,580</b>

**23. Deferred acquisition income**

	2017	2016
Deferred acquisition income, related to life insurance and reinsurance operations at the beginning of the reporting period	105,493	-
Changes in deferred acquisition income:	33,839	105,493
Acquisition income, deferred on a period	244,642	233,903
Amortization of deferred acquisition income	(210,803)	(128,411)
<b>Deferred acquisition income, related to life insurance and reinsurance operations at the end of the reporting period</b>	<b>139,332</b>	<b>105,493</b>
Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the beginning of the reporting period	3,076,995	-
Changes in deferred acquisition income:	969,262	3,076,995
Acquisition income, deferred on a period	5,309,148	4,546,150
Amortization of deferred acquisition income	(4,339,886)	(1,569,154)
<b>Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the end of the reporting period</b>	<b>4,046,258</b>	<b>3,076,995</b>
<b>Deferred acquisition income, related to insurance and reinsurance operations</b>	<b>4,185,589</b>	<b>3,182,488</b>

**24. Income tax**

	2017	2016
Current income tax		
Current income tax payments	3,301,422	1,260,491
Deferred income tax, related to arising and decreasing temporary differences		
<b>Expenses of income tax, reflected on statement of income or loss and other comprehensive income</b>	<b>3,301,422</b>	<b>1,260,491</b>

Verification of expenses of income tax and accounting profit multiplied by income tax rate, effective for the years ended 31 December 2017 and 31 December 2016:

	2017	2016 re-calculated
Accounting profit /loss before taxation, arising from ongoing	26,215,008	7,911,926

“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)

Notes to Financial Statements

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	2017	2016 re-calculated
activities		
At the income tax rate of 10%	2,621,501	791,193
Tax consequences of expenses, not deductible for tax purposes	679,921	469,298
<b>Total income tax income at the rate of 10%</b>	<b>3,301,422</b>	<b>1,260,491</b>
<b>Expenses of income tax, reflected on statement of income or loss and other comprehensive income</b>	<b>3,301,422</b>	<b>1,260,491</b>

Deferred tax liability in the amount of 5,037,743 soms, as a component of non-current liabilities presents an amount of effect of deferred income tax from revaluation of fixed assets, reflected as a component of other comprehensive income.

25 Shareholder's equity

	31 December 2017	31 December 2016
<b>Quantity of stocks, unless otherwise specified</b>		
Nominal cost of ordinary stocks (in soms)	1,080	1,080
Issued stocks at the beginning and at the end of the year	148,149	148,149
<b>Total shareholder's capital, in thousands of soms</b>	<b>160,000,920</b>	<b>160,000,920</b>

Every ordinary stock is vested with one vote. A holder of ordinary stocks has a right to receive dividends, as well as to receive funds at allocation of capital.

As of 31 December 2017 a composition of shareholders is presented in the following way:

	31 December 2017	31 December 2016
<b>In percentage, unless otherwise specified</b>		
JSC «Invest-Polis» - Russian Federation	100%	100%
<b>Total</b>	<b>100%</b>	<b>100</b>

26. Other capital

	Reserve for revaluation of assets	Reserve fund	Accumulation Fund	Total other capital
<b>As of 1 January 2017</b>	<b>50,374,744</b>	<b>16,000,000</b>	<b>1,480,467</b>	<b>67,855,210</b>
Recognition of deferred tax liabilities from revaluation of property	(5,037,744)			(5,037,744)
Formation of accumulation fund by a decision made by shareholders' meeting			986,320	986,320
Use of funds of the accumulation fund			(795,723)	(795,723)
<b>As of 31 December 2017</b>	<b>45,337,000</b>	<b>16,000,000</b>	<b>1,671,064</b>	<b>63,008,064</b>
<b>As of 1 January 2016</b>	<b>52,685,996</b>	<b>10,000,000</b>	<b>228,804</b>	<b>62,914,800</b>
Increase of reserve capital		6,000,000		6,000,000
increase /deficit from revaluation of property	(2,311,252)			(2,311,252)

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	2017	2016 re-calculated
activities		
At the income tax rate of 10%	2,621,501	791,193
Tax consequences of expenses, not deductible for tax purposes	679,921	465,298
<b>Total income tax income at the rate of 10%</b>	<b>3,301,422</b>	<b>1,260,491</b>
<b>Expenses of income tax, reflected on statement of income or loss and other comprehensive income</b>	<b>3,301,422</b>	<b>1,260,491</b>

Deferred tax liability in the amount of 5,037,743 soms, as a component of non-current liabilities presents an amount of effect of deferred income tax from revaluation of fixed assets, reflected as a component of other comprehensive income.

**25 Shareholder's equity**

	31 December 2017	31 December 2016
<b>Quantity of stocks, unless otherwise specified</b>		
Nominal cost of ordinary stocks (in soms)	1,080	1,080
Issued stocks at the beginning and at the end of the year	148,149	148,149
<b>Total shareholder's capital, in thousands of soms</b>	<b>160,000,920</b>	<b>160,000,920</b>

Every ordinary stock is vested with one vote. A holder of ordinary stocks has a right to receive dividends, as well as to receive funds at allocation of capital.

As of 31 December 2017 a composition of shareholders is presented in the following way:

	31 December 2017	31 December 2016
<b>In percentage, unless otherwise specified</b>		
JSC «Invest-Polis» - Russian Federation	100%	100%
<b>Total</b>	<b>100%</b>	<b>100</b>

**26. Other capital**

	Reserve for revaluation of assets	Reserve fund	Accumulation Fund	Total other capital
<b>As of 1 January 2017</b>	<b>50,374,744</b>	<b>16,000,000</b>	<b>1,480,467</b>	<b>67,855,210</b>
Recognition of deferred tax liabilities from revaluation of property	(5,037,744)			(5,037,744)
Formation of accumulation fund by a decision made by shareholders' meeting			986,320	986,320
Use of funds of the accumulation fund			(795,723)	(795,723)
<b>As of 31 December 2017</b>	<b>45,337,000</b>	<b>16,000,000</b>	<b>1,671,064</b>	<b>63,008,064</b>
<b>As of 1 January 2016</b>	<b>52,685,996</b>	<b>10,000,000</b>	<b>228,804</b>	<b>62,914,800</b>
Increase of reserve capital		6,000,000		6,000,000
increase /deficit from revaluation of property	(2,311,252)			(2,311,252)

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	Reserve for revaluation of assets	Reserve fund	Accumulation Fund	Total other capital
Formation of accumulation fund by a decision made by shareholders' meeting			2,088,985	2,088,985
Use of funds of the accumulation fund			(837,322)	(837,322)
<b>As of 31 December 2016</b>	<b>50,374,744</b>	<b>16,000,000</b>	<b>1,480,467</b>	<b>67,855,210</b>

The Reserve fund is formed in accordance with the requirements of the Company's Charter.

**27. Profit per share**

In 2017 the Company has gained a net profit in the amount of 22,913,586 KGS according to results of its activities.

A base profit per share is computed as a ratio of net profit/loss, fallen on a share of the Company's shareholders, to a weighted average quantity of ordinary shares circulating during a period, less bought out treasury shares. The Company does not have any instruments converted into ordinary shares and potentially watering profit per share. Thus, the diluted earnings per share equal to the basic income/loss per share.

	2017	2016
Net profit belong to shareholders (soms)	22,913,586	6,651,435
Weighted average quantity of ordinary shares in circulation (pieces)	148,149	148,149
Basic earnings /loss per share (in soms per share)	154.67	44.90

**28. Related Parties**

Related parties operations are regulated by IAS 24 “Related Party Disclosures”. Parties are considered related if one of them has a possibility to control the other one and is under general control or can materially exert an impact on the financial and operating decisions made by the other party. When defining related parties it should be taken into consideration a character of relations between the parties, but not only their legal form. Main heads and close relatives of their families are also related parties.

A character of relations with those related parties with which the Company performs significant operations or had significant balance of accounts is described in detail below:

Name	Country of registration	Relation of parties
“Invest-Polis” JSC	Russian Federation	Parent company

***Transactions with leading officials and members of their families***

Key leading officials and members of their families do not have voting shares in the Company.

For the purpose of these financial statements the management of the Company and the Company are related parties.

For the years ended 31 December 2017 and 2016 the key members of management (Chairwoman of the Board and her 2 Deputies) received the following emoluments:

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	2017	2016
Expense on salary	7,553,834	10,480,078
Expenses on deductions to Social Fund	1,303,036	1,807,813

**29. Contingent and possible liabilities and operating risks**

*Political and Economic Conditions in the Kyrgyz Republic*

The economy of the Kyrgyz Republic continues to manifest characteristics peculiar for developing countries. Among them, in particular, the non-convertibility of its national currency is observed beyond the Kyrgyz Republic and also a low level of liquidity debt and equity securities in markets.

The future economic development and financial status of the Company may deteriorate resulting from continuing economic problems inherent for a developing country. The management is not able to predict neither a degree nor duration of economic difficulties or evaluate their impact, if any, on the financial reporting.

*Tax Legislation*

The taxation in the Kyrgyz Republic is subject to changes, inconsistent application, various interpretations, and enforcement. Non-observance of the Kyrgyz legislation and regulatory acts, as they are interpreted by the Kyrgyz authorities, can lead to the accruals of additional taxes, penalties and fines.

The Kyrgyz tax legislation and practices are undergoing frequent changes and, therefore, are subject to various interpretations which can have the retrospective impact.

The management of the Company believes that the appropriate provisions of the legislation were correctly interpreted by the Company, and that the position of the Company, occupied in a part of tax, currency and customs legislation, will be successfully defended in case of any disputes. According to the management, the Company will not incur material losses on current or potential tax cases, exceeding their provisions, formed in this financial reporting.

*Legal proceedings*

In the course of performing its routine economic activities the Company can be brought claims and actions to judicial bodies. The management of the Company believes that liabilities on such claims and actions, if any, cannot negatively affect the financial position or outcomes of the Company's future activities.

**30. Financial risks management**

The Company has other accounts receivable, cash assets and short-term deposits which are arising directly resulting from its operating activities.

The Company runs market, credit, insurance and liquidity risks. The Company management controls the risk management process. The management bears full responsibility for organization of risk management system and supervision over functioning of the system. The management delegates to manage the risks by financial sector, to the accounting department, responsible for development of the risk management policy of the Company and supervision over its implementation. Those structures reports about their activities to the management of the Company.

Information about risks is presented below.

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

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***Insurance risk***

A definition of insurance risk contains a reference on a risk which is accepted by an insurer from a policy holder. The insurance risk is the already existing risk which is transferred from a policy holder to an insurer. In other words it is an assigned risk of expenses, i.e. a risk of unforeseen increase of expenses, related to insured events.

On some contracts the insured events initiates payments of amounts depending on any price index. Such contracts are insurance contracts provided that a payment amount, depending on an insured event, can be rather big.

The definition of insurance contracts contains a reference on unfavorable effect on a policy holder. The definition does not limit an amount of payments made by an insurer by an amount equals to financial effect of the unfavorable event. The definition does not limit an amount of payments on contracts of perpetual insurance by an amount equals to a financial damage incurred by dependents of a decedent, and does not put obstacles to that payments of earlier defined amounts would be a qualitative appraisal of a damage incurred as a result of death or accident.

It is required to pay compensations on some contracts, if the stipulated event happened, which arising was uncertain, but it is required as an indispensable conditions of payment, that it has an unfavorable effect on a policy holder. Such a contract is not the insurance contract even if a policy holder uses that contract to decrease the underlying exposure.

An insurer may accept a significant insurance risk from a policy holder only when the insurer is an entity separated from the policy holder. In the case with a mutual insurer – the mutual insurer accepts the risk from every owner of policy and combines them in a pool. Policy holders bear the joint risk together with owners, but nevertheless a mutual insurer accepts the risk which is a core of the insurance contract.

Reinsurance is performed on different conditions depending on types of insurance. Reimbursable amounts from reinsurers are computed in accordance with assumptions used at valuation of relevant insurance reserves, and are presented on the statement of financial position as shares (interests) of reinsurers in insurance reserves.

The Company continuously monitors financial conditions of reinsurers and checks up reinsurance operations on a regular basis. An analysis of insurance reserves by main types of insurance is presented in Note 6.

***Current risk***

Currency risk is a risk of that fair value of future cash flows on a financial instrument will be fluctuated due to changes in foreign currency exchange rates.

The Company is exposed to the currency risk, performing insurance operations, reinsurance, storage of cash assets, expressed in currency different from the Company’s functional currency, to which EUR, US dollars and Russian rubles belong.

The Company’s influence ability to the currency risk, in terms of contingent (nominal) values, was as follows:

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	Currency			Total as of 31 December 2017
	1 US dollar =68,8395 soms	1 EUR = 82,5936 soms	1 Rus. ruble =1.1951 soms	
<b>ASSETS</b>				
Cash	25,390,440	2,342,044	3,826	27,794,018
Current financial assets	117,394,070	99,149,256		216,543,326
Accounts receivable on insurance and reinsurance operations	9,499,457	29,290,107	439,130	39,228,694
Other financial assets	52,378			52,378
Share of reinsurance and insurance reserves	12,213,481	187,439,222	1,960,111	201,681,195
Deferred acquisition expenses	8,604,102	798,189		9,402,291
Long-term investments	5,274,533			5,274,533
Other non-current assets	19,525,434			19,525,434
<b>TOTAL ASSETS</b>	<b>178,428,461</b>	<b>338,544,252</b>	<b>2,456,949</b>	<b>519,501,869</b>
<b>LIABILITIES</b>				
Accounts payable on insurance/reinsurance operations	2,562,815		321,571	34,668,725
Other financial liabilities	106,478	338,416		444,894
Deferred acquisition income	4,185,589			418,589
Insurance (technical) reserves	52,867,089	195,229,137	139,420	250,571,063
Deferred tax liabilities	5,037,743			503,7743
Other non-current liabilities	20,553,088			20,553,088
<b>TOTAL LIABILITIES</b>	<b>64,759,714</b>	<b>247,904,980</b>	<b>139,420</b>	<b>315,461,102</b>
<b>TOTAL NET POSITION</b>	<b>113,668,747</b>	<b>90,639,272</b>	<b>(67,213)</b>	<b>204,040,767</b>

**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Notes to Financial Statements**

For the year ended 31 December 2017

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	Soms	Currency			Total as of 31 December 2016 re-calculated
		1 US dollar = 69.2301 soms	1 EUR = 72.8439 soms	1 Rus. ruble = 1413 soms	
<b>ASSETS</b>					
Cash	14,939,992	2,305,735	1,891,833	13,679	19,151,239
Current financial assets	93,065,699	110,422,010			203,487,709
Accounts receivable on insurance and reinsurance operations	1,877,837	23,797,431	10,344		25,685,612
Other financial assets					
Share of reinsurance and insurance reserves	6,789,095	191,755,123	1,816,873	234,696	200,595,787
Deferred acquisition expenses	6,585,470				6,585,470
Long-term investments	5,164,841				5,164,841
<b>TOTAL ASSETS</b>	<b>128,422,934</b>	<b>328,280,299</b>	<b>3,719,050</b>	<b>248,375</b>	<b>460,670,658</b>
					0
<b>LIABILITIES</b>					0
Accounts payable on insurance/reinsurance operations	1,148,547	23,518,503	1,848,487		26,515,537
Other financial liabilities	47,320	88,268			135,588
Deferred acquisition income	3,182,488				3,182,488
Insurance (technical) reserves	40,183,511	203,839,376	2,722,905	252,858	246,998,650
Other non-current liabilities					0
<b>TOTAL LIABILITIES</b>	<b>44,561,866</b>	<b>227,446,147</b>	<b>4,571,392</b>	<b>252,858</b>	<b>276,832,263</b>
<b>TOTAL NET POSITION</b>	<b>83,861,068</b>	<b>100,834,152</b>	<b>(852,342)</b>	<b>(4,483)</b>	<b>183,838,395</b>



**“Ingosstrakh” Insurance company (previously “Kyrgyzinstrakh” CIJSC)**

**Statement of Financial Position**

As of 31 December 2017

(Amounts in tables are shown in the Kyrgyz soms (KGS))

***Sensitivity to changes in foreign currency rates***

The following table presents a sensitivity analysis of potential changes in EUR, USD, and Russian ruble exchange rates, provided that all other parameters remain unchanged. The impact on the Company's profit before taxation is stipulated by changes in fair values of monetary assets and liabilities. The Company is not materially exposed to foreign currency exchange rates of other currencies.

<b>Changes in foreign currency rates</b>	<b>Impact on profit before taxation</b>	<b>Impact on capital</b>
increase by 10%		
decrease by 10%		

***Capital management***

The main objective of the Company concerning its capital management is to maintain a sustainable specific capital indicator supporting its business and maximization of shareholders' capital cost.

The Company manages the structure of its capital and adjusts it taking into consideration changes in economic conditions. To support and adjust its capital, the Company may adjust payments of dividends to shareholders or return the capital. The Company controls its capital using a ratio of borrowed funds to the owned capital.

According to Resolution of the KR Government, No.292 of 1 June 2016, “On approval of minimal amounts of the authorized capital for insurance (reinsurance) organizations and insurance (reinsurance) brokers”, there were approved requirements to minimal amount of the authorized capital:

- Of an insurance organization carrying out its activities on voluntary and obligatory types of insurance and reinsurance, including accumulative life insurance – in the amount no less than 100,000,000 (one hundred million) soms till 1 January 2017, and from 1 July 2017 – no less than 2017 – no less than 150,000,000 (one hundred fifty million) soms;

In order to comply with the requirements of the state organ of the Kyrgyz Republic, the Resolution of the KR Government, No.299 of 25.11.2010, “On setting maximal scope of responsibility on a separate risk in the insurance contract”, it was established a maximal scope of responsibility on a separate risk in the insurance contract at the rate of no more than 20 percent of own funds.

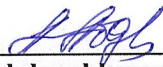
During 2017 and 2016, the Company complied with all the requirements to the level of capital and did not exceed a normative percent of maximal scope of responsibility ratio on a separate risk in insurance contracts to the amount of its own funds.

**25. Events after the reporting date**

In March 2018 the Company was re-registered with the Ministry of Justice of the Kyrgyz Republic in connection with the Company's renaming in “Ingostrakh”.

After the date of approval of the financial statements, no events occurred which would affect amounts in the provided financial statements.

  
**D.S. Tezekbaeva**  
Chairwoman of Board  
«Ingosstrakh» Insurance company

  
**A.T. Abdyrakhmanov**  
Chief Accountant  
«Ingosstrakh» Insurance company