



**“INGOSSTRAKH” INSURANCE CLOSED JOINT-STOCK
COMPANY**

**FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AND
INDEPENDENT AUDITOR’S REPORT**

31 DECEMBER 2018

Bishkek 2019

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INDEPENDENT AUDITOR'S REPORT
HLB Marka Audit LLC
on the financial statements of
"Ingosstrakh" Insurance Closed Joint-Stock Company

SHAREHOLDERS AND BOARD OF DIRECTORS OF "INGOSSTRAKH" IJSC

Conclusion on the audit of the financial statements

Qualified opinion

We have audited the accompanying financial statements of "Ingosstrakh" ICJSC (hereafter referred to as the "Company"), including the Statement of financial position as of 31 December 2018, 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 on significant points of the accounting policies.

In our opinion, the accompanying financial statements in all material respects fairly present the financial position of "Ingosstrakh" ICJSC as of 31 December 2018, its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Other liabilities

We have also reviewed the adjustments as described in Note 4 to the accompanying financial statements, which were applied for recalculation of the Company's financial statements for 2017.

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.

Responsibilities of the management and those charged with corporate governance and for the financial statements

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 the 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 Company's internal control;
- ✓ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ✓ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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.

HLB MARKA AUDIT, LLC

*License registration No.0146 dated November 13, 2018, issued by the Public Service of Regulation and Supervision over the Financial Market under the Government of the Kyrgyz Republic;
Registration certificate No.4850-3301-000 issued by the Kyrgyz Republic Ministry of Justice dated January 10, 2019;
33, Professor Zima Street, Bishkek,
The Kyrgyz Republic, Telephone/fax: (312) 32-05-75*

G.I. Shuldyakova, Director for Audit

*Qualified Auditor Certificate No.0122 of 23 June 2011 Audit
CAP Certificate No.0003471 of 15 April 2003,
DipIFR (Rus.) – Certificate No.1639875 of 13 March 2008,
IAAP Certificate No.207031-1 of 27 July 2017*

L.G. Zalunina, Auditor

*Qualified Auditor Certificate No.00222 of 31.10.2011
DipIFR (Rus.) – Certificate No.1768245 of 09.12.2010
CAP Certificate No.0007812 of 15.12.2007*

11 March 2019

 HLB MARKA AUDIT

**MANAGEMENT STATEMENT OF RESPONSIBILITY
FOR PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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” ICJSC (hereinafter the “Company”). The management of the Company is responsible for preparing the financial statements that fairly reflect, in all material respects, financial position as of 31 December 2018, 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 2018, were approved by the management on 11 March 2019.

D.S. Tezekbaeva
Chairperson of Management Board:
“Ingosstrakh” ICJSC

11 March 2019
Bishkek, Kyrgyz Republic

“Ingosstrakh” ICJSC

Statement of income or loss and other comprehensive Income

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

	Note	2018	2017
Technical account on insurance, net of reinsurance			
Earned insurance premiums	6	90,718,542	85,384,911
Losses incurred	7	(33,922,223)	(20,787,725)
Expenses on carrying out insurance operations	8	(13,408,619)	(14,974,314)
Total technical account on insurance, net of reinsurance		43,387,700	49,622,872
Non-technical account			
Administrative expenses	9	(42,873,684)	(41,778,624)
Other income /expenses from investing activities	10	20,177,071	18,678,553
Exchange rate difference	11	421,743	(816,370)
Other income		(74,635)	508,577
Total non-technical account		(22,349,505)	(23,407,864)
Net income or loss before taxation		21,038,195	26,215,008
Expenses of income tax from activities	25	(1,941,866)	(3,301,422)
Net income or loss of the reporting year		19,096,330	22,913,586
Other comprehensive income			
Revaluation of property		(3,096,511)	
Income tax on earnings from revaluation of fixed assets		227,833	(5,037,743)
Total other comprehensive income for the reporting period		(2,868,678)	(5,037,743)

D.S. Tezekbaeva
Chairperson of Management Board
“Ingosstrakh” ICJSC

A.T. Abdyrakhmanov
Chief Accountant
“Ingosstrakh” ICJSC



“Ingosstrakh” ICJSC

Statement of financial position

As of 31 December 2018

(amounts in tables are in Kyrgyz soms)

	Note	31 December 2018	31 December 2017 recalculated
ASSETS			
Current assets			
Cash assets	12	19,192,493	27,794,018
Non-current financial assets	13	243,920,530	216,543,326
Receivables on insurance/reinsurance operations	14	13,405,518	39,228,694
Other assets	15	17,015,056	6,060,647
Insurance provisions (Reinsurers' share in provisions)	16	252,074,602	201,832,988
Deferred acquisition expenses	17	14,242,498	9,402,291
Assets on current income tax		802,725	
Total current assets		560,653,422	500,861,964
Non-current assets			
Fixed assets	18	53,943,426	55,548,847
Intangible assets	19	7,103,215	1,179,222
Long-term investments	20	5,404,375	5,274,533
Other non-current assets	21		19,525,434
Total non-current assets		66,451,016	81,528,036
TOTAL ASSETS		627,104,437	582,390,000
Current liabilities			
Accounts payable on insurance/reinsurance operations	22	9,177,965	34,668,724
Liabilities on current income tax		0	79,344
Other liabilities	23	10,563,489	9,055,374
Deferred acquisition income	24	8,549,744	4,185,589
Insurance (technical) provisions	16	324,994,111	250,722,854
Total current liabilities		353,285,309	298,711,885
Non-current liabilities			
Deferred tax liabilities	25	4,103,036	5,037,743
Other non-current liabilities	22		20,553,088
Total non-current liabilities		4,103,036	25,590,831
Total liabilities		357,388,345	324,302,716
Equity			
Shareholder's equity	26	191,428,920	160,000,920
Other capital	27	59,190,888	63,008,064
Retained income / (uncovered loss)		19,096,285	35,078,300
Total capital		269,716,093	258,087,284
TOTAL LIABILITIES AND EQUITY		627,104,437	582,390,000

D.S. Tezekbaeva
Chairperson of Management Board
“Ingosstrakh” ICJSC

A.T. Abdyrakhmanov
Chief Accountant
“Ingosstrakh” ICJSC



“Ingosstrakh” ICJSC

Statement of cash flows

For the year ended 31 December 2018

(Amounts in tables are Kyrgyz soms (KGS))

	2017	2017
Section I. Cash flows from operating activities		
Insurance premiums on insurance and reinsurance contracts, received	215,379,011	180,008,784
Insurance premiums on contracts, transferred to reinsurance, paid	(107,073,554)	(76,992,876)
Payment on insurance and reinsurance contracts, paid	(14,269,277)	(22,166,892)
Insurance premiums received from reinsurers in connection with dissolution of insurance contracts	26,414	1,484,027
Return of insurance premiums received from insurer in connection with dissolution of insurance contracts	(318,905)	(464,582)
Reinsurers' share in payments on insurance and reinsurance contracts, received	1,978,933	450,639
Payment for acquisition expenses	(24,120,487)	(16,951,529)
Payment for expenses on losses settlement	(2,993,907)	(6,209,863)
Receipts of amounts on subrogation and recourse claims	1,068,099	1,027,546
Receipts as payment for indemnifications on direct indemnification	5,655,989	436,669
Payment of salary and other emoluments to employees	(28,783,977)	(24,540,627)
Payment for other administrative and operating expenses	(25,252,405)	(23,031,442)
Bank commissions paid off	(648,101)	(607,361)
Income tax paid	(2,141,608)	(1,495,000)
Other cash flows from operating activities	507,393	125,331
Balance of cash flows from operating activities	19,013,618	11,072,824
Section II. Cash flows from investing activities		
Cash inflows from sales of fixed assets	217,837	
Cash inflows from sales of investment property		
Payments for acquisitions, creation, modernization, reconstruction and preparation of fixed assets for operation	(4,101,649)	(129,011)
Payments for acquisitions, creation of intangible assets	(12,789,609)	
Interests received	18,065,625	15,295,255
Net cash flows on securities held to maturity	(17,277,015)	13,633,421
Payments less receipts from placement and closing of deposits and other funds deposited at banks	(7,949,260)	(25,870,928)
Inflows of income from investment property let on lease	72,169	47,200
Balance of cash flows used in investing activities	(23,761,902)	2,976,937
Section III. Cash flows from financing activities		
Payment of dividends	(3,492,000)	(4,950,000)
Balance of cash flows provided by financing activities	(3,492,000)	(4,950,000)
Balance of cash flows for the reporting period	(8,601,525)	8,642,778
Impact value of foreign currency exchange rates to som	(361,242)	(456,983)
Balance of cash and cash equivalents at the beginning of the reporting period	27,794,018	19,151,240
Balance of cash and cash equivalents at the end of the reporting period	19,192,493	27,794,018

D.S. Tezekbaeva
 Chairperson of Management Board
 “Ingosstrakh” ICJSC

A.T. Abdyrakhmanov
 Chief Accountant
 “Ingosstrakh” ICJSC



Notes to the financial statements

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

1. Background of the Company

The Insurance Closed Joint Stock Company «Ingosstrakh», previously Insurance Closed 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 28 April 2018.

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 labour 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 cargos;
- Insurance of cars and equipment against breakdowns;
- Insurance of mobile equipment;

Notes to the financial statements

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

- 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 travels 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;
- Construction and mounting insurance;
- Insurance of electronic equipment;
- Insurance of financial and crediting institutions (banks) against electronic and computer crimes;
- Insurance of transported cargos;
- 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:

- Osh branch located in Osh;
- Issyk-Kul branch, located in Karakol. As of 31 December 2018.

The Company's number of employees was 37 (thirty-seven), (as of 31 December 2017 – 34 (thirty-four)).

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

Notes to the financial statements

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

Profit generated resulting from the economic activities is allocated by the shareholder of the Company according to an order established by him. 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 the 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 the applied accounting policies

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 calendar year from 1 January 2018 to 31 December 2018.

The accompanying financial statements has been prepared in accordance with the principle of evaluation at historical 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 of 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.

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".

Notes to the financial statements

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

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 5 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 comprises the tax base for fixed and intangible assets.

Evaluation of insurance liabilities sufficiency

The evaluation of insurance liabilities sufficiency is performed as of 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.

Going concern

As of 31 December 2018 on outcomes of financial and economic activities of the Company a gross profit was gained (from insurance activities) in the amount of 43,039,556 KGS, income from operating activities are in the amount of 514,015 KGS, and net profit is in the amount of 18,389,455 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 with continuity principle and in this connection it has prepared its financial reporting based on the principle of going concern.

These financial statements do not include any adjustments which could be needed in case the Company will not be able to continue its operations on the principle of going concern.

Notes to the financial statements

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

3. Basic Principles of the accounting policies

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 Kyrgyz som, fixed by the National Bank of the Kyrgyz Republic for the purpose of accounting, are shown in the following Table:

	31 December 2018	31 December 2017
Russian rouble	1.0047	1.1951
Euro	80.0446	82.5936
US dollar	69.8500	68.8395

Fixed assets

Recognition and measurement

Initial measurement of the 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 historical cost less accumulated depreciation and accumulated impairment losses, 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 in their fair values and they are recognized as a component of other comprehensive income. Office buildings are evaluated based on operations with the property 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 property as of 31 December 2015. As of 31 December 2018 the property was re-evaluated.

Subsequent 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.

“Ingosstrakh” ICJSC

Notes to the financial statements

For the year ended 31 December 2018
(amounts in tables are in Kyrgyz soms)

Depreciation

Each significant component of fixed assets is 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 in income or loss for the period.

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

Fixed assets groups	Useful life
Buildings, constructions	50 years
Transport vehicles	5 years
Furniture and accessories	From 3 to 5 years
Computers, office and other equipment	From 3 to 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 when retiring or in case in the future it is not expected that economic benefit will be received from the 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.

In order to receive the lease payment from the operating lease, the property owned by the Company is measured at its fair value.

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 initial 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 attributable to acquisition of the financial asset.

“Ingosstrakh” ICJSC

Notes to the financial statements

For the year ended 31 December 2018

(amounts in tables are in Kyrgyz soms)

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

Financial liabilities

Financial liabilities within the scope of IFRS (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, 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 de-recognition of initial liability and as a recognition of a new one, and the difference in carrying value 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.

De-recognition 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 asset 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 de-recognition 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 deducted from the amount of the capital as of a reporting date in case that they were declared before the reporting date inclusive. Information on dividends is

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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.

Employee remuneration

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 labour 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 labour 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 attributable to 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 (VMI) 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 (OIRODO);
- Insurance of aviation risks;

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- Cargo insurance;
- Insurance of transport operators;
- 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) and an owner of dangerous production object (ODPO). 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 belongs 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

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.

Insurance reserves are classified as follows:

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- 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 of 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 contracts

Insurance reserves for 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. At each reporting date adjustments of insurance reserves are reflected in income or loss. Formation of insurance reserves is terminated, when the contract is expired, or complete payment has been made under the contract, or the contract was dissolved.

At each reporting date, the adequacy of the formed insurance reserves for life insurance is assessed, using a test, by assessment of the adequacy of liabilities. The size of insurance reserves can be increased if they are insufficient to cover future income and expenses.

Insurance reserves on insurance other than life insurance

Insurance reserves on insurance other than life insurance are based on computation of total cost of all arising but not settled losses at the end of a reporting period, 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. The insurance reserves are derecognized 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 the effective period of an insurance contract in accordance with the intraperiod insurance risk allocation. Changes in the reserve of unearned premiums are reflected in 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.

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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 in income or loss.

Order of recognition of income and expenses on insurance operations

The Company recognizes its income in a form of insurance premium:

- As of a date of beginning of the insurance policy (a date of beginning of the insurance policy) – by insurance contracts, concluded before the date of beginning of insurance effectiveness (a date of beginning of the insurance policy). If the Company receives the insurance premium earlier the date of beginning of the insurance policy validity period, the income in a form of insurance premium is recognized by the Company as of the date of receipt of cash assets;
- If the date of conclusion of the insurance contract is later the date of beginning of the insurance validity period (a date of beginning of the insurance policy), the Company recognizes the income as of the date of conclusion of the contract;
- At insurance on the general policy with the open date of beginning of bearing responsibility, the Company recognizes income in a form of insurance premiums as of a date of conclusion of relevant supplementary agreement to the general insurance policy (or a date of receipt of a corresponding package of documents from an insurer, etc.);
- On long-term insurance contracts the company recognizes the income in the following in sum premium payable in each year of insurance according to a payment schedule, with the purpose of equability of recognition of income and losses on the aforesaid contracts;
- On long-term insurance contracts, on which a premium was received as a lump sum figure in full – the income is recognized in total amount of the contractual premium.

The Company recognizes the reinsurance gross premium as the expense:

- As of the date of beginning of the reinsurance – on reinsurance contracts, concluded before the date of beginning of the reinsurance validity period;
- If the date of conclusion the reinsurance contract is much later than the date of beginning of the reinsurance validity period, the Company recognizes the expenses as of the date of conclusion the contract;
- On contracts with the open date of bearing responsibility, the Company recognizes the expense in a form of reinsurance gross premium in that reporting period when the premium on the re-insurance contract is recognized as income;
- If the amount of the premium on the reinsurance contract is paid (in accordance with the conditions of the contract) before the date of beginning of responsibility of a reinsurer on the contract, the Company recognizes the expense in that period when the payment is made.

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.

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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.

Leases revenue

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

Investment revenue

The interest incomes are reflected using an accrual principle with the applied effective interest rate. Discounts and premiums which are in integral part of the effective interest rate are amortized within the whole term of a financial instrument.

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 profit from an insurance organization, whose share instruments are owned by the reporting insurance organization.

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 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

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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.

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 taxation body.

4. Reclassification of comparatives

The definite reclassifications of comparative data in respect of the data for the previous year were carried out in the Statement of income or loss and other comprehensive income, and corresponding disclosures to the

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financial information in order to bring the data of the previous period in a comparable form with the data of the reporting period.

The Company adjusted the financial statements as of 31 December 2017 in connection with the changes made within the provision for unearned premiums at Osh Branch of the Company for 2017.

The effect of the reclassification is presented in the following way:

		Amounts of current financial reporting for 2017	Adjustments	Amounts of previous financial reporting for 2017
<i>Accounts of statement of financial position</i>				
ASSETS				
Current assets				
Accounts receivable on operations of insurance / reinsurance	16	201,832,988	151,792	201,681,196
Total current assets		500,861,964	151,792	500,710,172
TOTAL ASSETS		582,390,000	151,792	582,238,208
Current liabilities				
Insurance (technical) reserves	16	250,722,854	151,792	250,571,062
Total current liabilities		298,711,885	151,792	298,560,093
Total liabilities		324,302,716	151,792	324,150,924
TOTAL LIABILITIES AND EQUITY		582,390,000	151,792	582,238,208

5. Adoption of new and revised standards and interpretations

5.1 Standards, improvements and interpretations applied as of or after 1 January 2018

The standards, addenda to the standards and interpretations are obligatory for application in the reporting period:

- IFRS 15 «Revenue from contracts with customers»
- IFRS 9 «Financial Instruments»
- Improvements to IFRS 2 «Classification and measurement of share-based payment transactions»;
- Improvements to IFRS 4 «Application of IFRS 9 «Financial Instruments» together with IFRS 4 «Insurance Contracts»;
- Improvements to IAS 40 «Transfers to or from investment property classification»;
- Improvements to standards (2014 – 2016 Cycle): Improvement to IFRS 1 and IAS 28;
- Interpretation of IFRIC 22 «Foreign currency Transactions and Advance Consideration».

In connection with the effective IFRS 17 “Insurance contracts”, since January 2021 the International Accounting Standards Board issued improvements to IFRS 4 “Insurance Contracts” concerning the application of IFRS 9 “Financial Instruments” by insurance companies. Those improvements provide companies with an advantage to use the temporary exemption from the application of IFRS 9 “Financial instruments” because:

- the Company did not apply earlier IFRS 9, and
- the Company’s activities are connected with the insurance.

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At that, the determination of the Company’s activities as “generally linked to insurance” is based on the following criteria:

- liabilities of the Company, resulting from contracts, in the scope of regulation by IFRS 4, are material in comparison with the total amount of liabilities;
- and a liability ratio to a total amount of liabilities is 90% or more.

The Company has taken the advantage of temporary exemption to apply IFRS 9.

All the rest come in force standards, improvements and interpretations did not have any material effect on the company’s financial statements.

5.2 Standards, improvements and interpretations issued but not obligatory for application in the reporting period

Standards, improvements and interpretations listed below were not applied in these financial statements. Subsequently they can lead to changes in the accounting policy and additional disclosures of information in notes.

Standard/ Interpretation	Applicable to annual period on or after
IFRS 16 «Lease»	1 January 2019
IFRS 17 «Insurance Contracts»	1 January 2021
Improvements to IFRS 9 «Financial Instruments»: Peculiarities of prepayments with a negative consideration	1 January 2019
Improvements to IAS 28 «Investments in associate and joint ventures»: Long-term investments in associate and joint ventures	1 January 2019
Improvements to standards (2015 – 2017 Cycle): Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019
Improvements to IAS 19 «Employee Benefits»: Changes made in a programme, reduction of a programme or repayment of liabilities on a programme	1 January 2019
Improvements to IFRS10 «Consolidated Financial Statements» and IAS 28 «Investments in associate and joint ventures»: Sales or transfer of assets between investor and its dependent company or joint venture	Not defined
Interpretation of IFRIC 23 «Uncertainty over Income Tax Treatment»	1 January 2019

The Company shall apply new standards, additions to standards and interpretations from the date when their application becomes obligatory.

The Company believes that the adoption of those standards and improvements to them will not have material impact on the financial statements, except for probable changes in accounting policies for the purpose of compliance with requirements of IFRS 16 “Lease” and IFRS 17 “Insurance contracts” and wider disclosures of information required by those new standards and improvements.

6. Earned insurance premiums, net insurance of reinsurance

	2018	2017
Earned insurance premiums on operations of insurance, reinsurance:		
Insurance premiums on operations of insurance, life co-insurance	10,873,303	12,772,960
Return of premiums	(348,273)	(513,408)
Total earned life insurance premiums	10,525,030	12,259,552

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Insurance premiums on direct insurance contracts other than life insurance	488,428,217	409,564,660
Insurance premiums on contracts, accepted in reinsurance other than life insurance	2,140,833	790,403
Return of premiums	(75,452,370)	(8,040,181)
Total earned premiums on insurance operations other than life insurance	415,116,680	402,314,882
Total earned premiums on insurance operations and life co-insurance	425,641,711	414,574,434
Insurance premiums, transferred to reinsurance:		
Premiums, transferred to reinsurance	(400,463,817)	(344,169,131)
Return of premiums, transferred to reinsurance	70,997,958	4,897,613
Reclassification of premiums on long-term contracts, by premiums, transferred to reinsurance		19,474,663
Total premiums earned on insurance contracts, net reinsurance other than life insurance	(329,465,859)	(319,796,855)
Premiums, transferred to reinsurance, on life insurance contracts	(4,004,248)	(5,206,610)
Return of premiums, transferred to reinsurance	133,032	456,238
Total premiums earned on life insurance contracts, net reinsurance	(3,871,216)	(4,750,372)
Total premiums earned on insurance contracts, net reinsurance	(333,337,075)	(324,547,227)
Changes in reserve for unearned premium	(42,548,647)	(4,077,469)
Changes in share of reinsurers in reserve for unearned premium	40,962,554	(564,827)
Total earned insurance premiums, net-insurance of reinsurance	90,718,542	85,384,911

7. Losses incurred – net - reinsurance

	2018	2017
Changes in reserves for losses:		
Changes in reserves for losses	(31,874,401)	505,054
Changes in share of reinsurers in reserves for losses	9,430,852	1,650,238
Total Changes in reserves for losses	(22,443,549)	2,155,292
Direct expenses, including:		
Paid losses	(14,683,559)	(27,878,709)
Share of reinsurers in expenses	3,204,885	4,955,692
Total losses incurred net-reinsurance	(33,922,223)	(20,787,725)

8. EXPENSES OF INSURANCE OPERATIONS – NET REINSURANCE

	2018	2017
Acquisition works:		
Expenses of payments for social deductions of brokers and insurance agents	(32,214,756)	(27,109,484)

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Remunerations and bonuses on contracts transferred in reinsurance	(134,121)	(66,601)
Total acquisition expenses	(32,348,877)	(27,176,085)
Remunerations on life reinsurance contracts	18,300,856	9,126,495
Total acquisition expenses /income - net	(14,048,021)	(18,049,590)
Changes in deferred acquisition expenses and income		
On direct insurance	5,638,396	2,018,632
On outgoing insurance	(5,347,138)	(1,003,101)
Changes in deferred acquisition expenses and income	291,258	1,015,531
Other income on insurance	832,302	2,533,841
Other expenses on insurance	(484,159)	(474,096)
Total expenses on execution of insurance operations – net reinsurance	(13,408,619)	(14,974,314)

9. ADMINISTRATIVE EXPENSES

	2018	2017
Labour payments	20,255,741	22,270,980
Expenses of accruals of bonuses to management	7,683,393	5,400,000
Expenses for deductions to the social fund	3,362,592	3,697,242
Expenses of depreciation of fixed assets	2,937,370	2,471,219
Expenses of advertisements	2,399,511	1,198,665
Expenses for deductions to the social fund on accrued bonuses		931,500
Travel expenses (international)	715,814	912,525
Expenses of payments for banking services	653,649	613,350
Expenses of computer maintenance - software	571,700	295,638
Expenses of communications (communications, internet, telegraph)	448,492	532,023
Expenses of lease payments	443,889	422,371
Expenses of fuels and lubricants	418,306	459,981
Expenses of amortization of intangible assets	416,119	416,119
Expenses of maintenance of office	396,210	429,850
Remunerations to auditors	389,300	402,510
Repair and technical maintenance of fixed assets	348,379	245,686
Hospitality expenses	292,794	312,966
Expenses of consultations, information services	161,903	89,651
Stationery	120,012	124,542
Operation and economic expenses	85,217	49,628
Expenses of training	82,590	7,140
Expenses of public relations (charitable works)	64,000	10,900
Expenses of insurance	54,243	76,403
Expenses of mail service	52,444	47,695
Expenses of property tax	36,913	73,826
Expenses of acquisition of licenses and other agreements	9,000	
Expenses of transport tax	8,807	14,778
Travel expenses (local)	6,500	15,960
Expenses of sales tax, not offsetting	3,068	5,516
Expenses of VAT, not offsetting		33,098
Remunerations to lawyers		27,540
Other expenses of taxes		2,592
Other general and administrative expenses	455,728	186,728
Total administrative expenses	42,873,684	41,778,624

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10. Other income /expenses from investing activities

	2018	2017
Income from investments in property	34,287	87,508
Expenses of revaluation of investments	(1,868)	(22,018)
Expenses of retirement of fixed assets	(34,564)	
Interest income on state securities	1,793,200	2,088,111
Interest income on deposits	18,254,306	16,393,241
Premium on state securities	131,710	131,710
Total	20,177,071	18,678,553

11. FOREIGN CURRENCY EXCHANGE RATE DIFFERENCE

	2018	2017
Income from foreign currency exchange rate difference	28,482,829	21,015,615
Expenses from foreign currency exchange rate difference	(28,061,086)	(21,831,985)
Total loss from exchange rate difference	421,743	(816,370)

12. Cash assets

Cash assets include the following:

	31 December 2018	31 December 2017
Cash on hand in national currency	287,034	318,954
Cash on hand in foreign currency	696,821	429,190
Cash in bank in national currency	16,200,532	25,071,486
Cash in bank in foreign currency in local banks	2,008,106	1,974,388
Total cash assets	19,192,493	27,794,018

The Statement of cash flows presents information on changes in the cash assets.

13. Current financial assets

	31 December 2018	31 December 2017
Debt securities (GTB - ГKB, Notes, Obligations)	26,437,504	9,160,489
Deposits in bank	215,652,425	206,149,257
Interests receivable	1,830,601	1,233,580
Total current	243,920,530	216,543,326

Debt securities are presented by the Government Treasury Bills (GTB), as of 31 December 2018:

- 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.

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Deposits in banks:

Bank	31 December 2018		31 December 2017	
	Amount of a deposit	Rate, % annual	Amount of a deposit	Rate, % annual
"Aiyl Bank" OJSC	45,053,250	3-3,5	44,401,477	3.0-3.5
"Halyk Bank Kyrgyzstan-Bishkek" OJSC	20,605,750	2,5-3,3	19,275,060	2.5-5.0
"Optima Bank" OJSC	13,970,000	3,5	13,767,900	3.5
"Kommercherkyi Bank Kyrgyzstan" OJSC	12,293,600	3,25-3,5	12,115,752	3.5
"Bakai Bank " OJSC	6,237,325	3,5	6,147,092	3.00
"Demir Kyrgyz International Bank" CJSC	3,492,500	1,5	3,441,975	1.5
Total deposits in foreign currency (US dollars)	101,652,425		99,149,256	-
"Aiyl Bank" OJSC	61,000,000	41,944	61,000,000	11.0-14.0
Bank "Bai Tushum" CJSC	14,000,000	12,5-14	24,000,000	12.5-14.0
"Kyrgyzkommertsbank" OJSC	12,000,000	14	12,000,000	14
"KICB" CJSC	10,000,000	12	10,000,000	12
"DKIB"	17,000,000	10,5		
"RSK Bank" OJSC				
"Finca Bank" CJSC				
Total deposits in national currency	114,000,000		107,000,000	-
Total deposits in commercial banks	215,652,425		206,149,256	

14. Accounts receivable on insurance/reinsurance operations

	31 December 2018	31 December 2017
Accounts receivable on life insurance		
Accounts receivable on life insurance	373,301	358,580
Accounts receivable on insurance other than life insurance		
Premiums receivable on risky property insurance contracts	6,275,799	27,584,885
Premiums receivable on risky contracts on responsibility insurance	3,418,495	5,045,535
Total Accounts receivable on other insurance than life insurance	9,694,294	32,630,420
Total accounts receivable on insurance operations	10,067,595	32,989,000
Accounts receivable on reinsurance		
Accounts receivable on life reinsurance	12,725	99,376
Accounts receivable other that on life reinsurance		
Premiums receivable on property insurance contracts, accepted for reinsurance	35,302	-
Premiums receivable on responsibility insurance contracts, accepted for reinsurance	23,553	317,556
Amounts of insurance compensations receivable on property insurance contracts, transferred for reinsurance	1,486,424	4,575,308
Premiums receivable from reinsurers in connection with dissolutions of property insurance contracts, transferred for reinsurance	367,447	91,729
Premiums receivable from reinsurers in connection with	-	4,497

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dissolutions of responsibility insurance contracts, transferred for reinsurance		
Total accounts receivable on insurance other than life reinsurance	1,912,726	4,989,090
Total accounts receivable on reinsurance operations	1,925,451	5,088,466
Claims on compensation of losses on subrogation claims	1,412,472	1,151,228
Total accounts receivable on insurance operations of reinsurance	13,405,518	39,228,694

15. Other assets

	31 December 2018	31 December 2017
Other financial assets		
Accounts receivable	60,208	52,378
Total other financial assets	60,208	52,378
Other non-financial assets:		
including:		
Prepaid taxes		
Prepaid payroll tax	241,726	38,565
Prepaid VAT	59,022	57,243
Prepaid tax on income of non-residents	4,180,298	127,311
Prepaid sales tax	310,922	310,575
Prepaid tax on transport	5,943	1,750
Prepaid Property tax	14,763	13,767
Land tax, prepaid	4,545	4,418
Other local taxes	26,931	23,931
Total taxes, paid in advance	4,844,150	577,559
Advances issued		
Inventory, prepaid	4,198,792	525,996
Services, prepaid	191,802	91,288
Insurance services, prepaid	137,955	50,197
Advanced payments on settlements of insurance events	5,605,845	2,920,755
Total advances issued	10,134,394.00	3,608,235
Inventory holdings:	1,947,049	1,793,178
Other receivables	29,255	29,297
Total other non-financial assets	16,954,848	6,008,269
Total other assets	17,015,056	6,060,647

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16. Insurance reserves

	31 December 2018		31 December 2017 (recalculated)		
	Reserves	Share of reinsurers in reserves	Reserves on net basis	Share of reinsurers in reserves	Reserves on net basis
Reserves for life insurance and share of reinsurers in reserves for life insurance	3,628,205	(1,163,645)	2,464,560	3,783,650	2,417,772
Reserves for insurance other than life insurance and share of reinsurers in reserves for insurance other than life insurance	321,365,906	(250,910,957)	70,454,949	246,939,201	46,472,094
Total insurance reserves	324,994,111	(252,074,602)	72,919,509	250,722,854	48,889,866

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

	31 December 2018		31 December 2017		
	Reserves	Share of reinsurers in reserves	Reserves on net basis	Share of reinsurers in reserves	Reserves on net basis
Insurance reserves of unearned premium	3,255,372	(1,108,889)	2,146,483	3,490,183	2,224,254
Insurance reserves on occurred, but not claimed losses	125,869	(18,252)	107,617	153,466	82,018
Insurance reserves on occurred, but not settled losses	246,964	(36,504)	210,460	140,000	111,500
Total Reserves for life insurance and shares of reinsurers in reserves for life insurance	3,628,205	(1,163,645)	2,464,560	3,783,649	2,417,772

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:

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	31 December 2018			31 December 2017		
	Reserves	Share of reinsurers in reserves	Reserves on net basis	Reserves	Share of reinsurers in reserves	Reserves on net basis
Insurance reserves for unearned premiums						
Property	240,802,988	(210,831,702)	29,971,286	202,900,715	(177,365,460)	25,535,254
Obligatory	19,705,841	(12,329,169)	7,376,672	17,792,824	(5,530,261)	12,262,563
Responsibility	12,105,166	(7,419,724)	4,685,442	9,288,789	(6,717,071)	2,571,719
Total insurance reserves for unearned premium	272,613,995	(230,580,595)	42,033,400	229,982,328	(189,612,792)	40,369,536
Insurance reserves for incurred but not claimed losses						
Property	14,718,615	(6,083,462)	8,635,153	5,357,329	(3,352,005)	2,005,324
Obligatory	2,223,464	(1,441,383)	782,081	350,000	(210,000)	140,000
Responsibility	1,313,829	(647,929)	665,900	1,000,748	(733,445)	267,303
Total Insurance reserves for incurred but not claimed losses	18,255,908	(8,172,774)	10,083,134	6,708,077	(4,295,450)	2,412,627
Insurance reserves for claimed but not settled losses						
Property	28,909,712	(11,735,444)	17,174,268	9,287,714	(6,136,756)	3,150,959
Obligatory	850,000	(420,000)	430,000	700,000	(420,000)	280,000
Responsibility	736,291	(2,144)	734,147	261,085	(2,113)	258,972
Total Insurance reserves for claimed but not settled losses	30,496,003	(12,157,588)	18,338,415	10,248,799	(6,558,869)	3,689,931
Total Insurance reserves on insurance other than life insurance and shares of reinsurers in insurance reserves for insurance other than life insurance	321,365,906	(250,910,957)	70,454,949	246,939,204	(200,467,111)	46,472,094

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17. Deferred acquisition expenses

	31 December 2018	31 December 2017
Deferred acquisition expenses, related to insurance operations and life reinsurance at the beginning of the reporting period	310,150	140,698
acquisition expenses, deferred for the period	94,530	169,451
Changes in deferred acquisition expenses:		
Acquisition expenses deferred for the period	574,231	463,034
Amortization of deferred acquisition expenses	(479,701)	(293,583)
Deferred acquisition expenses, related to insurance operations and life reinsurance at the end of the reporting period	404,680	310,150
Deferred acquisition expenses, related to insurance operations and reinsurance other than life insurance at the beginning of the reporting period	9,092,142	6,424,771
acquisition expenses, deferred for the period	4,745,676	2,627,370
Changes in deferred acquisition expenses:		
Acquisition expenses, deferred on the period	25,555,006	8,931,377
Amortization of deferred acquisition expenses	(20,809,330)	(6,282,007)
Deferred acquisition expenses, related to insurance operations and reinsurance other than life insurance at the end of the reporting period	13,837,818	9,092,142
Deferred acquisition expenses, related to insurance operations	14,242,498	9,402,291

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18. Fixed assets (Property, Plant and Equipment)

	Buildings	Equipment	Furniture	Transport vehicles	Office equipment	Total
Historical cost						
Balance as of 1 January 2018	53,791,020	5,080,940	1,588,165	2,299,468	248,059	63,007,652
Purchased within the year	-	3,521,509	46,410	677,310	408,880	4,654,109
Revaluation	(5,229,661)	-	-	-	-	(5,229,661)
Retirement within the year	-	(17,885)	(48,400)	(421,837)	-	(488,122)
Balance as of 31 December 2018	48,561,359	8,584,564	1,586,175	2,554,941	656,939	61,943,978
Accumulated depreciation						
Balance as of 1 January 2017	1,076,858	3,483,385	1,376,253	1,451,028	71,281	7,458,805
Accrued depreciation for the year	1,092,236	1,280,754	87,831	375,235	101,314	2,937,370
Revaluation	(2,133,150)	-	-	-	-	(2,133,150)
Retirement within the year	-	(9,837)	(48,748)	(203,888)	-	(262,473)
Balance as of 31 December 2018	35,944	4,754,302	1,415,336	1,622,375	172,595	8,000,552
Carrying value as of 31 December 2018	48,525,415	3,830,262	170,839	932,566	484,344	53,943,426
Historical cost						
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
Accumulated depreciation						
Balance as of 31 December 2017 roza	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

As of 31 December 2018 “Asia Oisenka” LLC revaluated the building of the Company. Change in the cost:

Office premises (2,4 floor of the building at the address: 219 Chui Avenue) the cost decreased in the amount of 5,486,739 soms, office premises in Karakol increased in the amount 323,795 soms.

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19. Intangible assets

	Software	License agreement	Total
Historical cost			
Balance as of 1 December 2018	1,185,637	894,960	2,080,597
Purchased in current year	5,740,075	600,036	6,340,111
Retirement within the year	-	-	-
Balance as of 31 December 2018	6,925,712	1,494,996	8,420,708
Accumulated amortization			
Balance as of 1 December 2018	487,518	413,856	901,374
Accrued amortization for the year	237,126	178,993	416,119
Retirement within the year	-	-	-
Balance as of 31 December 2018	724,646	592,848	1,317,494
Carrying value as of 31 December 2018	6,201,066	902,148	7,103,215
Historical cost			
Balance as of 1 December 2017	1,185,637	894,960	2,080,597
Purchased in current year	-	-	-
Retirement within the year	-	-	-
Balance as of 31 December 2017	1,185,637	894,960	2,080,597
Accumulated amortization			
Balance as of 1 December 2017	250,391	234,864	485,255
Purchased in current year	237,127	178,992	416,119
Retirement within the year	-	-	-
Balance as of 31 December 2017	487,518	413,856	901,374
Carrying value as of 31 December 2017	698,118	481,104	1,179,222

As of December 31, 2018, the acquired intangible assets include development and license agreement for "IC Insurance Company" software not commissioned for the amount of 6,242,005 soms.

20. Non-current investments

	31 December 2018	31 December 2017
Non-current government securities	4,999,727	4,999,727
Premium of GCB	404,648	274,806
Total Non-current investments	5,404,375	5,274,533

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

21. Other non-current assets

	31 December 2018	31 December 2017
Non-current accounts receivable on property reinsurance operations against fire	0	19,525,434
Total non-current accounts receivable on reinsurance operations	0	19,525,434

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22. Accounts payable on insurance/reinsurance operations

	31 December 2018	31 December 2017
Accounts payable on life insurance and reinsurance		
Accounts payable on life insurance for direct damages	23,746	186,874
Accounts payable on payments of premiums on life insurance contracts, transferred to reinsurance	333,288	505,939
Prepayment of premiums on insurance contracts	467,065	373,892
Accounts payable on return of received premiums on life insurance contracts	14,688	3,977
Total Accounts payable on life insurance and reinsurance	837,787	1,070,682
Accounts payable on reinsurance other than life insurance		
Accounts payable on insurance payments for direct damages	8,788	608,661
Accounts payable on payments of premiums on insurance contracts, transferred to reinsurance	4,730,543	30,212,924
Accounts payable on insurance payments on insurance contracts, accepted to reinsurance	-	-
Liabilities of return of received premiums on insurance contracts	407,831	33,595
Prepayment of premiums on insurance contracts	858,918	1,155,898
Debts to insurance agents and brokers	1,415,031	1,292,638
Liabilities of out payments of regress on property insurance contracts transferred to reinsurance	867,027	
Other debts on insurance transactions	52,040	294,326
Total accounts payable on insurance of reinsurance operations other than life insurance	8,340,178	33,598,042
Total Accounts payable on insurance of reinsurance operations	9,177,965	34,668,724

23. Other liabilities

	31 December 2018	31 December 2017
Other financial liabilities		
Accounts payable	149,013	444,894
Total Other financial liabilities	149,013	444,894
Taxes payable		
Payroll tax on income of individuals payable	4,313	7,129
Tax on income of non-resident payable	16,304	0
Sales tax payable	70	565
Total taxes payable	20,687	7,694
Accrued liabilities		
Accrued salary	(214,656)	634,461
Fees to social fund	608,406	789,270
Provision for vacations	1,325,883	847,556
Bonuses accrued to management	6,894,300	6,331,500
Provision for quarterly bonuses to personnel	1,779,855	
Total accrued liabilities	10,393,788	8,602,787

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	31 December 2018	31 December 2017
Other accounts payable	10,414,475	8,610,481
Total other non-financial liabilities	10,563,489	9,055,374
Total other liabilities	10,563,489	9,055,374

Flows on provisions for the reporting period are as follows:

	Provision for vacations		Provision for bonuses to management		Provision for quarterly bonuses	
	2018	2017	2018	2017	2018	2017
Provision at the beginning of the year	847,556	385,580	6,331,500	-	-	-
Accrued	1,675,945	1,738,878	5,903,537	6,331,500	1,779,855	-
Used	(1,197,618)	(1,276,902)	(5,340,737)	-	-	-
Provision at the end of the year	1,325,883	847,556	6,894,300	6,331,500	1,779,855	-

24. Deferred acquisition income

	2018	2017
Deferred acquisition income, related to life insurance and reinsurance operations at the beginning of the reporting period	139,331	105,493
Changes in deferred acquisition income:	(30,846)	33,839
Acquisition income, deferred on a period	167,905	244,642
Amortization of deferred acquisition income	(198,751)	(210,803)
Deferred acquisition income, related to life insurance and reinsurance operations at the end of the reporting period	108,485	139,332
Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the beginning of the reporting period	4,046,258	3,076,995
Changes in deferred acquisition income:	4,395,001	969,262
Acquisition income, deferred on a period	20,130,559	5,309,148
Amortization of deferred acquisition income	(15,735,558)	(4,339,886)
Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the end of the reporting period	8,441,259	4,046,258
Deferred acquisition income, related to insurance and reinsurance operations	8,549,744	4,185,589

25. Income tax

	2018	2017
Current income tax	2,648,740	3,301,422
Current income tax payments	-	-
Deferred income tax, related to arising and decreasing temporary differences	706,8745	-
Expenses of income tax, reflected on statement of income or loss and other comprehensive income	1,941,866	3,301,422

Verification of expenses of income tax and accounting profit multiplied by income tax rate, effective for

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the years ended 31 December 2018 and 31 December 2017:

	2018	2017
Accounting profit /loss before taxation, arising from ongoing activities	21,038,196	26,215,008
At the income tax rate of 10%	2,103,820	2,621,501
Tax consequences of expenses, not deductible for tax purposes	(161,954)	679,921
Total income tax income at the rate of 10%	1,941,866	3,301,422
Expenses of income tax, reflected on statement of income or loss and other comprehensive income	1,941,866	3,301,422

(a) Recognized Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities relate to the following items:

	Assets		Liabilities		Net-value	
	2018	2017	2018	2017	2018	2017
Fixed assets and intangible assets	-	-	(5,106,083)	(5,037,743)	(5,106,083)	(5,037,743)
Doubtful debts provision	3,043	-	-	-	3,043	-
Provision for vacation pay	822,018	-	-	-	822,018	-
Reserve for quarterly bonuses for staff	177,986	-	-	-	177,986	-
Tax assets (liabilities)	1,003,047	-	(5,106,083)	(5,037,743)	(4,103,036)	(5,106,083)

(b) Movement of temporary differences during the year

During the reporting period

	1 January 2018	Recognized as part of		31 December 2018
		Profit/loss	Equity	
Fixed assets and intangible assets	(5,037,743)	(296,173)	227,833	(5,106,083)
Doubtful debts provision	-	3,043	-	3,043
Reserve for quarterly bonuses for staff	-	822,018	-	822,018
Provision for vacation pay	-	177,986	-	177,986
Total	(5,037,743)	706,874	227,833	(4,103,036)

For the previous period:

	1 January 2017	Recognized in equity	31 December 2017
Fixed assets and intangible assets	-	(5,037,743)	(5,037,743)
Total	-	(5,037,743)	(5,037,743)

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Deferred tax liability in the amount of 4,809,910 soms as of 31 December 2018 and 5,037,743 soms (as of 31 December 2017), as a component of non-current liabilities presents an amount of effect of deferred income tax from revaluation of fixed assets, reflected in other comprehensive income.

26. Shareholder’s equity

Quantity of stocks, unless otherwise specified	31 December 2018	31 December 2017
Nominal cost of ordinary stocks (in soms)	1,080	1,080
Issued stocks at the beginning and at the end of the year	177,249	148,149
Total shareholder’s capital, in thousands of soms	191,428,920	160,000,920

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. On May 30, 2018, the issue of shares was registered, in the amount of 29,100 pieces.

As of 31 December 2018 a composition of shareholders is presented in the following way:

In percentage, unless otherwise specified	31 December 2018	31 December 2017
JSC «Invest-Polis» - Russian Federation	100%	100%
Total	100	100

Earnings per share.

In 2018, by the results of its operations, the Company received a net profit / loss in the amount of 19,096,330 soms.

Basic earnings per share is calculated as the ratio of the net profit / loss attributable to the Company's shareholders to the weighted average number of ordinary shares outstanding during the period, minus redeemed own shares. The company has no instruments convertible into ordinary shares and potentially diluting earnings per share. Thus, diluted earnings per share are equal to basic earnings / losses per share.

	2018	2017
Net profit / loss attributable to shareholders	19,096,330	22,913,586
Weighted average number of common stock outstanding (pieces)	165,290	148,149
Basic earnings / loss per share (in soms per share)	115.5322	154.67

27. Other capital

	Reserve for revaluation of assets	Reserve fund	Accumulation Fund	Total other capital
As of 1 January 2018	45,337,000	16,000,000	1,671,064	63,008,064
Recognition of deferred tax liabilities from revaluation of property	(2,868,677)			(2,868,677)
Formation of accumulation fund by a decision made by shareholders’ meeting			158,345	158,345

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Use of funds of the accumulation fund			(1,106,844)	(1,106,844)
As of 31 December 2018	42,468,323	16,000,000	722,565	59,190,888
As of 1 January 2017	50,374,744	16,000,000	1,480,467	67,855,211
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)
As of 31 December 2017	45,337,000	16,000,000	1,671,064	63,008,064

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

28. Related Parties

Related party 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

The data is not disclosed in full.

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 Company and its management are related parties.

For the years ended 31 December 2018 and 2017, the key members of management (Chairperson of the Management Board and her 2 Deputies) received the following emoluments:

	2018	2017
Expense on salary	10,736,849	7,553,834
Expenses on deductions to Social Fund	1,852,107	1,303,036

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 of debt and equity securities in markets.

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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 report about their activities to the management of the Company.

Information on risks is presented below.

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 unfavourable 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

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(amounts in tables are in Kyrgyz soms)

of the unfavourable 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 15.

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 roubles belong.

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

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	Currency			Total as of 31 December 2018
	1 US dollar =69.8500 soms	1 EUR = 80.0446 soms	1 Rus.ruble =1.0047 soms	
ASSETS				
Cash	16,487,566	2,691,229	1,880	19,192,493
Current financial assets	142,268,104	101,652,426		243,920,530
Accounts receivable on insurance and reinsurance operations	8,251,533	4,990,492	7,519	13,405,518
Other financial assets	60,208			60,208
Share of reinsurance and insurance reserves	28,014,580	222,532,531	1,527,491	252,074,602
Deferred acquisition expenses	14,242,498			14,242,498
Long-term investments	5,404,375			5,404,375
Other non-current assets				
TOTAL ASSETS	214,728,864	331,866,677	9,399	548,300,224
LIABILITIES				
Accounts payable on insurance/reinsurance operations	2,214,698	6,851,541	111,726	9,177,965
Other financial liabilities	102,023	46,990	-	149,013
Deferred acquisition income	8,549,744			8,549,744
Insurance (technical) reserves	83,161,927	236,835,296	-	324,994,111
TOTAL LIABILITIES	94,028,416	243,733,827	5,108,590	342,870,833
TOTAL NET POSITION	120,700,448	88,132,850	(3,413,306)	205,429,391

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	Currency			Total as of 31 December 2017
	1 US dollar =68.8395 soms	1 EUR = 82.5936 soms	1 Rus.ruble =1.1951 soms	
ASSETS				
Cash	25,390,440	2,342,044	3,826	27,794,018
Current financial assets	117,394,069	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	12,365,273	187,439,222	1,960,111	201,832,987
Deferred acquisition expenses	8,604,102	798,189	68,381	9,402,291
Long-term investments	5,274,533			5,274,533
Other non-current assets	19,525,434			19,525,434
TOTAL ASSETS	178,580,253	338,544,254	2,456,949	519,653,662
LIABILITIES				
Accounts payable on insurance/reinsurance operations	2,562,815	31,784,339	321,571	34,668,724
Other financial liabilities	106,478	338,416		444,894
Deferred acquisition income	4,185,589			4,185,589
Insurance (technical) reserves	53,018,881	195,229,137	139,420	250,722,854
Deferred tax liabilities	5,037,743			5,037,743
Other non-current liabilities	20,553,088			20,553,088
TOTAL LIABILITIES	59,873,763	247,904,979	2,656,987	310,575,149
TOTAL NET POSITION	118,706,489	90,639,275	(200,038)	209,078,512

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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 Kyrgyz 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 150,000,000 (one hundred fifty million) soms.

25. Events after the reporting date

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

D.S. Tezekbaeva
Chairperson of Management Board
“Ingosstrakh” ICJSC

A.T. Abdyrakhmanov
Chief Accountant
“Ingosstrakh” ICJSC