

# Audited Project Financial Statements

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Project Number: 44060-025  
Loan/Grant Number: 3231/3261  
Period covered: 9 October 2015 to 31 December 2015

## KAZ: Small and Medium Enterprise Investment Program – Tranche 3

Prepared by: KazInvest Bank

For the Asian Development Bank  
Date received by ADB: 02 December 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and KazInvest Bank.

**Asian Development Bank**  
**Senior Financial Specialist**  
**Dai Chang Song**



Dear Mr. Song,

“KazInvestBank” JSC (hereinafter – KIB) expresses its respect, and thanks you for the productive cooperation.

According to the Project Agreement (Small and Medium Enterprise Investment Program – Tranche 3) dated “11” September 2015, (hereinafter – Agreement), KIB hereby provides ADB with the official Audit report and Management Letter under the Loan 3231-KAZ for the year ended December 31, 2015.

**Best Regards,**

**Chairman of the Board**

**“KazInvestBank” JSC**



**Didar Akezhanov**

**K A R M**  
**12 AER 2016**  
**RECEIVED**

*Executor Amina Beksultan*

*Tel: 8 (727) 261-90-60 (ex. 5537)*

*Received  
ADB  
CWP  
19/12/2016*

**66655**



The Republic of Kazakhstan,  
050040, Almaty  
microdistrict Koktem-1, 15a  
BC Koktem-Square, 1<sup>st</sup> floor, off. 4  
T: +7 (727) 349 47 57  
[www.bakertilly.kz](http://www.bakertilly.kz)

## **INDEPENDENT AUDITOR'S REPORT**

To the Management of Kazinvestbank JSC and the Asian Development Bank

We have audited the accompanying Statement of utilization of funds of Kazinvestbank JSC (the "Bank") under the Loan 3231-KAZ: Small and Medium Enterprise Investment Program Tranche 3 for the year ended December 31, 2015. The Statement of utilization of funds of Kazinvestbank JSC has been prepared in accordance with the guidelines prescribed by the Project agreement between the Asian Development Bank and Kazinvestbank JSC dated September 11, 2015.

### **Management's responsibility**

Management is responsible for preparation of this Statement of utilization of funds for the year ended December 31, 2015 in accordance with the guidelines prescribed by the Project agreement between the Asian Development Bank and Kazinvestbank JSC dated September 11, 2015 and for such internal control as management determines is necessary to enable the preparation of this Statement of utilization of funds that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on this Statement of utilization of funds for the year ended December 31, 2015 based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of this Statement of utilization of funds 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 partnership's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, Statement of utilization of funds of Kazinvestbank JSC for the year ended December 31, 2015 is prepared, in all material respects, in accordance with the guidelines prescribed by the Project agreement between the Asian Development Bank and Kazinvestbank JSC dated September 11, 2015.

November 28, 2016

A handwritten signature in blue ink, appearing to read "Yerlan Islambekov".

Yerlan Islambekov, US CPA  
Partner  
Baker Tilly Kazakhstan LLP



## PRO-FORMA ANNUAL STATEMENT OF UTILIZATION OF FUNDS

## Loan 3231-KAZ: Small and Medium Enterprise Investment Program Tranche 3

## ANNUAL STATEMENT OF UTILIZATION OF FUNDS

Kazinvestbank JSC

for the year ended December 31, 2015

(in USD)

	(in USD)	
	2015	Cumulative
Opening balance	—	—
Received from DAMU	9,700,000	9,700,000
Loan to SMEs	—	—
Ending balance	9,700,000	9,700,000

Project Name: KAZ: Small and Medium Enterprise Investment Program – Tranche 3

Loan 3231-KAZ

Notes to Special Purpose Statement of Utilization of Funds for the year ended December 31, 2015

## Accompanying Notes:

## 1. BACKGROUND, NATURE OF OPERATIONS AND ACTIVITIES

During 2015, KazInvestBank JSC (the "Bank") has received financial assistance from "Damu" Entrepreneurship Development Fund" JSC ("Damu") in the form of a loan amounting to \$9.7 million to finance Small and Medium Enterprise Investment Program – Tranche 3.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Basis of preparation

The Special Purpose Statement of Utilization of Funds ("Statement") has been prepared in accordance with *International Financial Reporting Standards Under The Cash Basis of Accounting*. Accordingly, they are prepared for the special purpose of the project management and the Asian Development Bank ("ADB") in accordance with the agreements between the Bank and ADB. In accordance with 5.03 a(ii-v), Article V of the Loan Agreement (Particular Covenants), Damu shall prepare the Consolidated Statement of Utilization of Funds ("CSUF") for the Project annually in accordance with principles acceptable to ADB and audited by independent auditors whose qualifications, experience, and terms of reference are acceptable to ADB. The audit shall be in accordance with international standards for auditing or the national equivalent acceptable to ADB. As part of each audit, the auditors shall prepare a report (which includes the auditors' opinion on the consolidated Statement of Utilization of Funds, use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for the imprest fund and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any). The report shall be provided to ADB, no later than 6 months after the end of each fiscal year. ADB shall disclose the annual audited consolidated Statement of Utilization of Funds and the opinion of the auditors by posting them on ADB's website within 30 days of the date of their receipt.

The accounting policies have been applied consistently throughout the year, ended December 31, 2015.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Reporting entity

The CSUF solely reflects the financial status and position of the Small and Medium Enterprise Investment Program funded by ADB and implemented by "Damu" Entrepreneurship Development Fund" JSC.

### Reporting Period

The reporting period for this Project shall be the fiscal year ended December 31, 2015.

### Reporting currency

The currency of reporting is US Dollar.

### Cash and Cash Equivalent

Cash and cash equivalents represent the balance remaining in the Imprest Account held with Kazinvestbank JSC.

## 3. STATUS OF FUNDS AND UNCOMMITTED AMOUNTS BY FUNDS

The project is financed by Damu through Subloan. The total funds financing the project and the available funds for future commitments as of December 31, 2015 are as follow:

(in USD)			
Participating Financial Institution	Total financing	Total committed as of December 31, 2015	Available balance as of December 31, 2015
DAMU	9,700,000	9,700,000	9,700,000

## 4. SUBLOAN

(in USD)					
Subloan no.	Subloan name	Subloan cost	ADB commitment	Amount received	Balance
		US Dollar	US Dollar	US Dollar	US Dollar
n/a	n/a	—	—	—	—



**Appendix 3 to Annex 2**

**Statement of Utilization of Fund by Subloan**

1	2	3	4	All columns below, in local currency:					All columns below, in USD:		
Subloan No.	Name of Subborrower	Amount Sanctioned	Currency of Subloan	Amount Allocated to ADB's share (this may be less than column 3)	Amount disbursed up to previous financial year from ADB share	Amount disbursed during current period from ADB share	Cumulative disbursements against ADB share	Undisbursed ADB share	Cumulative amount received from ADB up to previous financial year	Amount received during current financial year	Total amount received till end of current financial year
—	—	—	—	—	—	—	—	—	9,700,000	9,700,000	9,700,000