

Financial Advisory
Services

Kazakhstan

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Introduction

Deloitte is one of the world's leading professional services firms, providing audit, consulting, financial consulting, risk management, tax and other services to public and private companies spanning multiple industries.

With a globally connected network of member firms whose clients account for approximately 450 of the Fortune 500, Deloitte has operations in more than 150 countries, bringing world-class capabilities and in-depth local expertise to help its clients succeed in a challenging environment. More than 330,000 Deloitte experts are dedicated to the concept of achieving results we can be proud of.

Deloitte is currently the fastest growing of the Big Four in Kazakhstan, employing more than 500 people in offices in Almaty, Astana, Atyrau and Aktau.

Deloitte is represented by cross-functional industry groups that help clients find the right business solution based on market requirements. We constantly track the latest amendments in various sectors of the economy and offer our expert opinion on how they may affect business. We are consistently recognised as a market leader for the high quality of our services and our unique corporate culture.

Deloitte has been operating in the region for more than 25 years. Reflecting back, and looking forward to the future, we maintain a long-term perspective and seek to make an impact that matters for our people, clients and society.

Learn more about Deloitte in Kazakhstan on www.deloitte.kz

Corporate Advisory

We provide high quality strategic corporate advisory and support services for companies planning or undertaking acquisitions, disposals, refinancings, restructurings, joint ventures, flotations and secondary offerings.

Planning

- Strategic planning and implementation for investments / joint ventures;
- Financial planning for equity, debt and other types of funding requirements.

Assessment

- Identification of suitable partners that meet specified investment criteria;
- Review of potential partners' business operations;
- Negotiation of support and strategic advice;
- Ongoing monitoring of internal financial systems and control.

Regulations

- Making formal offers for sale or purchase in public and private transactions;
- Liaising with regulatory authorities on the processing of transactions;
- Preparing and controlling all documentation, including prospectuses, offer documents and shareholders' circulars.

Continued involvement

- Improvements in financial information and internal control systems;
- Assistance in obtaining additional investor support and / or finance;
- Investment / joint venture restructuring and reorganization.

Strategic exit

- Advisory role in negotiations and dispute resolution;
- Business viability assessment and planning for corporate recovery;
- Strategy advice and support in dealing with troubled investments / joint ventures;

- Development of an appropriate exit plan to realize capital.

Initial public offerings

Obtaining a stock exchange listing is a natural progression for many successful private companies, as the benefits can be considerable.

We can advise on the feasibility and appropriateness of a listing and help evaluate available options.

Pre-IPO advisory

Whatever the time selected for the listing, advanced preparation of an appropriate group structure, close examination of the business to be listed and detailed planning are key to the success of a listing. By leveraging our expertise and experience in the industry, we can provide our clients the following professional services, including:

Due diligence

- Examining the businesses in the group and carrying out due diligence on each;
- Identifying major issues creating possible hurdles to listing;
- Reviewing client's past financial performance and discussing with the reporting accountants the particular accounting issues identified.

Pre-IPO restructuring

- Advising clients on the listing process, regulations and major issues;
- Reviewing current corporate structure and advising on an effective structure for the purpose of listing;
- Financial planning and restructuring for potential equity, debt and / or other types of fund raising opportunities.

Business plan

- Assisting in the assessment and modification of the existing business models and packaging;
- Preparing business plans / proposals;
- Circulating business plans to potential investors and business partners to increase a client's public exposure.

Strategic investors

- Identifying suitable strategic investors for potential investments or joint ventures;
- Assisting in negotiations and reviewing investment structure.

Ongoing monitoring

- Assisting to monitor business development and operations, internal controls and corporate governance on an ongoing basis;
- Providing timely access and advisory support to clients;
- Ensuring the normal course of business and a company's track record are able to comply with listing rules.

Companies need to be "groomed" for the market so that the highest possible price is obtained for shares, while institutional support for a strong aftermarket is paramount. This process begins well before the actual flotation, and often requires a complete financial accounting, tax planning and management advisory service.

In addition to managing the process, we can also provide financial advisory services relating to listing and takeover matters for companies listed on KASE RFCA. We can also manage your listing on the world's major equity markets and co-listings on supplementary markets.

Secondary offerings

A listing is a key step in any company's development. Subsequent expansion will be funded by way of rights issues, open offers and placements etc. We can assist with managing these second and subsequent offerings, preparing relevant documentation, liaising with the regulators and working with underwriters and brokers.

We can manage and sponsor your listing on the world's major equity capital markets and secure additional funds on the secondary markets.



Commercial due diligence

Commercial Due Diligence (CDD) focuses on a company's market, industry, competitors and likelihood of achieving its forecasts in the coming years.

We have the ability to be highly adaptable and will always aim to tailor our approach to CDD to the needs of the client and the unique characteristics of a particular target company and its industry.

A typical CDD might include:

Market

When looking at the market, we would typically provide an overview of the market in which the target operates and plans to develop. This could include identification of key demand drivers, market segmentation, volatility drivers, regulatory issues, cost drivers, trends and other industry-specific items.

Competition

An evaluation of the competition typically starts with defining the competitive environment in which the target operates. This could include industry profitability drivers such as customer-buying power, ease of entry, supplier strength, availability of substitutes and competitive intensity. This facilitates the identification of critical success factors and how the target and its competitors are benchmarked.

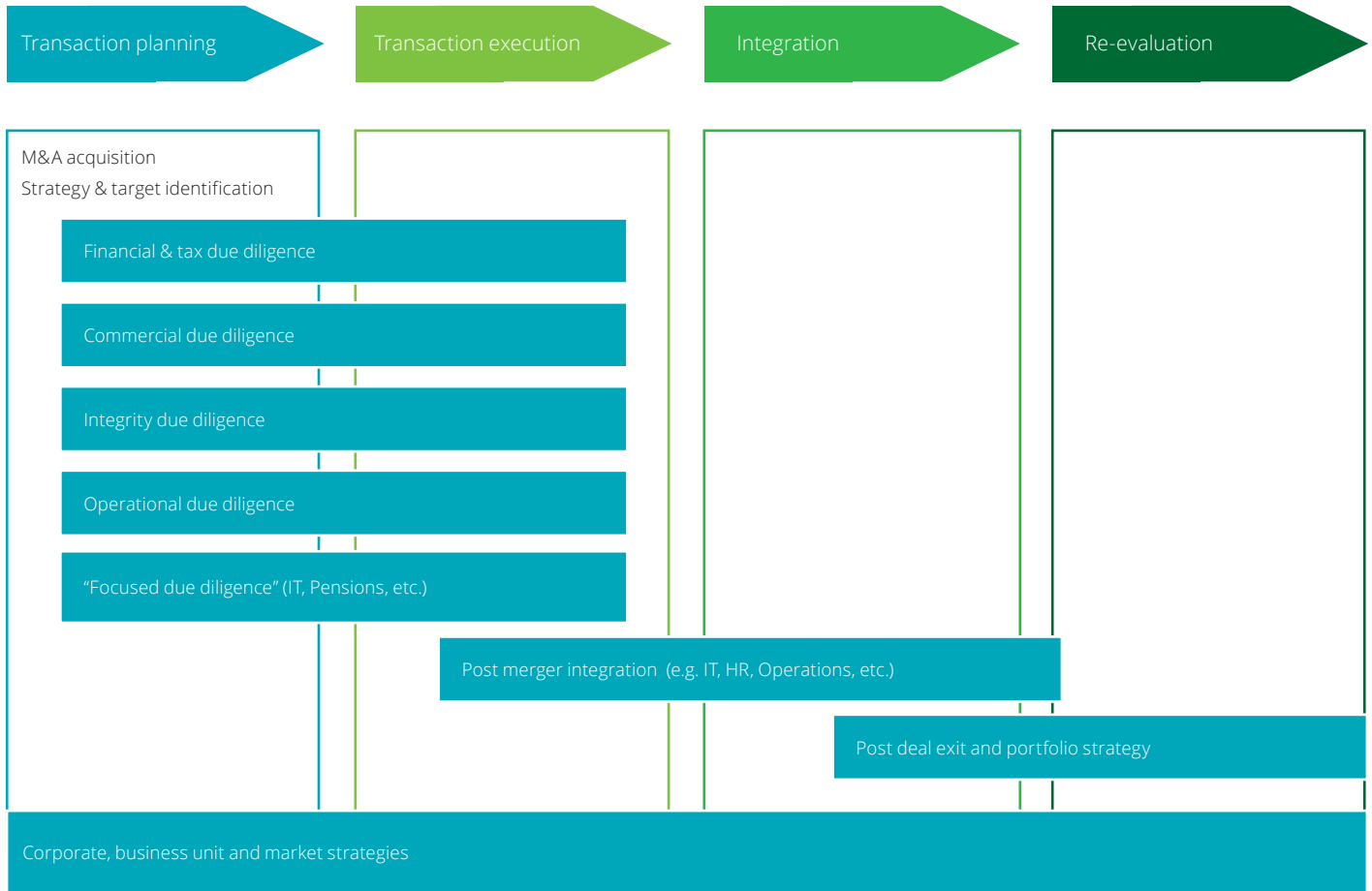
Company specific

A company review initially focuses on the business model, strategy and its core capabilities. This enables the development of a sensitivity model and identification of potential areas of opportunity and risk.

Our approach is highly geared towards primary research conducted in a compressed timeline. This helps to overcome the relative absence of detailed market research reports and typically includes interviews, use of third-party data agencies (where relevant), mystery shopping, surveys and site visits etc.

Our team is experienced in assisting in a range of situations, including:

- Acquisition in the CIS;
- Feasibility studies;
- Competitive intelligence;
- Market entry;
- Acquisitions in foreign markets;
- Benchmarking.



Our team has reviewed businesses of varying sizes across different market sectors for both private equity and corporate buyers. Our reports and oral presentations are tailored to the needs of credit and investment committees as well as providing management with new insight to apply to the business post-transaction.

This facilitates the identification of critical success factors and how the target and its competitors are benchmarked.

Valuation

Our valuation team helps organizations successfully manage the value of their assets in today's rigorous compliance and regulatory environment. We understand how to report value according to accounting, tax and regulatory rules that allow third parties to understand the worth of an entity, asset or liability so that they can make informed business and investment decisions.

Our team consists of dedicated valuation specialists with a high degree of practical, technical and business expertise. As part of our global network, our valuation team has access to an extensive knowledge base and a wide range of resources.

Our valuations team can assist if:

You are planning a merger, acquisition or disposal — where a thorough understanding of a business value can be critical to:

- Transaction pricing and structuring;
- Assisting with negotiations;
- Identifying potential synergies.

You require assistance on financial reporting matters — where management and directors may require a valuation to:

- Acquire accounting and allocate a purchase price according to applicable accounting standards, such as KAS, IFRS, or US GAAP, including the valuation of intangible assets and intellectual property;
- Test for impairment in accordance with applicable accounting standards.

You need an independent opinion — where the board or shareholders may require:

- An independent assessment of proposed transactions;
- Compliance with legal or regulatory requirements.

You are planning ahead — valuations can assist with ongoing tax planning and compliance by providing:

- An authoritative valuation, properly supported and justified;
- A sound basis for determining tax and stamp duty obligations.

We have valuation experience within key industries in the region.



Financial & tax due diligence

All transactions — whether mergers, acquisitions, leveraged buyouts, joint ventures, divestitures or spin-offs — are fraught with complex issues that require dedicated expert attention. Effectively navigating the myriad of accounting, tax, regulatory, cultural and labor issues common to transactions in the Caspian region is critical to ensuring that you minimize your risks and maximize your returns.

Practitioners in our M&A Transaction Services group are seasoned accounting and tax specialists who provide value-added services to private equity investor and corporate buyer clients on a daily basis.

Our due diligence and other related services focus on the most critical elements of transactions, including:

- Evaluating proposed investment structure and rationalizing the proposed purchase price;
- Identifying and quantifying industry and deal-specific risks and opportunities;
- Evaluating the quality and reasonableness of historical and projected earnings, cash flows and capital expenditures;
- Assessing asset quality, identifying hidden costs, commitments and contingencies;
- Structuring purchase price adjustment and earn-out mechanisms identifying and quantifying tax exposures;
- Evaluating employee benefits, internal control structure, IT systems and risk management procedures;
- Identifying integration and post-transaction transition issues.

Vendor services

For owners that may be divesting all or part of their business, we can also assist in providing Vendor Due Diligence or Vendor Assistance. Benefits to the vendor include:

- Early warning of deal threatening issues, allowing management time to address problems;
- Control over disclosure in bid and all subsequent deal processes;
- Validate perceived value drivers and likely negotiating issues.

Vendor Assistance includes services like pre-divestment review and data room/Q&A preparation, which supports the seller and their lead advisor. Vendor Due Diligence results in an independent, robust, objective Vendor Due Diligence report for use by potential buyers/ investors.

We are also closely aligned with our M&A Transaction Services global practice, a network of nearly 3,000 dedicated M&A specialists available to support you in any industry anywhere in the world.

Our experienced team reviews businesses of all sizes across different market sectors.



Restructuring services

We specialize in providing solutions to companies experiencing financial distress or wanting to simplify complicated group structures creating financial risk for shareholders.

Corporate/Debt restructuring

One of our focus areas is offering debt restructuring solutions to companies or lenders who wish to exit or rationalize a relationship.

Our services include:

- conducting independent financial reviews;
- providing recommendations to creditors;
- supporting negotiations between debtors and creditors;
- assisting in the disposal of non-core assets or investments;
- assisting in the development of business plans;
- sourcing fresh capital to take a company forward.

We also assist in examining company|group structure with a view to increasing efficiency, reducing operational costs and minimizing risks to the company|group; identifying the risk areas for the group and providing recommendations to management of the right corporate structure.

Debtor advisory services

We assist under-performing companies by developing a tailored “turnaround” plan based on our proven methodologies, conducting cost structure analyse, implementing cash management procedures and assisting management by liaising with creditors, lenders’ committees and regulators, if necessary.

Lender solutions

Operating in an industry where we see how things go wrong puts us in a position to be able to offer our services to objectively examine and review businesses on behalf of bankers and credit providers.

Financial reviews

We are able to offer reviews of all or parts of a business in order to provide recommendations to clients. The range of services we offer includes asset and liability reviews, profit and cash flow forecasts, examining security positions and undertaking liquidation analyse. Our reviews can include analyses to assist stakeholders in evaluating their current situation and considering any options available.

Financial monitoring

We are able to offer our services to credit providers to ensure they remain informed with relevant, timely and reliable information, so that corrective action can be taken should the company head off track.

We are able to achieve this through working with companies to establish the procedures needed to enable key operating and financial information to be prepared, evaluated and reported on a regular basis.

Pre-lending reviews

Prior to lending money or granting additional facilities to a customer, a lender may approach us to conduct a short investigation into the viability and credit worthiness of a business. This can offer our clients peace of mind and assurance regarding the investment they are making.

Post-lending reviews

Similar to a pre-lending review, a post-lending review offers objective advice gained from an independent investigation of the customer's debts to decide whether or not to proceed with future lending or renew existing facilities.



Business disposals

We offer timely advice that helps the client consider all the possible options:

Positioning the company for sale

We assist by determining the likely market for the business and assessing potential issues with a sale. We also analyze financial risks and benefits and offer valuation guidelines.

Documentation

We prepare a preliminary information summary on a “no name” basis for distribution to the target market. The signing of strict confidentiality letters leads to the release of a comprehensive information memorandum. Later, we work with legal advisers to prepare letters of Intent, memorandums of understanding and sale and purchase agreements.

Potential purchasers

From extensive research and review of the Deloitte network, we compile a list of potential purchasers for your business, which we break down to a core group, providing you with an analysis of each party. We then send the target buyers the relevant documentation.

Sales process

We handle client meetings, price negotiations, legal documentation and project management through to completion. Should you continue to be involved in the business, we will also ensure your remuneration and rewards are maximized.

Going forward

Understanding that the work does not end with the conclusion of a transaction, we can also assist with post-acquisition planning and integration.



Mergers & acquisitions

We provide independent advice and support to help secure the right deal, at the right time, for the right price. We bring “Global best practice” experience through our team of partners and senior managers, some of whom have come from around the world. We bring a unique and relevant Kazakhstan experience to our clients, and deliver relevant and cost effective solutions to meet your requirements.

Acquisition searches

We assist by identifying companies that meet your acquisition criteria, researching them further to shortlist the best prospects, arranging introductions and formulating negotiation strategies.

Deal initiation programmes

Our own research programmes work to identify interesting opportunities, particularly non-core businesses within both large and small companies, and underperforming public companies.

Matching

We match known buyers of companies with known sellers, using a variety of databases. We also maintain an excellent network of merger and acquisition intermediaries.

Transaction execution

Our support includes formulating approach strategies and preliminary views on valuation and restructuring opportunities, leading negotiations throughout the transaction process, advising on tactics and setting the framework for due diligence.

M&A transaction services

Our fully dedicated M&A Transaction Services team provides private equity investors and corporate buyers with a broad spectrum of accounting, tax and other services to support all types of mergers, acquisitions, leveraged buyouts, joint ventures, investment and financing structures, divestitures, spin-offs and post-transaction activities.

No matter the size or complexity of your deal, our M&A Transaction Services practice can help you with due diligence, structuring and post-closing activities — in the Caspian region and around the world. Our focused and time-sensitive approach to due diligence, structuring and post-transaction activities can provide you with a competitive

edge in the Caspian region's challenging and ever-changing business environment.

Our dedicated M&A practitioners also have a deep understanding of the Caspian region's unique business issues, such as:

- Disparity in accounting principles and the quality of financial information;
- Lax internal control, transparency and corporate governance standards;
- Uncertain ownership and land-use rights;
- Difficult regulatory approval processes;
- Proliferation of related party transactions;
- Infringement of intellectual property rights;

- Special arrangements with local tax authorities;
- Aggressive tax schemes;
- Complex and evolving tax rules and regulations.

Hence, we work closely with our industry and other specialist groups to bring the right resources to every transaction. As an integrated team, we provide private equity investor and corporate buyer clients with a competitive advantage in making successful deal decisions — including the implementation of efficient investment structures and successful post-merger integration plans.



Tax structuring

Our tax structuring professionals can assist private equity investor and corporate buyer clients with:

- Tax planning in the early stages of a transaction process;
- Advising on tax-free versus taxable acquisition strategies;
- Devising alternate deal structures to maximize long-term returns;
- Assessing post-transaction tax implications (e.g. potential changes in tax incentives, net operating losses utilization and others);
- Advising on post-acquisition tax restructuring.



Merger integration advisory services

Integrating your acquisition is, arguably, the hardest part of creating value through M&A. Time and again studies show that M&A meets its objectives in only about a third of instances, and that value destruction, sometimes terminal, happens in up to half of M&A cases.

Plan to create value

Articulating a compelling rationale for an acquisition; showing clearly what success will look like across the business on day one, the first hundred days, the first six months and the first year; and ensuring that there is strong leadership in the business and for the integration to deliver this success, are critical to setting a firm foundation for your integration. This will enable the business to prioritize effectively and to make the tough integration choices required in good time.

Delivering value means prioritizing high-benefit synergies, continuing to deliver to your current customers, and avoiding ambiguity and confusion.

Take control of your new business

Integrating a business to deliver value will require change at every level across some or all divisions and functions. It will involve coordinated change in different parts of the business, without the benefit of time to make perfectly informed decisions. Many people involved will have to keep doing their day job in addition to working on the integration.

This degree, speed and breadth of change is difficult to manage in its own right. It is vital that the current business continues to deliver to plan, and that there be effective management tools in place from day one to enable early warning of any downside issues. This may be complicated by lingering dependencies on the vendor's business.

In addition, you may have requirements for reporting from your acquisition that have not been needed or fulfilled historically. Preparation for these matters can often start sometime before the deal formally closes.

Organize your people for success

Your people are the key to your integration success. The best plans in the world for processes, systems, assets and knowledge may be worthless if your staff are not engaged.

Clear and timely delegation and explanation of roles and responsibilities for both integration and ongoing business management in the context of effective organization structures is a vital component of managing this challenge.

It needs to be backed by proactive business and integration management, effective communication, fast decision-making and consistent, aligned leadership.

Access your integration

At Deloitte, we have supported hundreds of integrations, and have compiled a detailed database of the development of integrations at specific times relative to the deal close (day one). We can benchmark an integration and deliver specific feedback on areas of good progress and recommendations on areas where improvement is required immediately, as well as longer range recommendations on what challenges will need to be addressed next.

We can help you increase the speed and quantum of value delivery from your integration.



Capital raising

In today's environment of volatile global capital markets and tightening credit policies, traditional funding options through the public offering process and bank credit are becoming limited. However, companies cannot afford to wait for the markets to settle down before meeting the demand for their products and services, pursuing research and development, pursuing acquisition opportunities or reducing debt. Therefore quickly identifying and implementing the right capital solutions for your business remains imperative.

Private equity

Additional capital may be required for a variety of reasons: to finance expansion, to fund an acquisition or merely to reduce debt. Equity from a private equity fund, development capital institution or individual investor may achieve these aims without a listing.

There are many ways of financing a business and many sources of capital. By providing independent expert advice and suggesting ways of structuring the finance to meet the expectations of financiers, shareholders and managers, we can help at each stage of the capital raising process by:

- Assessing the feasibility of the proposals;
- Valuing the business;
- Selecting sources of finance and negotiating terms;
- Identifying and introducing strategic partners;
- Advising on opportunities to reduce the personal and corporate taxation burden;
- Coordinating the work of the transaction team and ensuring timely completion.

Project financing

To help raise financing for a specific project where repayment is dependent on the cash flow generated by the project, we provide expert advice on efficient allocation of risk between governments, project sponsors and financial institutions within a global market, whilst being adaptable to local circumstances. We assist projects in analysing risks from the pre-completion stage, such as technological feasibility, physical and political environment, project cost overrun, the credit standing of main contractors, construction completion delay and financing feasibility, to the post-completion phase, on commercial viability, fuel supply, operator capability and economic and financial return.

We can assist in areas encompassing:

- Assessing project feasibility;
- Building a robust and comprehensive financial model;
- Defining optimal project structure;
- Ascertaining financial strategy, options and feasibility;
- Supporting project agreement negotiations;
- Liaising with working parties to facilitate a satisfactory and timely execution of relevant agreements and project documents.

We have developed innovative structures for raising equity and quasi-equity capital for public and private companies.

Fund placement advisory

Our team offers expert fund placement advice to private equity funds including buy-outs, venture and expansion capital, mezzanine and special situation funds.

Pre-pitch due diligence

- Understand fund objectives and determine the target investor market that meets the criteria;
- Establish key selling points and identify the relevant issues to assist the fund in differentiating itself from its main competitors.

Post-mandate due diligence and documentation

- Assist in the preparation of a private placement memorandum and perfecting a sales presentation;
- Perform detailed research and documentation for the due diligence pack, including a track record analysis, portfolio company and management referencing, and competitor market profiling;
- Advise on fund terms and structure.

Fundraising road show and overall management

- Organize and manage a fundraising road show;
- Ensure proactive investor follow-up;
- Expedite investor due diligence, including organizing site visits and question and answer sessions;
- Provide continual feedback on fundraising progress;
- Manage the overall project to address issues and maximize the hit rate.



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