

Q2 Report



Highlights

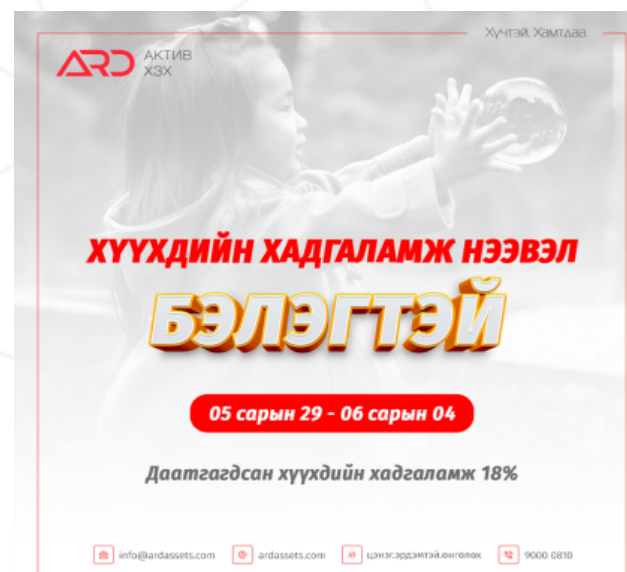
- Economy grew at a healthy 2 percent on the back of strong demand from China for commodities. The trend is expected to accelerate.
- Mongolia had its **Presidential elections** in June and for the first time in our history we had to resolve it in a run-off election. DP nominee Battulga, who run on a nationalistic campaign, was sworn in as the country's 5th president and he faces off a parliament and a government controlled by MPP.
- After our Board meetings Ard Financial Group sponsored our inaugural **Investor Nation Forum** in April. It was well attended and public reviews were positive.
- Shareholders' meetings of all Ard companies was held.
- **Shangri-La flagship branch** of the Group opened in May. We will focus our sales force in this branch and make a concentrated effort to drum up sales across the Group companies from here.
- Ard Credit bond was issued and placed.



Shangri-La Flagship store



- On 13th of May, 2017 we have soft-opened our very own first Ard branch at Shangri-La Mall.
- Moreover, in order to support the sales of Ard Shangri-La store, we planned and executed “Хувьцаатай кофе” (Coffee with stocks) which is a crash course in Financial Markets aimed at professionals who are willing to use their lunch time more efficiently.
- Our new branch works 7 days a week from 10 am until 8pm.
- Since the inception, Ard Shangri-La branch had made sales of approximately MNT 900 million.
- At Ard Shangri-La store, Ard Assets organized marketing promotion that targeted at Childrens’ future, more specifically if parents opened savings account for their children, every children got special gifts.



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Ard Holdings Financials



Balance sheet - stand-alone

in MNT millions	A 2016 Q4	B 2017 Q1	C 2017 Q2	Change A-C	B-C
Assets	39,392	41,717	41,195	5%	-1%
Cash & equivalents	166	411	44	-74%	-89%
Receivables & inventory	3,760	458	662	-82%	44%
Loan portfolio	6,031	9,347	7,294	21%	-22%
Prepayments	179	622	689	284%	11%
Fixed assets	677	674	1,010	49%	50%
Assets to be sold	3,000	3,000	3,000	0%	0%
Intangible assets	18	19	14	-20%	-26%
Long term investments	25,562	27,187	28,484	11%	5%
Liabilities	1,644	3,272	2,861	74%	-13%
Payables	668	500	264	-60%	-47%
Interest bearing debts	841	2,263	2,023	141%	-11%
Tax payables	134	31	67	-50%	119%
Deferred tax payables	-	478	506		6%
Equity	37,749	38,445	38,334	2%	0%
Common shares	1,719	1,719	1,719	0%	0%
Paid-in-capital	9,929	9,929	9,929	0%	0%
Revaluation	9,236	10,065	10,318	10%	2%
Other capital accounts	14	14	14	0%	0%
Retained earnings	16,850	16,718	16,354	-3%	-2%
Retained earnings	16,104	16,850	16,850	4%	0%
Net operating income	746	(133)	(496)	250%	73%

Income statement P&L - stand-alone

in MNT million	A	B	C	D		Change	
	2016 Q4	2017 Q1	2017 Q2	Budget	A-C	B-C	D-C
Net investment income	964		-	-	-100%		
Income from investments	10,977		-	-	-100%		
Investment cost	10,013		-	-	-100%		
Operating income	1,471.7	392.8	896.6	848.6	-39%	128%	6%
Interest	476.5	169.1	293.9	316.6	-38%	74%	-7%
Dividends	-	161.4	356.9	395.9		121%	-10%
Rent	177.2	41.2	108.0	73.1	-39%	162%	48%
Management	122.5	21.0	46.0	48.0	-62%	119%	-4%
Trading	695.4	-	91.7	15.0			512%
Operating expenses	1,822.7	437.2	1,269.9	1,784.3	-30%	190%	-29%
HR	521.4	156.6	576.8	1,066.7	11%	268%	-46%
Operational	1,183.6	226.3	537.1	564.1	-55%	137%	-5%
Financial	117.6	54.3	156.0	153.5	33%	187%	2%
Other income	232.9	(55.1)	(58.2)	-	-125%	6%	
Other income	(249.1)	-	100.1	-	-140%		
Net forex revaluation	482.1	(55.1)	(158.3)	-	-133%	187%	
Income before tax	846.0	(99.6)	(431.4)	(935.7)	-151%	333%	-54%
Corporate income tax	100.0	33.1	64.8	71.3	-35%	96%	-9%
Net operating income	746.0	(132.6)	(496.3)	(1,007.0)	-167%	274%	-51%
Total comprehensive income	3,453.8	1,124.4	888.3		-74%	-21%	

Shareholders' structure



Shareholders' structure

		2017 Q1	%	2017 Q2	%	2017 -7	%
1	Bathishig Hishigdorj	1,689,415	11.34%	1,689,415	11.09%	1,689,415	11.09%
2	Luna & Luna LLC	1,450,801	9.74%	1,450,801	9.52%	1,333,154	8.75%
3	VenturesOne BV	1,304,043	8.75%	1,316,103	8.64%	1,316,103	8.64%
4	Bruno Raschle	1,302,016	8.74%	1,317,337	8.65%	1,317,337	8.65%
5	Ganhuyag Chuluun	1,132,000	7.60%	1,145,400	7.52%	1,145,400	7.52%
6	Investor Nation JSC	1,056,359	7.09%	1,053,889	6.92%	1,053,889	6.92%
7	Ard Securities LLC	1,096,132	7.36%	931,975	6.12%	917,048	6.02%
8	MAK LLC	873,000	5.86%	873,000	5.73%	873,000	5.73%
9	Uyanga Galnyam	198,875	1.33%	615,978	4.04%	597,047	3.92%
10	Ard Life LLC	507,475	3.41%	507,475	3.33%	507,475	3.33%
11	Gereltuya Sedbazar	452,000	3.03%	452,000	2.97%	452,000	2.97%
12	Soronzonbold Lhagvasuren	306,710	2.06%	322,656	2.12%	272,656	1.79%
13	Ronoc Limited	305,697	2.05%	305,697	2.01%	305,697	2.01%
14	Zoljargal Myagmarsuren	248,945	1.67%	248,945	1.63%	248,945	1.63%
15	Delgerjargal Bayanjargal	170,000	1.14%	170,000	1.12%	170,000	1.12%
16	Batbold Ariyasuren	78,261	0.53%	168,500	1.11%	168,500	1.11%
17	Ard Insurance					167,647	1.10%
18	Chuluuntsetseg Dagvabaljir	157,903	1.06%	157,903	1.04%	157,903	1.04%
	Total of 18 shareholders	12,329,632	82.75%	12,727,074	83.54%	12,693,216	83.32%
	Other 1005 shareholders	2,569,536	17.25%	2,507,582	16.46%	2,595,956	17.04%
	Total voting shares	14,899,168	100.00%	15,234,656	100.00%	15,289,172	100.36%
	Shares outstanding	17,194,364		17,194,364		17,194,364	
	Treasury stock	1,602,164		1,602,164		1,602,164	
	Total non-voting shares	2,295,196		1,959,708		1,905,192	
	Ard Life LLC	1,177,863		1,310,410		1,258,194	
	Altan Horomsog LLC	917,333		500,000		497,700	
	Ard Management LLC	200,000		149,298		149,298	

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Valuation



Valuation

Long-term investments	2016 Q4	2017 Q1	2017 Q2
Mongol Post	10,344	11,414	11,810
AH	9,324	10,582	11,268
Shares owned by the subsidiaries	1,020	832	542
Ard Insurance	451	498	452
Ard Securities	154	170	-
Investor Nation	58	64	78
Ard Life	2	2	13
Altan Horomsog	355	98	-
Ard Insurance	7,689	7,689	7,689
Ard Credit	3,818	3,818	4,023
Ard Securities	2,126	2,126	2,126
Nomyn Hishig	1,780	1,780	1,780
Others	846	859	1,598
Total	25,785	26,953	28,497

Short term investments	2016 Q4	2017 Q1	2017 Q2
Loan	5,187	5,407	4,857
Bonds	144	449	69
Assets to be sold	3,000	3,000	3,000
Total	8,331	8,855	7,926

Other investments	2016 Q4	2017 Q1	2017 Q2
Fixed & intangible assets, inventories	726	724	1,048
Cash	166	411	44
Net receivables	-1,164	-2,200	-1,028
Real estate gains	716		
Total	445	-1,066	63
Total valuation	34,561	34,743	36,486
Number of voting shares	14,151,557	14,089,837	15,234,656
Number of shares in circulation	17,194,364	17,194,364	17,194,364
Per voting share value	2,329	2,453	2,395
Per share value (outstanding)	1,781	2,019	2,122

Others	Amount
AA	12,500,000
AH	40,000,000
IN	104,000,000
TS	273,507,789
AL	1,010,000,000
JU	58,000,164
AM	100,000,000
Total	1,598,007,953