PRIVATE OFFERING MEMORANDUM Offeree Name: ______________________
STRICTLY CONFIDENTIAL Document No.: ________________

FREEDOM
Holding Corp.

A Nevada Corporation

$50,600,000

$5.50 USD Per Share

We are offering (the "Offering") up to 9,200,000 shares of our $.001 share par value, common stock (the "Common Stock"). The Common Stock will be delivered to investors in certificated form by our transfer agent, Pacific Stock Transfer Company. See "Description of the Common Stock" and "Terms of the Offering."

	Number of shares of Common Stock offered(1)	Offering Price	Selling Commissions(2)	Proceeds to FRHC(3)
Per Share		$5.50	$0.08	$5.42
Total Maximum	9,200,000	$5.50	$759,000	$49,841,000

(1) There is no minimum number of shares of Common Stock that must be sold in the Offering and proceeds of the sales of Common Stock will not be escrowed. All proceeds from sales of Common Stock will be delivered to FRHC directly.

(2) The Common Stock will be offered on a "best efforts" basis by LLC Investment Company Freedom Finance, a Russian limited liability company, and FFIN Brokerage Services Inc., a Belize corporation as placement agents for the issuer for a one and one half percent (1.5%) commission. LLC Investment Company Freedom Finance and FFIN Brokerage Services Inc. are licensed securities brokerage firms in their respective countries of organization. LLC Investment Company Freedom Finance is a wholly-owned subsidiary of Freedom Holding Corp. and FFIN Brokerage Services Inc. may be deemed an affiliate of Freedom Holding Corp, through common control.

(3) Before deducting Offering expenses payable by FRHC, estimated to be approximately $175,000.

The shares of Common Stock offered herein have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any state or foreign securities commission or regulator, nor has the SEC or any state or foreign securities commission or regulator passed upon or endorsed the merits of this Offering of Common Stock or the accuracy or adequacy of this Private Offering Memorandum. Any representation to the contrary is unlawful and may be a criminal offense.

The Common Stock is being offered and sold outside the United States only to persons who are "non- U.S. Persons," as that term is defined in Rule 902 of Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). Such investors eligible to participate in the offer are referred to herein as "eligible investors." The Common Stock has not been and will not be registered under the Securities Act. Hedging transactions involving the Common Stock may not be conducted unless in compliance with the Securities Act. The Common Stock is subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom.

You should consider the risk factors beginning on page 7 of this Private Offering Memorandum before making an investment in the Common Stock. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions."

We are offering the Common Stock through January 31, 2018, which period may be extended by us in our sole discretion, to a date not later than March 2, 2018.

The date of this Private Offering Memorandum is December 8, 2017.

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NOTICE TO INVESTORS

As used in this Offering Memorandum, “we,” “us,” “our,” or “FRHC” refers to Freedom Holding Corp., a Nevada corporation, including its subsidiaries unless the context otherwise requires or unless otherwise specified.

We have not authorized any other person to provide you with information other than the information contained in this Private Offering Memorandum (“Offering Memorandum”). If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum and any information incorporated by reference herein is accurate as of the date on the front cover of this Offering Memorandum only or as of the date of the documents incorporated by reference herein. Our business, financial condition, results of operations and prospects may have changed since those dates.

To the best of our knowledge and belief (we have taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum and the documents incorporated by reference herein is in accordance with the facts and does not omit anything likely to affect the import of such information. Nothing in this Offering Memorandum constitutes, or may be taken to constitute, any advice or recommendation by us or on our behalf on the merits of this Offering or an investment in the Common Stock.

This Offering Memorandum is written in the English language and will be translated to the Russian language. In the event of a conflict between the two versions of this Offering Memorandum, the English language version will be the controlling version for all purposes.

This Offering Memorandum is confidential. This Offering Memorandum has been prepared by us solely for use in connection with this Offering described in this Offering Memorandum and is only available to investors who have certified that they are eligible investors for the purposes of the offer. Eligible investors are authorized to use this Offering Memorandum solely for the purpose of considering an investment in the Common Stock. This Offering Memorandum is personal to each eligible investor and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Common Stock. Distribution of this Offering Memorandum to any person other than the eligible investor and any person retained to advise such eligible investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each eligible investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum.

This Offering Memorandum does not constitute an offer to any person in any jurisdiction where it is unlawful to make such an offer. We have not registered the Common Stock under the Securities Act. The Common Stock is subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state and other securities laws pursuant to registration or exemption therefrom. Investors participating in the Offering should be aware that they may be required to bear the financial risks of an investment in the Common Stock for an indefinite period of time. Please refer to the section in this Offering Memorandum entitled “Transfer Restrictions.” This Offering is being made on the basis of this Offering Memorandum and is subject to the terms and conditions described in this Offering Memorandum. Any decision to participate in this Offering must be based on the information contained and incorporated by reference in this document.

In making an investment decision, eligible investors must rely on their own examination of us and the terms of this Offering and the Common Stock, including the merits and risks involved. Eligible investors should not construe anything in this Offering Memorandum as legal, investment, business or tax advice. Each eligible investor should consult its advisors as needed to make its investment decision and to determine whether it is legally permitted to participate in this Offering under applicable legal investment or similar laws or regulations. The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and this Offering of Common Stock. Persons into whose possession this Offering Memorandum comes must inform themselves about, and observe any such restrictions. Neither we nor our representatives are making any representation to any eligible investor or purchaser of the Common Stock regarding the legality of any investment in the Common Stock by such eligible investor or purchaser under applicable legal investment or similar laws or regulations.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents themselves for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to in this Offering Memorandum will be made available to prospective participants in this Offering at no cost upon request to us.

Each eligible investor must comply with all applicable laws and regulations in force in any jurisdiction in which it participates in this Offering or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for participation in this Offering under the laws and regulations in force in any jurisdiction to which it is subject, and neither we nor any of our or its respective affiliates or representatives shall have any responsibility therefor.

Notice to Russian Investors

Information contained in this Offering Memorandum does not constitute an advertisement, an offer or an invitation to make offers, sell, purchase, exchange or transfer any securities in the Russian Federation or to or for the benefit of any Russian person (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation, unless and to the extent otherwise permitted under Russian law, and must not be made publicly available in Russia. Information contained in this Offering Memorandum is intended only for persons who are 'qualified investors' within the meaning of Article 51.2 of the Russian Federal Law on Securities Market (the "Russian QIs") and must not be passed on to third parties who are not Russian QIs or otherwise permitted under Russian law to access such information. Any securities referred to in this Offering Memorandum have not been and will not be admitted to public placement and/or public circulation in Russia and are not intended for "offering," "advertising," "placement" or "circulation" (each as defined in Russian securities laws) in the Russian Federation except as permitted by Russian law.

GENERAL INFORMATION

The distribution of this Offering Memorandum and this Offering may, in certain jurisdictions, be restricted by law, and this Offering Memorandum may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized or to any person to whom it is unlawful to make the offer or solicitation. This Offering Memorandum does not constitute an offer of, or an invitation to offer, any Common Stock in any jurisdiction in which the offer or invitation would be unlawful. We require eligible investors into whose possession this Offering Memorandum comes to inform themselves of and observe all such restrictions. We do not accept any legal responsibility for any violation by any person, whether or not a prospective subscriber to or purchaser of Common Stock, of any such restrictions. For a more detailed description of certain transfer restrictions in connection with the Common Stock, see "Transfer Restrictions."

AVAILABLE INFORMATION

We file annual, quarterly and special reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. Our SEC filings are also available to the public at the SEC's web site at http://www.sec.gov.

Alternatively, you may request a copy of our most recent annual and quarterly filings at no cost, by writing to or telephoning us at the following address:

Freedom Holding Corp.
324 South 400 West, Suite 250
Salt Lake City, Utah 84101
Attention: Corporate Secretary
Telephone: +1 801 355-2227
usoffice@freedomholdingcorp.com

We and our representatives have not authorized anyone else to provide you with different information. We are not making an offer of the Common Stock in any state or other jurisdiction where this Offering is not permitted. You should not assume that the information in this Offering Memorandum or any information incorporated by reference herein is accurate as of any date other than the date on the front cover of this Offering Memorandum only or as of the date of the documents incorporated by reference herein.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum, including documents incorporated by reference, may contain certain statements that may be forward-looking in nature within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make or approve certain statements in future filings with the SEC, in press releases, or oral or written presentations by our representatives that are not statements of historical fact and may also constitute forward-looking statements. Words such as "may," "will," "should," "would," "could," "appears," "believe," "intends," "expects," "estimates," "targeted," "plans," "anticipates," "goal" and similar expressions are intended to identify forward-looking statements but should not be considered as the only means through which these statements may be made. These matters or statements will relate to our future financial condition, economic forecast, results of operations, plans, objectives, performance or business developments and will involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Forward-looking statements are based on our current views and assumptions and speak only as of the date they are made.

We have not undertaken any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of this and other uncertainties, the forward-looking statements included in this document should not be regarded as a representation by us that any of our plans and objectives will be achieved.

SUMMARY OF THE OFFERING

This summary highlights key information described in greater detail elsewhere in this Offering Memorandum. You should read carefully the entire Offering Memorandum before making an investment decision in relation to the offer and an investment in the Common Stock.

Our Company:	We are a publicly traded company organized under the laws of the State of Nevada in the United States of America. We are a holding company with several subsidiaries operating in the retail financial services and banking sector in Russia, Kazakhstan and Cyprus and we have a pending acquisition in Ukraine.
Our Market Opportunity:	We believe there is an opportunity to service a growing number of customers who are interested in exercising greater control over their investments and gaining more open access to international financial markets as a means to manage the financial and currency risks within their domestic economies.
Use of Proceeds:	We will use the net proceeds of the Offering for general corporate purposes to increase our banking capitalization, expand our securities brokerage business, conduct securities trading for our own account and expand our services in investment banking and underwriting activities.
Determination of the Offering Price:	The Offering price of $5.50 per share was set by our management based upon several subjective factors, including our current financial position, past earnings, price of our shares traded in the OTC Pink Market and anticipated demand for our common stock in this Offering.
Restrictions of Transfer:	The Common Stock is only being offered, and will only be issued, to eligible investors. The Common Stock is deemed to be "restricted securities" as defined in SEC Rule 144. Offers and resales of the Common Stock must be made in accordance with Regulation S, the registration requirements of the Securities Act or an exemption therefrom. The Common Stock will continue to be deemed to be restricted securities, notwithstanding that they were acquired in a resale transaction made pursuant to Regulation S. For a description of restrictions on the resale or transfer of the Common Stock, see "Transfer Restrictions."
Further Issuances of Capital Stock:	We may, from time to time, without the consent of holders of our common stock, issue additional shares of our capital stock of the same or different class as the Common Stock on terms approved by our Board of Directors. Such issuances might result in the dilution to the net tangible book value of the Common Stock and might create in certain circumstances classes of securities with greater rights and preferences than those given to owners of common stock.
Risk Factors:	Before making an investment decision in relation to this Offering, eligible investors should consider carefully all of the information included in this Offering Memorandum, including, in particular, the information under "Risk Factors" in this Offering Memorandum, including but not limited to:

- Our success is dependent on our current management to effectively execute our business strategy;
- We compete with many financial services companies and banks that have greater experience, financial resources and competitive advantages in the markets;
- Timur Turlov owns the controlling interest in our common stock and therefore will be able to direct our business within his reasonable business judgment without approval of other shareholders;
- We are subject to substantial governmental regulation and oversight. These regulations are evolving and impose substantial compliance obligations on us. Failure to perform these obligations or changes in the regulatory schemes could prevent us from conducting our business.
- We are subject to changes and volatility in the domestic and international financial markets which may adversely affect our business
- We are exposed to a number of market and customer risks that arise from our proprietary trading and customer securities lending practices.

Dividend Policy:	We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our Board of Directors.

RISK FACTORS

Investing in our Common Stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information contained in this Offering Memorandum, including our consolidated financial statements and related notes included elsewhere in this Offering Memorandum, before making an investment decision. The risks described below are not the only ones we face. The occurrence of any of, or a combination of, the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial position, results of operations or cash flows. In any such case, the trading price of our common stock could decline, and you may lose all or part of your investment. This Offering Memorandum also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

RISKS RELATED TO OUR BUSINESS

Our business is affected by general business and economic conditions, which could materially and adversely affect our business, financial position, results of operations or cash flows.

Demand for our products is affected by a number of general business and economic conditions. A decline in the Russian and Kazakhstan financial markets or general economies could materially and adversely affect our business, financial position, results of operations or cash flows. Our profit margins, as well as overall demand for our services, could decline as a result of a large number of factors beyond our control, including economic recessions, changes in customer preferences, investor and consumer confidence, inflation, availability of credit, fluctuation in interest and currency exchange rates and changes in the fiscal or monetary policies of governments in the regions in which we operate.

We cannot predict the duration of current economic conditions, or the timing or strength of any future activities in our markets. Weakness in the markets in which we operate could have a material adverse effect on our business, financial condition, results of operations or cash flows. We may have to close underperforming facilities from time to time as warranted by general economic conditions and/or weakness in the markets in which we operate. This, combined with our financial commitments could negatively impact our business, financial condition, results of operations or cash flows.

We operate in the emerging consumer financial services sector in Russia and Kazakhstan, which is a competitive landscape where increased competition from larger service providers with greater resources or superior service offerings could materially and adversely affect our business, financial position, results of operations or cash flows.

We derive our revenues from brokerage, banking and financial services businesses serving customers in Russia and Kazakhstan. Investing by retail customers, particularly in U.S. securities, is an emerging market in those countries, and we expect to encounter intense price competition in this business as this industry matures with more competitive service providers. We believe we may experience competitive pressures in these and other areas as existing or new competitors seek to obtain market share by competing on the basis of price or service. In addition, our retail brokerage business will likely face pressure from larger competitors, which may be better able to offer a broader range of complementary products and services to retail brokerage clients in order to win their trading business. Our inability to compete effectively with our competitors could materially and adversely affect our business, financial position, results of operations or cash flows.

Failure to meet capital adequacy and liquidity guidelines could affect the financial condition and operations of our subsidiaries.

Our subsidiary companies must meet certain capital and liquidity standards, subject to qualitative judgments by government regulators regarding the adequacy of their capital and internal assessment of their capital needs. These net capital rules may limit the ability of each company to transfer capital to us. New regulatory capital, liquidity, and stress testing requirements may limit or otherwise restrict how each subsidiary utilizes its capital, and may require us to increase its capital and/or liquidity or to limit its growth. Failure by our subsidiaries to meet minimum capital requirements could result in certain mandatory and additional discretionary actions by regulators that, if undertaken, could adversely affect our business, financial position, results of operations or cash flows.

We may suffer significant losses from credit exposures.

Our business is subject to the risk that a customer, counterparty or issuer will fail to perform its contractual obligations, or that the value of collateral held to secure obligations will prove to be inadequate. While we have policies and procedures designed to manage this risk, the policies and procedures may not be fully effective to protect us against the risk of loss. Our exposure results principally from margin lending, clients' options trading, futures activities, securities lending, our role as counterparty in financial contracts, investing activities, and indirectly from our trading for our proprietary accounts.

When customers purchase securities on margin, borrow on lines of credit collateralized by securities, or trade options or futures, we are subject to the risk that customers may default on their obligations when the value of the securities and cash in their accounts falls below the amount of the customers' indebtedness. Abrupt changes in securities valuations and the failure of customers to meet margin calls could result in substantial losses.

We have exposure to credit risk associated with our proprietary investments. Our investments are subject to price fluctuations as a result of changes in the Russia, Kazakhstan and U.S. financial markets' assessment of credit quality. Loss of value of securities can negatively affect earnings if our management determines that such securities are other than temporarily impaired. The evaluation of whether other-than-temporary impairment (OTTI) exists is a matter of judgment, which includes the assessment of several factors. If our management determines that a security is OTTI, the cost basis of the security may be adjusted and a corresponding loss may be recognized in current earnings. Deterioration in the performance of available for sale securities could result in the recognition of future impairment charges. Even if a security is not considered OTTI, if we were forced to sell the security sooner than intended we would have to recognize any unrealized losses at that time.

Our investments can expose us to a significant risk of capital loss.

We use a portion of our capital in a variety of investment activities, each of which involves risks of illiquidity, loss of principal and revaluation of assets. The companies in which we invest may concentrate on markets which are or may be disproportionately impacted by pressures in the sectors on which they focus, and their existing business operations or investment strategy may not perform as projected. As a result, they have suffered losses in the past and may suffer losses from their investment activities in the future.

Our investments are concentrated in relatively few companies and industries and a consequence of this investment strategy is that our investment returns will be materially and adversely affected if the companies or the industries we target perform poorly. As a result, if a significant investment fails to perform as we anticipated our business, financial condition and results of operations could be more negatively affected and the magnitude of the loss could be more significant than if we had made smaller investments in a more diversified portfolio.

Even if we make appropriate investment decisions based on the intrinsic value of an enterprise, we cannot give assurance that the market value of the investment will not decline, perhaps materially, as a result of general market conditions or changes in law. For example, an increase in interest rates, a general decline in the stock markets, or other market conditions adverse to companies or investment funds of the type in which we invest could result in a decline in the value of our investments. Additionally, changes in existing laws, rules or regulations, or judicial or administrative interpretations thereof, or new laws, rules or regulations could have an adverse impact on the business and industries in which we invest.

We are subject to risks associated with our securities lending business.

Our brokerages have active securities borrowed and loaned business in which they borrow securities from one party and lend them to another. As a result, market risk in our securities lending business arises when the market value of securities borrowed declines relative to the cash we post as collateral with the lender; and when the market value of securities we have loaned increases relative to the cash we have received as collateral from the borrower. Market value fluctuations in our securities lending business are measured daily and any exposure versus cash received or posted is settled daily with counterparties. In addition, credit risk from our securities lending operations arises if a lender or borrower defaults on an outstanding securities loan or borrowing transaction and the cash or securities they are holding is insufficient to cover the amount they owe us for that receivable. Finally, there is systemic risk associated with the concentration of clearing and related functions in covered clearing agencies involved in securities lending activities. The market and credit risks associated with our securities lending business have the potential of adversely impacting our business, financial condition and results of operations.

Operating risks associated with our securities lending business may result in counterparty losses, and in certain circumstances, potential financial liabilities.

As part of our securities lending business, we lend securities to banks and broker-dealers. In these securities lending transactions, the borrower is required to provide and maintain collateral at or above regulatory minimums. Securities on loan are marked to market daily to determine if the borrower is required to pledge additional collateral. We must manage this process and mitigate the associated operational risks. Failure to mitigate such operational risks could result in financial losses for counterparties in the securities lending business apart from the risks of collateral investments. Additionally, in certain circumstances, we could potentially be held liable for the failure to manage any such risks.

Larger and more frequent capital commitments in our trading and underwriting business activities increases the potential for us to incur significant losses.

We commit our capital to maintain trading positions in the equity, convertible securities and debt markets. We may enter into large transactions in which we commit our own capital as part of our client trading activities. The number and size of these large transactions may adversely affect our results of operations in a given period. Although we may take measures to manage market risk, such as employing inventory position limits and using quantitative risk measures, we may incur significant losses from our trading activities due to market fluctuations and volatility in our results of operations. To the extent that we own assets, i.e., have long positions, in any of those markets, a downturn in the value of those assets or in those markets could result in losses. Conversely, to the extent we have sold assets we do not own, i.e., have short positions, in any of those markets, an upturn in those markets could expose us to potentially large losses as we attempt to cover our short positions by acquiring assets in a rising market.

We may need to raise additional capital, and we cannot be sure that additional financing will be available.

To satisfy existing obligations and support the development of our business, we depend on our ability to generate cash flow from operations and to borrow funds and issue securities in the capital markets. We may require additional financing for liquidity, capital requirements or growth initiatives. We may not be able to obtain financing on terms and at interest rates that are favorable to us or at all. Any inability by us to obtain financing in the future could materially and adversely affect our business, financial position, results of operations or cash flows.

We are dependent on our executive management team, in particular Timur Turlov. If we are unable to hire, engage and retain key personnel, our business, financial position, results of operations or cash flows could be materially and adversely affected.

We depend on the efforts, skill, reputations and business contacts of the executive management teams of our subsidiaries, in particular Timur Turlov, and we believe our success depends to a significant extent upon the experience of these individuals, whose continued service is not guaranteed. We have no assurance that the services of these executive management teams will continue to be available to the full extent of our needs. If certain members of the executive management teams leave or are otherwise no longer available we may not be able to replace them with suitable management and may be unable to execute our business plan.

We are dependent, in part, on our continued ability to hire, engage and retain key employees at the centers of our international operations. Additionally, we rely upon experienced managerial, marketing and support personnel to effectively manage our business and to successfully promote our range of services. If we do not succeed in engaging and retaining key employees and other personnel, we may be unable to meet our objectives and, as a result, our business, financial position, results of operations or cash flows could be materially and adversely affected.

Interruptions in the proper functioning of our information technology, or "IT" systems, including from cybersecurity threats, could disrupt operations and cause unanticipated increases in costs or decreases in revenues, or both.

Our broker-dealer, financial services and banking businesses are highly dependent on processing, on a daily basis, a large number of communications and increasingly complex transactions across diverse markets, in different languages. The financial, accounting, or other data processing systems we or the firms that clear transactions on behalf of our customers, use may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services or our inability to occupy one or more of our facilities. The inability of these systems to accommodate an increasing volume of transactions could also constrain our ability to expand our business operations. If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in our internal processes, personnel, or systems, we could suffer impairment to our liquidity, financial loss, a disruption of business, liability to clients, regulatory intervention, or reputation damage.

We also face the risk of operational failure at any of the exchanges, depositories, clearing houses, clearing firms or other financial intermediaries we use to facilitate our securities transactions. Any such failure or termination could adversely affect our ability to effect transactions and to manage our exposure to risk.

Our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business and the communities in which we and third parties with whom we conduct business are located, including disruption involving electrical, communications, transportation, or other services, whether due to fire, other natural disaster, power or communications failure, act of terrorism, war, or otherwise. We have employees in a number of cities in Russia, Kazakhstan and Cyprus, all of who need to work and communicate as an integrated team. If a disruption occurs in one location and our employees in that location are unable to communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel. We do not maintain insurance policies to mitigate these risks because it may not be available or may be more expensive than the perceived benefit. Further, any insurance that we may purchase to mitigate certain of these risks may not cover these losses.

Our operations rely on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks. Our computer systems, software, and networks may be vulnerable to unauthorized access, computer viruses or other malicious code, and other events that could have a security impact. The occurrence of one or more of these events could: (a) jeopardize confidential and other information processed by, stored in, and transmitted through our computer systems and networks or the computer systems and networks of our customers or other third parties with which we conduct business; or (b) otherwise cause interruptions or malfunctions in our operations or the operations of our customers or third parties with which we conduct business. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance.

Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity attacks in particular are becoming more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data (either directly or through our vendors) and other electronic security breaches. Despite our security measures, our IT systems and infrastructure or those of our third parties may be vulnerable to such cyber incidents. The result of these incidents could include, but are not limited to, disrupted operations, misstated or misappropriated financial data, theft of our intellectual property or other confidential information (including of our customers, suppliers and employees), liability for stolen assets or information, increased cyber security protection costs and reputational damage adversely affecting customer or investor confidence. In addition, if any information about our customers, including payment information, were the subject of a successful cybersecurity attack against us, we could be subject to litigation or other claims by the affected customers. We have incurred costs and may incur significant additional costs in order to implement the security measures we feel are appropriate to protect our IT systems.

We face risks relating to doing business internationally that could materially and adversely affect our business, financial position, results of operations or cash flows.

Our business operates and serves customers in certain foreign countries, including Russia and Kazakhstan with a pending acquisition in Ukraine. There are certain risks inherent in doing business internationally, including:

- economic volatility and sustained economic downturns;
- difficulties in enforcing contractual and intellectual property rights;
- currency exchange rate fluctuations and currency exchange controls;
- changes in the securities brokerage and banking laws and regulations;
- difficulties in developing, staffing, and simultaneously managing a number of foreign operations as a result of distance;
- potentially adverse tax developments;
- exposure to different legal standards;
- political or social unrest, including terrorism;
- risks related to government regulation and uncertain protection and enforcement of our intellectual property rights; and
- the presence of corruption in certain countries.

One or more of these factors could materially and adversely affect our business, financial position, results of operations or cash flows.

We believe our pending acquisition of Freedom UA, is likely, but we cannot predict when the acquisition will be completed.

The acquisition agreement, under which we have agreed to acquire Freedom UA, specifies that the acquisition is conditioned on the satisfaction of specified regulatory requirements in Ukraine. There is no set time limit to when approval will be given and we cannot guarantee we will receive approval. If we are unable to complete the acquisition, we may be required to revise our business model.

We are dependent upon our relationship with a U.S. securities broker-dealer and clearing firm to receive and transmit funds internationally.

Funds invested by our customers in securities of U.S. companies are transmitted to a U.S. securities broker-dealer and clearing firm and funds from the sale of securities are transmitted from the U.S. securities broker-dealer and clearing firm back to us through international banking electronic transfers, which can experience clerical and administrative mistakes, be subject to technical interruption, be delayed, or otherwise fail to work as planned. We do not have any control over these funds transfers. Failures or substantial delays in funds transfers could impair our customer relationships.

We may be unable to identify, acquire, close or integrate acquisition targets successfully.

Acquisitions are a component of our growth strategy; however, there can be no assurance that we will be able to continue to grow our business through acquisitions as we have done historically or that any businesses acquired will perform in accordance with expectations or that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove to be correct. We will continue to analyze and evaluate the acquisition of strategic businesses or product lines with the potential to strengthen our industry position or enhance our existing service offerings. We cannot assure you that we will identify or successfully complete transactions with suitable acquisition candidates in the future, nor can we assure you that completed acquisitions will be successful. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our existing business, our business, financial condition, results of operations or cash flows could be materially and adversely affected.

In addition, we do not have extensive experience in integrating acquisitions and we could experience difficulties incorporating an acquired company's personnel, operations, technology, and service offerings into our own or in retaining and motivating key personnel from these businesses. We may also incur unanticipated liabilities. Any such difficulties could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our results of operations. Furthermore, we cannot provide any assurance that we will realize the anticipated benefits and/or synergies of any such acquisition or investment.

As a result of our international operations, we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar foreign anti-corruption laws.

The U.S. Foreign Corrupt Practices Act, or the “FCPA,” and similar foreign anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to influence foreign government officials for the purpose of obtaining or retaining business or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti-corruption laws, with more frequent voluntary self-disclosures by companies, aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the United States Securities and Exchange Commission, or the “SEC,” resulting in record fines and penalties, increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals.

We have operations in Russia, Kazakhstan and Cyprus and we anticipate operations in Ukraine in the near future. Enforcement officials interpret the FCPA’s prohibition on improper payments to government officials to apply to officials like those of the Central Bank of the Russian Federation and the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan and the Cyprus Securities and Exchange Commission (“CySEC”), the principal regulatory bodies that would control and monitor our operations in Russia, Kazakhstan and Cyprus. Our internal policies and those of our subsidiaries provide for compliance with all applicable anti-corruption laws. Despite our training and compliance programs, we cannot assure you that our internal control policies and procedures always will protect us from unauthorized reckless or criminal acts committed by our employees, agents or independent contractors. In the event that we believe or have reason to believe that our employees, agents or distributors have or may have violated applicable anti-corruption laws, including the FCPA, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Violations of these laws may result in severe criminal or civil sanctions, which could disrupt our business and result in a material adverse effect on our business, financial condition, results of operations and cash flows.

RISKS RELATED TO OUR COMMON STOCK AND THIS OFFERING

The Common Stock may not be a suitable investment for all Investors.

Each potential investor in the Common Stock must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Common Stock, the merits and risks of investing in the Common Stock and the information contained or incorporated by reference in this Offering Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Common Stock and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Common Stock;
- understand thoroughly the terms of the Common Stock; and
- be able to evaluate (either alone or with the help of a financial and/or legal adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Common Stock in this Offering is subject to significant restrictions on transfer.

The Common Stock being offered has not been registered under the Securities Act and is being offered pursuant to Regulation S which provides for an exemption from the registration provisions of the Securities Act for offers and sales that are made in off shore transactions to Non-U.S. persons outside the United States, and other conditions set forth in Regulation S. The Common Stock issued in this offer may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act or pursuant to an effective registration statement. See "Transfer Restrictions."

Common Stock Dilution

Investors in the Offering will be purchasing our Common Stock at a $5.50 per share. Investors will suffer immediate dilution in the net tangible book value of their Common Stock due to our net tangible book value and the number of shares of common stock outstanding prior to the Offering. See "**Dilution**" on page 36 of this Offering Memorandum.

We are a holding company with no operations of our own, and we depend on our subsidiaries for cash to fund all of our operations and expenses, including making future dividend payments, if any.

Our operations are conducted entirely through our subsidiaries and our ability to generate cash to fund our operations and expenses, to pay dividends or to meet debt service obligations is highly dependent on the earnings and the receipt of funds from our subsidiaries through dividends or intercompany loans. Deterioration in the financial condition, earnings or cash flow of our subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent our subsidiaries are restricted from making such distributions under applicable law or regulation or under the terms of our financing arrangements, or are otherwise unable to provide funds to the extent of our needs, there could be a material adverse effect on our business, financial condition, results of operations or cash flows.

Mr. Turlov has control over key decision making as a result of his ownership of a majority of our voting stock.

Mr. Turlov, our chief executive officer and chairman of our Board of Directors, beneficially owns approximately 81.2% of our outstanding common stock. Mr. Turlov currently has sole voting control of FRHC and can control the outcome of matters submitted to stockholders for approval, including the election of directors, stock splits, recapitalization, and any merger, consolidation, or sale of all or substantially all of our assets. In addition, Mr. Turlov has the ability to control our management and affairs as a result of his position as our chief executive officer and his ability to control the election of our directors. As a board member and officer, Mr. Turlov owes a fiduciary duty to our stockholders and must act in good faith and in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, however, Mr. Turlov is entitled to vote his shares of common stock according to his personal interests, which may not always be in the interest of our stockholders generally.

Our common stock has a limited public market, and the market price of our common stock may be volatile and could decline after this Offering.

Prior to this Offering, there has been a limited public market for our common stock traded on the OTC Pink Market. We have determined the Offering price of the Common Stock based on several factors deemed relevant to us, and, therefore, that price may not be indicative of the current market price of our common stock. We cannot assure you of the level of trading activity for our common stock after this Offering, or that it will be sustained. In the absence of an active public trading market, even after you are eligible to resell the Common Stock free of transfer restrictions; you may not be able to sell the Common Stock in open market transactions. An inactive market may also impair our ability to raise capital to continue to fund operations by selling common stock and may impair our ability to make strategic investments by using our common stock as consideration. In addition, the market price of our common stock may fluctuate significantly. Among the factors that could affect our stock price are:

- industry or general market conditions;
- domestic and international economic factors unrelated to our performance;
- changes in our customers' preferences;
- new regulatory pronouncements and changes in regulatory guidelines;
- lawsuits, enforcement actions and other claims by third parties or governmental authorities;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in securities analysts' estimates of our financial performance or lack of research coverage and reports by industry analysts;
- actions by large position stockholders, including future sales of our common stock;
- announcements by us of significant impairment charges;
- speculation in the press or investment community;
- investor perception of us and our industry;
- changes in market valuations or earnings of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions or

strategic partnerships;
- war, terrorist acts and epidemic disease;
- any future sales of our common stock or other securities;
- additions or departures of key personnel; and
- misconduct or other improper actions of our employees.

We cannot assure you that you will be able to resell your Common Stock at or above the Offering price. Stock markets can experience extreme volatility unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which could materially and adversely affect our business, financial position, results of operations or cash flows.

Future offerings of debt or equity securities which would rank senior to our common stock may adversely affect the market price of our common stock.

Our Articles of Incorporation authorize our Board of Directors to fix the relative rights and preferences of our 20,000,000 shares of authorized preferred stock, without approval from our stockholders. This could affect the rights of our common stockholders regarding, among other things, voting, distributions, dividends and liquidation. We could also use the preferred stock to deter or delay a change in control of FRHC that may be opposed by our management, even if the transaction might be favorable to our common stockholders.

If, in the future, we decide to issue debt or equity securities that rank senior to our common stock, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in FRHC.

Fulfilling our obligations incident to being a public company, including with respect to the requirements of and related rules under the Sarbanes-Oxley Act of 2002, or the "Sarbanes-Oxley Act," and the Dodd-Frank Act, are expensive and time-consuming, and any delays or difficulties in satisfying these obligations could have a material adverse effect on our future results of operations and our stock price.

We are subject to the reporting, accounting and corporate governance requirements, under the Sarbanes-Oxley Act and the Dodd-Frank Act. We intend to list our common stock on a U.S. exchange or market. These Acts and the listing standards of exchanges and markets will impose certain compliance requirements, costs and obligations upon us. The changes necessitated by publicly listing our equity will require a significant commitment of additional resources and management oversight which will increase our operating costs. Further, to comply with the requirements of being a public company, we may need to undertake various actions, such as implementing additional internal controls and procedures and hiring additional accounting or internal audit staff. In addition, we may identify control deficiencies which could result in a material weakness or significant deficiency.

The expenses associated with being a public company include increases in auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. As a public company, we may be required, among other things, to define and expand the roles and the duties of our Board of Directors and its committees and institute more comprehensive compliance and investor relations functions. Failure to comply with Sarbanes-Oxley Act or Dodd-Frank Act could potentially subject us to sanctions or investigations by the SEC or other regulatory, exchange or market authorities.

We do not intend to pay dividends on our common stock for the foreseeable future and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not intend to declare and pay dividends on our common stock for the foreseeable future. We currently intend to use our future earnings, if any, to repay debt, to fund our growth, to develop our business, for working capital needs and for general corporate purposes. Therefore, you are not likely to receive any dividends on your Common Stock for the foreseeable future, and the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which you purchase your Common Stock. Payments of dividends, if any, will be at the sole discretion of our Board of Directors after taking into account various factors, including general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our Board of Directors may deem relevant. In addition, our operations are conducted almost entirely through our subsidiaries. As such, to the extent that we determine in the future to pay dividends on our common stock, none of our subsidiaries will be obligated to make funds available to us for the payment of dividends. Further, Nevada law imposes additional requirements that may restrict our ability to pay dividends to holders of our common stock.

If we were to list on the NYSE or NASDAQ we would be deemed to be a "controlled company" within the meaning of their rules and, as a result, we would qualify for exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After the completion of this Offering, Timur Turlov will control a majority of the voting power of our outstanding common stock. Accordingly, we expect to qualify as a "controlled company" within the meaning of exchange or markets corporate governance standards. Under such rules, a company of which more than 50% of the voting power is held by an individual is a "controlled company" and may elect not to comply with certain corporate governance standards, including:

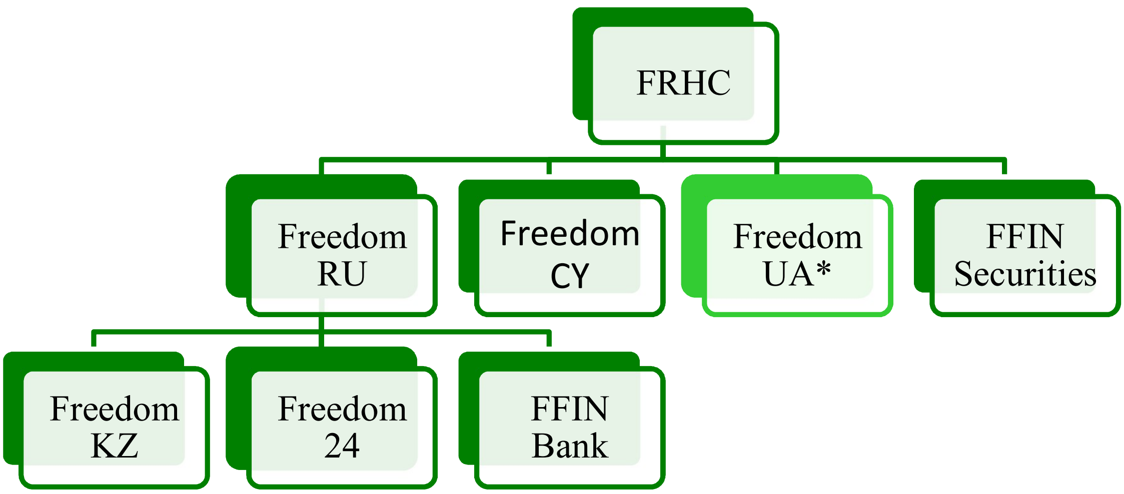
- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

If we make and are subsequently granted an exchange or market listing, we intend to utilize these exemptions. As a result, we may not have a majority of independent directors, our nominating and corporate governance committee and compensation committee may not consist entirely of independent directors and such committees may not be subject to annual performance evaluations. Consequently, you will not have the same protections afforded to stockholders of companies that are subject to all of corporate governance rules and requirements. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price.

OUR BUSINESS

In 2015, we entered into a Share Exchange and Acquisition Agreement with Timur Turlov (the "Acquisition Agreement") to acquire several businesses in exchange for controlling interest in FRHC. As the acquisitions are completed these businesses have become our operating subsidiaries. We are building an international brokerage, banking, and financial services firm to meet the demand of a growing number of investors in Russia and Kazakhstan that desire financial services integration and greater access to the financial opportunities, relative stability, and integrity of the U.S. securities markets. We currently employ approximately 385 people.

Pursuant to the Acquisition Agreement, we acquired FFIN Securities, Inc., a Nevada corporation, ("FFIN") from Timur Turlov and controlling interest in FRHC was transferred to him. FFIN was established to create or acquire a registered broker-dealer in the United States. We are not registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). At the same time, we began upgrading the financial reporting capabilities of our foreign acquisition candidates to meet the regulatory standards imposed upon us as an SEC registrant and pursuing the governmental approvals to permit our ownership of the acquisition candidates. Our organizational chart and ownership relations with our subsidiaries are shown in the following diagram.



* Under contract awaiting final regulatory approvals.

Currently we hold LLC Investment Company Freedom Finance, a Russian limited liability company ("Freedom RU") as a wholly owned subsidiary, which in turn has a number of wholly owned operating subsidiaries, including JSC Freedom Finance, a Kazakhstan joint stock company ("Freedom KZ"), LLC First Stock Store, a Russian limited liability company ("Freedom 24") and LLC FFIN Bank, a Russian limited liability company ("FFIN Bank"). Freedom RU also maintains a representative office in

Kazakhstan. We also own FFIN Securities and FFINEU Investments Limited, a Cyprus limited company, ("Freedom CY") and will own Freedom UA as wholly owned subsidiaries.

In 2017, we decided to delay application for broker-dealer registration in the United States until such time as we complete integration of our foreign operating subsidiaries. On November 1, 2017, we entered an acquisition agreement to acquire LLC Freedom Finance Ukraine, a Ukrainian limited liability company, ("Freedom UA"), and are awaiting regulatory approval from the National Securities and Stock Market Commission of Ukraine ("NSSMC") of that acquisition. We assumed management of Freedom UA as of the date of the acquisition agreement.

We are pursuing a strategy to become a regional leader in the financial services industry, serving wealthy individuals desiring enhanced market access to international capital markets using state of the art technology platforms for their brokerage and banking needs. Under the existing regulatory regimes in Russia and Kazakhstan, Freedom RU and Freedom KZ are limited in their ability to grant their customers direct access to the U.S. securities markets. Currently, many of the customers of Freedom RU and Freedom KZ access the U.S. securities markets through Freedom CY.

Our customers are attracted to our strategy and the prospect of market access without trading through omnibus clearing accounts that are disfavored by regulators and U.S. financial institutions and diversifying portfolios to address risk management associated with political, regulatory, currency, banking, and national economic risks and uncertainties.

Our business strategy includes proprietary trading activities for our own accounts in targeted market segments and a limited number of issuers in those markets.

OUR COMPANIES

Freedom RU

Freedom RU provides financial services in the capital markets in Russia, including maintaining customer accounts, managing investment portfolios, providing financial consulting and engaging in market making activities under its open-ended licenses for brokerage, dealer, depository operations and asset management activities. The Central Bank of the Russian Federation provides governmental regulation of Freedom RU's operations to assure the protection of the interests of our customers. Freedom RU is a professional participant of the Moscow and Saint Petersburg Stock Exchanges. Freedom RU is also a member of the Russian National Association of Securities Market Participants ("NAUFOR"), a statutory self-regulatory organization with wide responsibility in regulation, supervision and enforcement of its broker-dealer, investment banking, commercial banking and other member firms in Russia. Timur Turlov serves as Freedom RU's General Director and Head of the Investment Committee and Maxim Povalishin as its Finance Director. The head office is located in Moscow, Russia with 20 branch offices in various cities across Russia.

Freedom RU also maintains a representative office in Kazakhstan. This office is located in Almaty, Kazakhstan. Sergey Grishin serves as the General Director of the representative office. In addition to acting as the representative office of Freedom RU in Kazakhstan, the representative office offers educational courses, training materials and online resources to individuals interested in learning about stock markets and securities trading.

We currently have approximately 31,000 brokerage customer accounts in Kazakhstan and 7,000 brokerage customer accounts in Russia. FFIN Bank has approximately 1,700 customer accounts, with total deposits of approximately $3.5 million. Our brokerage customers typically execute approximately 25,000 transactions per month, with an aggregate transaction value of approximately $1 billion. Our brokerage customers range from retail traders that frequently execute large transactions to relatively small, inactive accounts that hold securities positions long-term. Our brokerage customers principally invest in exchange-traded securities. The customers of FFIN Bank are generally individuals. Approximately 77% of the FFIN Bank customers are also Freedom RU customers.

For the fiscal year ended March 31, 2017 and 2016, Freedom RU and its subsidiaries together had consolidated profits of approximately $7.3 million and $9.2 million, respectively on revenues of about $19.4 million and $17.4 million, respectively. As of September 30, 2017 and March 31, 2017, our consolidated total assets were approximately $245 million and $120.3 million. During the six-month periods ended September 30, 2017 and 2016, we realized revenue of approximately $48.5 million and $6.3 million respectively and comprehensive income attributable to common shareholders of approximately $31.6 million and $2.6 million respectively. Operating results for the six-month period ended September 30, 2017, are not necessarily indicative of the results that may be expected for the year ending March 31, 2018.

Freedom KZ

Freedom KZ is licensed to provide financial services in the capital markets of Kazakhstan, including the right to maintain customer accounts, manage investment portfolios, provide financial consulting, provide underwriting services and engage in market making activities. Freedom KZ has been a professional participant of the Kazakhstan Stock Exchange since 2006, which enables it to manage investment portfolios for its clients. Freedom KZ is regulated by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan. Timur Turlov serves as the Chairman of the Board of Directors. Roman Minikeev is the Chairman of the Management Board and Evgeny Ler, Zhussupova Kulyash and Kizatov Almas each serve as a Deputy Chairman of the Management Board. The Freedom KZ head office is located in Almaty, Kazakhstan. Freedom KZ has 14 branch offices throughout Kazakhstan and one branch office in Kyrgyzstan.

Freedom 24

Freedom 24 (http://freedom24.ru) built and manages the first online securities marketplace for retail customers in Russia. Freedom 24 attracts new brokerage clients to Freedom RU through a proprietary platform and internet portal for individual investors in Russia to establish a brokerage account and buy securities. We consider Freedom 24 to be one of the most dynamic financial technology projects currently available to Russian investors. Freedom 24 is also based in Moscow, Russia. The Chief Executive Officer of Freedom 24 is Kudinov Mstislav.

FFIN Bank

FFIN Bank is licensed by the Central Bank of the Russian Federation to engage in banking operations in rubles and foreign currencies for individuals and legal entities and is regulated by the Central Bank. In accordance with federal law in Russia, the Deposit Insurance Agency of Russia insures 100% of deposits of individuals up to 1.4 million Russian rubles. FFIN Bank generates revenue by providing banking services, including money transfers, foreign currency exchange operations, interbank lending, deposits, settlements and escrow services. Currently, FFIN Bank's operation is principally focused on servicing our brokerage customers. FFIN Bank is an authorized Visa/MasterCard issuer, and a participant in the Mir payment system in Russia. FFIN Bank has introduced internet banking and mobile applications for Android/iOS for companies and individuals. In addition FFIN Bank has completed development of several investment and structured banking products (insured deposits with option feature and currency risk hedging products). FFIN Bank plans to expand its product offerings and to extend its geographical footprint to complement the Freedom RU branch locations. FFIN Bank's head office and its two branch offices are located in Moscow. We plan to open up to 25 new branch locations in Russia in the next 18 months. Salych Gennady Gennadyevich is the Chief of the Executive Board of FFIN Bank and Derugina Tatyana Vladislavovna is the Chief Accountant and Financial Director.

Freedom CY

Freedom CY is licensed in Cyprus to receive, transmit and execute customer orders, establish custodial accounts, engage in foreign currency exchange services and margin lending, and trade its own investment portfolio. Freedom CY provides transaction handling and intermediary services to Freedom RU and Freedom KZ through which our customers access international securities markets. Evgeniy Tyapkin is the General Manager and Executive Director of Freedom CY. Evgeniy Tyapkin and Irakli Chaduneli also serve as Executive Directors of Freedom CY. Timur Turlov serves as a Non-Executive Director. The Freedom CY office is located in Limassol, Cyprus.

Freedom UA

We are also awaiting final regulatory approval from the NSSMC to complete our acquisition of Freedom UA. Freedom UA is licensed to provide securities brokerage and depository services in Ukraine. Freedom UA does not engage in proprietary trading activity. Freedom UA has a single office located in Kiev, Ukraine. Marina Mashkovskaya is the Chief Executive Officer and Tusup Nukenov is the Executive Director of Freedom UA.

Customer Base and Marketing Plan

Our principal marketing efforts are focused on offering brokerage, banking and financial services to our retail customers. Our brokerage and banking customers are a mix of individual retail customers, including family or small business entities owned and controlled by individuals, family asset planning or holding companies, and private equity funds. Our target customer demographic is individuals residing in Russia and the CIS, particularly in larger cities, age 35 and above with families, average and above average income with higher levels of education, as these customers are sufficiently educated with adequate income to pursue investment opportunities.

We market to our customer demographic through a number of channels, including telemarketing, training seminars and investment conferences, print and online advertising using social media, mobile app and search engine optimization activities.

Product and Service Distribution

Our goal is to be the industry leader meeting best practice standards for internet trading, online mobile solutions for investment and bank account management. We believe customers for our brokerage and banking services desire and will spend for this level of online access and functionality. We are actively working on our own platform for internet trading and other intelligent systems, including chatbots, through which our customers in the Russia and Kazakhstan can trade via their mobile device or computer and manage their bank investment products, purchase bank products and manage their credit cards online. As allowed by applicable securities laws, we believe the Freedom 24 online securities marketplace for retail customers will be attractive to other markets in the CIS, Cyprus and possibly the

European Union as a method of marketing and providing our financial services. We also continue to develop both offline distribution sales and online marketing through our trading platforms.

We believe Freedom KZ's current market share of the Kazakhstan securities brokerage business is approximately 60% to 70%. Our goal is to maintain this market share. Based on the data of the Moscow Stock Exchange, we believe Freedom RU ranks 21st in terms of total client accounts. Our goal is to become a top five broker in Russia. Freedom UA currently has approximately 2,000 brokerage accounts and 8,000 depository accounts. We expect to grow our total client base to 20,000 to 30,000 customers over the next two years. FFIN Bank has approximately 1,700 customer accounts, with total deposits of approximately $3.5 million. Within the next three years we expect customer accounts to grow to 20,000 to 30,000 customers, including 10,000 customers with brokerage accounts and account balances in excess of $15,000 and to have total client assets of $200 million to $300 million. We are also working to increase the bank's capital to 1.07 billion rubles to obtain licensing as a "universal bank" during 2018. As a universal bank, FFIN Bank will be allowed to establish correspondent accounts with international banks and open branch and representative offices outside of Russia.

In addition to our retail brokerage and banking services, we are focused on expanding our financial services in market analytics, investment banking, underwriting and market making to create new opportunities to participate in transaction structuring and securities placements. We believe Freedom KZ has established itself as a leading investment banking firm in Kazakhstan in the small and midsize equity IPO market. While the number of IPO offerings is limited, we are working to expand Freedom RU's presence in the equity IPO and SPO market in Russia. Over the next three years our goal is to capture a 30% to 50% market share of smaller new securities offerings under $100 million. We also hope to capture 30% to 40% of the market share of the under $100 million offering market in Ukraine.

COMPETITION

We face aggressive competition in each of the markets where we offer our services. We compete with international, regional and local brokerage, banking, and financial services firms that offer an array of financial products and services. The brokerage and financial service firms with which we principally compete for customers include: (i) BrokerCreditService and Finam in Russia; (ii) Halyk Finance, BCC Invest, Centras Securities and Kazkommerts Securities in Kazakhstan; and (iii) Dragan Capital and Univer Capital in Ukraine. While there are many large banks in Russia, FFIN Bank has identified its principal banking competitors as BCS, Open Corp and Finam.

Many of the firms with which we compete are larger, provide more diversified services and products, provide access to more international markets, and have greater management, technical, and financial resources. We leverage competitive advantages we have developed, including our extensive experience in providing local investors access to the U.S. securities markets, our ability to deliver high quality analytical information and our focus on providing convenient, high tech user friendly access to our services and the markets. We also believe we provide our customers advantages in their regional markets, particularly in the area of access to participation in IPOs of foreign issuers and well-known global companies. We have also been an active participant in various privatization programs, which has allowed us to develop expertise and prominent reputation in the public placement of securities of local issuers in the regions where we operate.

REGULATION

Our securities and banking business activities are subject to extensive regulation and oversight by the stock exchanges, central/national banks, governmental and self-regulatory authorities in the foreign jurisdictions where we conduct business activities, the Markets in Financial Instruments Directive II and Regulation of the European Union, and certain laws of the United States.

In the foreign jurisdictions where we conduct business we are subject to overlapping schemes of regulation that govern all aspects of our relationship with our customers. These regulations cover a broad range of practices and procedures, including:

- minimum net capital requirements;
- the use and safekeeping of customers' funds and securities;
- recordkeeping and reporting requirements;
- client identification, clearance and monitoring to identify and prevent money laundering and funding of terrorism and facilitate FATCA reporting;
- supervisory and organizational procedures intended to monitor and assure compliance with the relevant laws and regulations and to prevent improper trading practices;
- employee-related matters, including qualification and certification of personnel;
- provision of investment and ancillary services, clearance, and settlement procedures;
- transaction execution, clearance, and settlement procedures;
- maximum loan and bank guarantees concentration issued to shareholders;
- credit risk requirements;
- liquidity risk requirements;
- acquisitions;
- qualification of firm management;
- risk detection, management, and correction; and
- anti-money laundering and financing of terrorism.

The regulatory authorities in each jurisdiction where we operate establish minimum net capital requirements we must meet to maintain our licensure to conduct the brokerage and/or banking services we provide. These minimum net capital requirements currently range from approximately $270,000 to $5,500,000 and fluctuate depending on various factors. In the event we fail to maintain minimum net capital, we may be subject to fines and penalties, suspension of operations, and disqualification of our management from working in the industry.

Compliance with minimum capital requirements could limit our expansion into activities and operations that require significant capital. Minimum capital requirements could also restrict our ability to transfer funds among our subsidiaries.

Violations of securities, banking, anti-money laundering and financing of terrorism laws, rules and regulations can subject us to a broad range of disciplinary actions including imposition of fines and sanctions, other remedial actions, including cease and desist orders, removal from managerial positions, loss of licensing, and civil and criminal proceedings.

Foreign Corrupt Practices Act

In the U.S., the 1970 Foreign Corrupt Practices Act, or FCPA, broadly prohibits foreign bribery and mandates recordkeeping and accounting practices. The anti-bribery provisions make it illegal for us, either directly or through any subsidiary that we may acquire, to bribe any foreign official for the purpose of obtaining business. The term "public official" is defined broadly to include persons affiliated with government-sponsored or owned commercial enterprises as well as appointed or elected public officials. The recordkeeping provisions require that we and our subsidiaries make and maintain books that, in reasonable detail, reflect our transactions and dispositions of assets and devise and maintain a system of internal accounting controls that enables us to provide reasonable assurance that transactions are properly recorded in accordance with management's authorizations, that transactions are recorded as necessary to permit the preparation of financial statements, that access to our funds and other assets is permitted only in accordance with management's authorizations, and that the recorded accounts for assets are compared periodically with the existing assets to assure conformity.

The FCPA requires that we establish and maintain an effective compliance program to ensure compliance with U.S. law. Failure to comply with the FCPA can result in substantial fines and other sanctions.

Foreign Account Tax Compliance Act

The 2010 Foreign Account Tax Compliance Act, or FATCA, was enacted in the United States to target non-compliance by U.S. taxpayers using foreign accounts. FATCA requires foreign financial institutions, such as the Freedom Companies, to report to the United States Internal Revenue Service ("IRS") information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

The United States has entered into intergovernmental agreements with a number of countries establishing mutually agreed-upon rules for the implementation of the data sharing requirements of FATCA. It has not, however, entered into such an agreement with Russia. As a result, Russia adopted legislation to allow financial institutions to share foreign taxpayer data with foreign tax authorities, such as the IRS, without breaching Russian data protection and confidentiality laws. The Russian legislation sets forth extensive rules relating to when and how the financial institution may gather and share foreign taxpayer information. The Russian legislation establishes extensive monitoring procedures requiring, among other things, the notification to various Russian state bodies by the financial institution of registration with a foreign tax authority, receipt of requests for foreign taxpayer data, and the delivery to Russian state bodies of foreign taxpayer data prior to delivery to a foreign tax authority. Under the legislation, Russian regulators retain the right to prohibit disclosure of foreign taxpayer information in certain instances. Failure to comply with the Russian legislation may result in monetary fines for the financial institution and its officers. Because of the lack of an agreement between the U.S. and Russia establishing mutually agreed-upon guidelines for data sharing, inconsistencies in the two legal regimes exist, which can place financial institutions in Russia, such as Freedom RU and FFIN Bank, in the position of having to decide whether to comply with Russian legislation or with FATCA. For example, under Russian legislation, a financial institution may share foreign taxpayer data only with the consent of the foreign taxpayer, and even when consent is given, Russian regulators may, in certain circumstances, prohibit disclosure. There is no exemption for foreign financial institutions from the FATCA disclosure requirements. Similarly, FATCA generally requires the foreign financial institution to withhold 30% of designated payments. However, the Russian legislation does not grant financial institutions the authority to act as a withholding agent for a foreign tax authority. The Russian legislation does allow financial institutions to decline to provide services to foreign taxpayers.

Kazakhstan and the United States have entered an intergovernmental agreement containing provisions regulating the process for Kazakh financial institutions to collect information on U.S. taxpayer accounts and provide that information to the IRS. In general, the requirements of the agreement concern the analysis of new and existing customer accounts to identify U.S. taxpayers. The agreement requires Kazakh financial institutions to register with the IRS and define their status in accordance with FATCA. Financial institutions are obligated to identify their clients and analyze their products to identify the accounts of customers affected by FATCA and collect all necessary information to classify those accounts in compliance with the requirements of FATCA. After classifying the accounts, financial institutions are obligated to regularly present information, including name, taxpayer identification number, and account balance, to the Kazakh tax authorities for transfer to the IRS.

Cyprus and the United States have entered an intergovernmental agreement that requires Cyprus financial institutions to determine accounts maintained by U.S. tax residents, comply with verification and enhanced due diligence procedures, and provide annual reporting on these accounts to the Cyprus tax authorities who subsequently will provide the reports to the IRS. In addition, Cyprus financial institutions are required to make necessary tax withholdings to be paid to the IRS. As a "Reporting Financial Institution" under the intergovernmental agreement, Freedom CY will be required to obtain required client documentation associated with the indicia of his, her, or its U.S. tax residency status as well as all related account information in order to report accordingly.

The failure to comply with FATCA could result in adverse financial and reputational consequences to the Freedom Companies as well as the imposition of sanctions or penalties including responsibility for the taxes on any funds distributed without the proper withholdings set aside.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE PERIODS ENDED SEPTEMBER 30, 2017

The following discussion is intended to assist you in understanding our results of operations and our present financial condition. Our unaudited condensed consolidated financial statements and the accompanying notes included in this Offering Memorandum contain additional information that should be referred to when reviewing this material and this Offering Memorandum should be read in conjunction with our financial statements and the related notes for the fiscal years ended March 31, 2017 and 2016, and contained in this Offering Memorandum and in our other filings with the SEC.

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations all amounts are stated in thousands of U.S. dollars unless otherwise indicated.

Results of Operations

Three months ended September 30, 2017, compared to the three months ended September 30, 2016

Revenue

During the three months ended September 30, 2017 and 2016, we realized total revenue of $34,942 and $5,219, respectively. Revenue during these periods was primarily realized from net gain on trading securities, interest income, fee and commission income and net gain on foreign exchange operations. Revenue during the three months ended September 30, 2017, was significantly higher than during the three months ended September 30, 2016, due to a significant increase in net gain on trading securities.

Net gain on trading securities. Net gain or loss on trading securities reflects the gains and losses from trading activities in our proprietary trading accounts. Net gains or losses are comprised of realized and unrealized gains and losses. Gains or losses are realized when we close a position in a security and realize a gain or a loss on that position. Gains or losses are unrealized, and reflect the increase or decrease in the value of the securities position during the period reported, if the position remains open at the end of the period reported. Unrealized gains may never be realized due to changes in the market or other conditions not in our control.

During the three months ended September 30, 2017, we recognized a net gain on trading securities of $32,134, which included $5,028 of realized net gain and $27,106 of unrealized net gain compared to a net gain of $3,700, which included $1,803 of net realized gain and $1,897 of unrealized net gain on trading securities for three months ended September 30, 2016. The main contributing factor to this change was increases in the share prices of JSC Kcell – Kazakhstan's largest cellular service provider and JSC KEGOC – Kazakhstan's largest electricity grid company held in our proprietary trading account which contributed $27,979 and $2,269 to recognized net gain on trading securities during the three months ended September 2017 and 2016, respectively.

Interest income. During the three months ended September 30, 2017 and 2016, we recorded interest income from several sources: interest income on trading securities and interest income on cash and cash equivalents, reverse repurchase transactions and amounts due from banks. Interest income on trading securities consists of interest earned from investments in debt securities and dividends earned on equity securities held in our proprietary trading accounts.

During the three months ended September 30, 2017, we realized interest income of $1,005 compared to $249 for the three months ended September 30, 2016. This increase was primarily due to an increase in interest income from reverse repurchase transactions in the amount of $511 as a result of our increased volume of reverse repurchase transactions and an increase in interest income on trading securities of $149.

Net gain on foreign exchange operations. Net gain or loss on foreign exchange operations result from the revaluation of assets and liabilities denominated in currencies other than Russian rubles. Gains and losses are realized based on the fluctuation in value between the currencies being revalued. During the three months ended September 30, 2017 and 2016, we realized net gain on foreign exchange operations of $934 and $344, respectively. This increase is attributable mainly to a $351 gain in the revaluation of JSC Kcell securities denominated in Kazakhstani tenge to Russian rubles due to a rise in the value of the Russian ruble against the Kazakhstani tenge during the three months ended September 30, 2017. For the same reason, we also realized a $277 gain in the revaluation of cash and cash equivalents denominated in Kazakhstani tenge during the three months ended September 30, 2017.

Fee and commission income. During the three months ended September 30, 2017, fee and commission income increased $650 compared to the three months ended September 30, 2016. This increase resulted principally from increased commissions and fees for bank and brokerage services and increased market making services. During the three months ended September 30, 2017 fees and commissions associated with bank services increased by $375. This increase primarily resulted from FFIN Bank commencing active operations at the beginning of our current fiscal year. In contrast, during the three months ended September 30, 2016, FFIN Bank was in the process of moving, opening new offices, arranging its capital requirements and preparing to commence active operations. Fees for bank services consisted primarily of wire transfer fees, commissions for payment processing and commissions for currency exchange operations. During the three months ended September 30, 2017 comparing to three months ended September 30, 2016, we experienced increases in commissions and fees for brokerage services and market-making services of $251 and $24, respectively. Brokerage service commissions and fees are realized from the provision of brokerage services to our customers. The increase resulted from both the growth of our customer base and increases in our client transaction volume.

Net loss on trading of futures. During the three months ended September 30, 2017, Freedom KZ purchased foreign currency futures contracts to sell $25,000 at the weighted average exchange rate of 345.63 KZT/USD in December 2017 and March 2018. As a result of decrease in the KZT/USD exchange rate during the three months ended September 30, 2017, we recognized a $713 loss on trading of futures during our second fiscal quarter 2018. The Company uses foreign currency futures contracts to minimize the risk caused by foreign currency fluctuation on its foreign currency receivables and payables by purchasing futures with financial institutions. Futures are traded on Kazakhstan Stock Exchange and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price.

Expenses

During the three months ended September 30, 2017 and 2016, we incurred total expenses of $6,324 and $2,965, respectively. Expenses during these periods was higher primarily as a result of higher operating expenses, fee and commission expense and interest expense as we continued to expand and grow our business.

Operating expenses. During the three months ended September 30, 2017, operating expenses totaled $2,918 compared to operating expenses of $2,034 for the three months ended September 30, 2016. The increase was primarily attributable to higher general and administrative expenses related to growth in our operations, including a $319 increase in payroll expenses, a $116 increase in rent expense and a $201 increase in office repair expenses. These increases were partially offset by a decrease in advertising expenses of $64.

Fee and commission expenses. During the three months ended September 30, 2017, we recognized fee and commission expense of $437, compared to fee and commission expense of $70 during the three months ended September 30, 2016. The increase was mainly associated with an increase in custody bank services of $319 and increased commission fees paid to the Central Depository, stock exchanges and brokerage fees to other brokers of $62. The higher custody bank service fees resulted from a significant increase in our position in the shares of Kcell which we purchased on international stock markets.

Interest expense. During the three months ended September 30, 2017, we recognized total interest expense of $3,022, compared to total interest expense of $782 during the three months ended September 30, 2016. The increase in interest expense was primarily attributable to higher amounts of short-term financing attracted by means of securities repurchase agreements, totaling $1,989, and the issuance of debt securities by Freedom KZ and related interest expense totaling $174.

Income tax (expense)/benefit. Because our net income before income tax increased $26,364 during the three months ended September 30, 2017 compared to the 2016 period, our income tax expense for the three months ended September 30, 2017 was $1,108, compared to a benefit from income tax of $84 during the three months ended September 30, 2016.

Net income before non-controlling interest

For the reasons discussed above, during the three months ended September 30, 2017, we realized a net income of $27,600 compared to a net income of $2,338 for the three months ended September 30, 2016.

Comprehensive income attributable to common shareholders

The functional currencies of our operating subsidiaries are the Russian ruble and the Kazakhstani tenge. Our reporting currency is the US dollar. As a result of declines in the Russian ruble and the Kazakhstani tenge against the US dollar during the periods covered in this report, we realized a foreign currency translation loss of $2,618 during our second fiscal quarter 2018, compared to a foreign currency translation gain of $434 during the our second fiscal quarter 2017. As a results, during the three month period ended September 30, 2017, we realized comprehensive income attributible to common shareholders of $24,982, compared to a comprehensive income attributable to common shareholders of $2,775 during the three months ended September 30, 2016.

Six months ended September 30, 2017, compared to the six months ended September 30, 2016

Revenue

During the six months ended September 30, 2017 and 2016, we realized total revenue of $48,498 and $6,260, respectively. Revenue during these periods was primarily realized from net gain on trading securities, interest income, fee and commission income, derivative activities and net gain on forex exchange operations. Revenue during the six months ended September 30, 2017, was significantly higher than during the six months ended September 30, 2016, due to significant increase in net gain on trading securities.

Net gain on trading securities. During the six months ended September 30, 2017, we recognized a net gain on trading securities of $39,143, which included $10,410 of realized net gain and $28,733 of unrealized net gain, compared to a net gain of $3,419, which included $582 of realized net gain and $2,837 of unrealized net gain, on trading securities for six months ended September 30, 2016. There were two main factors that contributed to this increase. The first was the share price increases of JSC Kcell and JSC KEGOC which contributed $27,088 and $1,239, respectively, to net gain on trading securities. The second factor was $8,800 income realized from selling shares of Astana Bank held in our proprietary trading accounts.

Interest income. During the six months ended September 30, 2017 and 2016, we realized interest income of $3,589 and $986, respectively. This increase was primarily due to increased interest income from reverse repurchase transactions of $1,057 and increased interest income from investments in trading securities of $1,312.

Net gain on foreign exchange operations. During the six months ended September 30, 2017 and 2016, we realized net gain on foreign exchange operations of $1,551 and $434, respectively. The increase is attributable mainly to a $566 gain realized on the revaluation of JSC Kcell securities denominated in Kazakhstani tenge to Russian rubles due to a rise in the value of the Russian ruble against the Kazakhstani tenge during our first two fiscal quarters 2018. Additionally, for the same reason we realized a $277 gain in the revaluation of cash and cash equivalents denominated in Kazakhstani tenge during the six months ended September 30, 2017.

Fee and commission income. During the six months ended September 30, 2017, fee and commission income increased $3,010 compared to the six months ended September 30, 2016. This increase resulted principally from increased commissions and fees for bank and brokerage services, and increased underwriting and market making services. During the six months ended September 30, 2017, we realized an $828 increase in fees and commissions associated with bank services. As noted above, this increase primarily resulted from FFIN Bank commencing active operations at the beginning of fiscal 2017. During the six months ended September 30, 2017, we experienced a $1,104 increase in commissions and fees for brokerage services. During the six months ended September 30, 2017, we engaged in significantly more underwriting and market making activities than during the six months ended September 30, 2016, resulting in a $1,078 increase in fees and commissions realized from underwriting and market making services.

Net loss on trading of futures. As noted above, because of the decrease in the KZT/USD exchange rate during the three months ended September 30, 2017, we realized a $713 loss on trading of foreign currency futures contracts during the six months ended September 30, 2017.

Expenses

During the six months ended September 30, 2017 and 2016, we incurred total expenses of $11,539 and $5,704, respectively. Expenses during these periods was higher primarily as a result of higher operating expenses, fee and commission expense and interest expense as we continued to expand and grow our business.

Operating expenses. During the six months ended September 30, 2017, operating expenses totaled $5,829 compared to operating expenses of $4,091 for the six months ended September 30, 2016. This increase was primarily attributable to higher general and administrative expenses related to growth in our operations, including a $670 increase in payroll expenses, a $196 increase in rent expense and a $201 increase in office repair expenses.

Fee and commission expenses. During the six months ended September 30, 2017, we recognized fee and commission expense of $675, compared to fee and commission expense of $134 during the six months ended September 30, 2016. The increase was mainly associated with an increase in custody bank services for $323 during the six months ended September 30, 2017, and increased commission fees paid to the Central Depository, stock exchanges and brokerage fees to other brokers of $139. The increase in custody bank services resulted from the significant increase of our position in the shares of Kcell which we purchased on international stock markets.

Interest expense. During the six months ended September 30, 2017, we recognized total interest expense of $5,009, compared to total interest expense of $1,352 during the six months ended September 30, 2016. The increase in interest expense was primarily attributed to higher amounts of short-term financing attracted by means of repurchase agreements, totaling $3,320, and the issuance of debt securities by Freedom KZ and related interest expense totaling $276.

Income tax (expense)/benefit. Because our net income before income tax increased $36,403 during the six months ended September 30, 2017 compared to the 2016 period, our income tax expense for the six months ended September 30, 2017 was $987, compared to a benefit from income tax of $547 during the six months ended September 30, 2016.

Net income before non-controlling interests

For the reasons discussed above, during the six months ended September 30, 2017, we realized net income of $35,972 compared to net income of $1,103 for the six months ended September 30, 2016.

Comprehensive income attributable to common shareholders

As a result of declines in the Russian ruble and the Kazakhstani tenge against the US dollar during the periods covered in this report, we realized a foreign currency translation loss of $4,376 during the six months ended September 30, 2017, compared to a foreign currency translation gain of $1,481 during the six months ended September 30, 2016. As a result, during the six months ended September 30, 2017, we realized comprehensive income attributable to common shareholders of $31,596, compared to a comprehensive income attributable to common shareholders of $2,583 during the six months ended September 30, 2016.

Because we are growing and expanding our operations, we expect to continue to realize higher revenues, expenses and net income year-over-year in upcoming fiscal periods. We anticipate, however, that the quarter-over-quarter rate of growth of our revenue, expenses and net income experienced during our first and second fiscal quarter 2018 is unsustainable and we do not expect to realize such significant increases during the remaining quarters of our 2018 fiscal year. As noted above, as a result of significant increases in the prices of the Kcell and KEGOC shares we hold in our proprietary trading account, we recognized a significant net gain in our trading securities, most of which is unrealized. We do not anticipate such significant gains in future periods. During the six months ended September 30, 2017, we also realized significant fees and commissions and trading profits from our involvement in the Astana Bank IPO. We continue to work on potential underwriting engagements, but currently do not have any engagements to provide underwriting services in upcoming periods, so we expect fee and commission income to be lower in upcoming periods until we are able to successfully underwrite additional securities offerings.

Liquidity and Capital Resources

Liquidity is a measurement of our ability to meet our potential cash requirements for general business purposes. As of September 30, 2017, we had cash and cash equivalents of $37,871, compared to cash and cash equivalents of $21,831, as of March 31, 2017. At September 30, 2017, we had total current assets (less restricted cash) of $227,037 and total current liabilities of $153,870, resulting in working capital of $73,167. By comparison, at March 31, 2017, we had total current assets (less restricted cash) of $104,580 and total current liabilities of $73,617, resulting in working capital of $30,963.

At September 30, 2017, we held trading securities in our proprietary trading account of $179,020 and were subject to securities repurchase obligations totaling $130,211. Of our $37,871 in cash and cash equivalents at September 30, 2017, $18,103 was subject to resell agreements. We monitor and manage our leverage and liquidity risk through various committees and processes we have established. We assess our leverage and liquidity risk based on considerations and assumptions of market factors, as well as other factors, including the amount of available liquid capital (i.e., the amount of their cash and cash equivalents not invested in our operating business). While we are confident in the risk management monitoring and management processes we have in place, a significant portion of our trading securities and cash and cash equivalents are subject to collateralization agreements, which potentially increases our risk of loss in the event the financial markets move materially against our positions. If this were to occur our liquidity, capitalization and business could be materially negatively impacted.

Regulatory requirements applicable to Freedom RU, Freedom KZ and FFIN Bank require them to maintain minimum capital levels. Their primary sources of funds for liquidity have historically consisted of existing cash balances (i.e., available liquid capital not invested in their operating businesses), capital contributions from Mr. Turlov, gains from their proprietary trading accounts, fees and commissions, and interest income. During the six months ended September 30, 2017, Mr. Turlov has contributed $8,464 to capital. We have no agreements with Mr. Turlov to provide additional capital contributions and he is under no obligation to continue to provide us capital.

We have pursued an aggressive growth strategy during the past several years, and we anticipate continuing efforts to rapidly expand the footprint of our brokerage, banking and financial services business in Russia, Kazakhstan and other markets. While this strategy has led to revenue growth it also results in increased expenses and greater need for capital resources. Further growth and expansion may require greater capital resources than we currently possess, which could require us to pursue equity or debt financing from outside sources.

Subsequent to our filing with the SEC our quarterly report for the periods ended September 30, 2017, we engaged in a private placement of 3,681,666 shares of our common stock at a price of $3.00 per share for cash and promissory notes, due on or before December 15, 2017, which resulted in net offering proceeds to us of approximately $10,995,000. These funds are not reflected in our financial statements or this Management Discussion and Analysis of Financial Condition and Results of Operations. These funds will be used for general corporate purposes.

Cash Flows

The following table presents our cash flows for the six months ended September 30, 2017 and 2016:

	Six months ended September 30, 2017 (In thousands dollars)	**Six months ended September 30, 2016 (In thousands dollars)**
Net cash from operating activities	$ 10,499	$ 361
Net cash used in investing activities	(710)	(2,885)
Net cash from financing activities	12,348	6,335
Effect of changes in foreign exchange rates on cash and cash equivalents	(3,461)	370
NET CHANGE IN CASH AND CASH EQUIVALENTS	**$ 18,676**	**$ 4,181**

Net cash from operating activities during the six months ended September 30, 2017, was higher compared to the six months ended September 30, 2016, primarily because of changes in operating liabilities, which were comprised primarily of a $75,412 increase in securities repurchase agreement obligations, an $7,149 increase in customer liabilities and changes in operating assets, which were comprised principally of a $70,883 increase in trading securities and a $7,619 increase in brokerage and other receivables.

During the six months ended September 30, 2017, net cash used in investing activities was $710 compared to $2,885 during the six months ended September 30, 2016. On April 12, 2016, Freedom RU acquired the remaining 90.72% interest in FFIN Bank for $2,771. Cash used in investing activities during the six months ended September 30, 2017, is related to purchase of fixed assets.

Net cash from financing activities consisted principally of capital contributions to the Company by Mr. Turlov, proceeds from issuance of debt securities in amount of $10,497 and repurchase of debt securities in amount of $6,613.

Contractual Obligations and Contingencies

See Note 15 - *Commitments and Contingent Liabilities* for information regarding our significant contractual obligations and contingencies at September 30, 2017.

Off-Balance Sheet Financing Arrangements

As of September 30, 2017, we had no off-balance sheet financing arrangements.

Critical Accounting Policies and Estimates

We believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this "Management Discussion and Analysis of Financial Condition and Results of Operations."

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of goodwill

As of September 30, 2017, goodwill recorded on our condensed consolidated balance sheets was $953. We perform an impairment review at least annually, unless indicators of impairment exist in interim periods. The impairment test for goodwill uses a two-step approach. Step one compares the estimated fair value of a reporting unit with goodwill to its carrying value. If the carrying value exceeds the estimated fair value, step two must be performed. Step two compares carrying value of the reporting unit to the fair value of all of the assets and liabilities of the reporting unit as if the reporting unit was acquired in a business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of its goodwill, an impairment loss is recognized in an amount equal the excess. In the goodwill impairment test we estimated the fair value of reporting unit based on the income approach (also known as the discounted cash flow method) and as a result of the test, the fair value of our goodwill exceeded the carrying amount of reporting unit's goodwill.

Income taxes

We recognize deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Current income tax expenses are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We account for income taxes using the liability approach. Under this method, deferred income taxes are recognized for tax consequences in future years of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth our directors and executive officers, their ages, and all offices and positions held with FRHC as of December 8, 2017. There is no agreement or understanding between FRHC or any other person and any director or executive officer pursuant to which he or she was selected as a director or executive officer. Directors are elected for a period of three years and thereafter serve until their successor is duly elected by the stockholders and qualified.

Name of Director or Executive Officer	Age	Positions with FRHC	Director Since	Officer Since
Timur Turlov	30	Chief Executive Officer and Chairman	September 2015	September 2015
Jason M. Kerr	46	Director	May 2008	
Arkady Rakhilkin	48	Director	November 2015	
Leonard Stillman	74	Director	October 2006	
Askar Tashtitov	38	Director	May 2008	
Evgeniy Ler	34	Chief Financial Officer and Treasurer		April 2009

A brief description of the background and business experience of each of the above listed individuals follows.

Timur Turlov. Mr. Turlov graduated from Russia State Technic University (named after Tsialkovskiy) in 2009 with a Bachelor of Science degree in economics and management. Mr. Turlov has more than 10 years of experience in various areas in the international securities industry. From July 2013 to July 2017, Mr. Turlov served as the Advisor to the Chairman of the Board of Freedom KZ. In that capacity, Mr. Turlov was primarily responsible for strategic management, public and investor relations events, investment strategy, sales strategy, and government relations. In July 2017, Mr. Turlov became Chairman of the Board of Directors of Freedom KZ. He has also served as the General Director of Freedom RU, since August 2011. As the General Director, Mr. Turlov is responsible for establishing Freedom RU's strategic goals, including acquisition and retention of large clients, sales strategy and company development. From May 2012 through January 2013, Mr. Turlov served as the Chairman of the Board of Directors of JSC Nomad Finance where he oversaw business set up and acquisition of large clients. From July 2010 through August 2011, Mr. Turlov was employed as the Vice Director of the International Sales Department of Nettrade LLC. In this capacity, his major responsibilities included consulting to set up access to foreign markets, trading, back office, and internal accounting functions. Mr. Turlov is not currently, and has not been in the past five years, a nominee or director of any other SEC registrant or registered investment company. In concluding that Mr. Turlov should serve as our chairman, we considered his in depth knowledge of the businesses of the Freedom Companies, his professional experience and his educational background in economics and management.

Jason M. Kerr. Mr. Kerr earned his Bachelor of Science degree in economics in 1995 and a Juris Doctorate in 1998 from the University of Utah, where he was named the William H. Leary Scholar. In 2011, Mr. Kerr founded the law firm Price, Parkinson & Kerr, where he practices commercial litigation. From 2006 to 2011, Mr. Kerr was the associate general counsel of Basic Research, LLC, concentrating in intellectual property litigation. Before joining Basic Research, Mr. Kerr was a partner with the law firm of Plant, Christensen & Kanell in Salt Lake City, Utah. Mr. Kerr was employed with Plant, Christensen & Kanell from 1996 through 2001 and from 2004 to 2006. From 2001 through 2004, Mr. Kerr was employed as a commercial litigator with the Las Vegas office of Lewis and Roca. Mr. Kerr became our director in May 2008. Mr. Kerr is not currently, and has not been in the past five years, a nominee or director of any other SEC registrant or registered investment company. In concluding that Mr. Kerr should serve as our director, we considered his educational background in economics and his professional experience as an attorney.

Arkady Rakhilkin. Mr. Rakhilkin earned his undergraduate degree in 1992 and post graduate degree in 1994 from Novosibirsk State Technical University both with an emphasis in applied mathematics. Mr. Rakhilkin also completed a course in effective management as part of an executive MBA program from Open University London. Mr. Rakhilkin has over 20 years of experience in the finance and banking industry. From April 2008 to July 2017, Mr. Rakhilkin served as the Chairman of the Board of Directors of JSC Freedom Finance, and its predecessor, JSC Seven Rivers Capital. Prior to that, he served as the Chairman of the Management Board of Seven Rivers Capital from November 2006 through April 2008. Mr. Rakhilkin's principal responsibilities included interaction with large clients, attraction of strategic partners, management of corporate finance, introduction of new information systems, and sales of financing and underwriting services. Mr. Rakhilkin is not currently, and has not been in the past five years, a nominee or director of any other SEC registrant or registered investment company. In concluding that Mr. Rakhilkin should serve as our director, we considered his extensive experience in the finance and banking industry, as well as his significant tenure and experience with JSC Freedom Finance.

Leonard M. Stillman. Mr. Stillman earned his Bachelor of Science degree in mathematics from Brigham Young University and Masters of Business Administration from the University of Utah. He began his career in 1963 with Sperry UNIVAC as a programmer developing trajectory analysis software for the Sergeant Missile system. Mr. Stillman spent many years as a designer and teacher of computer language classes at Brigham Young University, where he developed applications for the Administrative Department including the school's first automated teacher evaluation system. During that time, he was also a vice-president of Research and Development for Automated Industrial Data Systems, Inc. and the Owner of World Data Systems Company, which provided computerized payroll services for companies such as Boise Cascade. Mr. Stillman has over 40 years of extensive business expertise, including strategic planning, venture capital financing, budgeting, manufacturing planning, cost controls, personnel management, quality planning and management, and the development of standards, policies, and procedures. He has extensive skills in the design and development of computer software systems and computer evaluation. Mr. Stillman helped found Stillman George, Inc. in 1993 and founded Business Plan Tools, LLC in 2004. He was employed with Stillman George, Inc. until 2010, where his primary responsibilities included managing information, technical development, and financial analysis projects and development, as well as general company management and consulting activities. He is currently employed by Business Plan Tools, LLC, which provides cloud-based SaaS business planning software and consolidates a broad variety of skills from a growing group of business professionals to provide needed support in finance, marketing, management, sales, planning, product development, and more to businesses worldwide. Mr. Stillman is not currently, and has not been in the past five years, a director or nominee of any other SEC registrant or registered investment company. In concluding that Mr. Stillman should serve as a director, we considered his training in business management, strategic planning, corporate finance, and information management.

Askar Tashtitov. Mr. Tashtitov started with us in 2004 and served as president from May 2006 to November 2015. He has served as a director since May 2008. From 2002 to 2004, Mr. Tashtitov was employed by PA Government Services, Inc. as a management consultant specializing in oil and gas projects. Mr. Tashtitov earned a Bachelor of Arts degree from Yale University majoring in economics and history in 2002. Mr. Tashtitov passed the AICPA Uniform CPA Examination in 2006. Mr. Tashtitov is not, and has not been in the past five years, a director or nominee of any other SEC registrant or registered investment company. We considered Mr. Tashtitov's extensive experience in the public company arena, particularly his expertise in interfacing with equity and debt financing professionals, as well as his significant business management experience in concluding that he should serve as our director.

Evgeniy Ler. Mr. Ler started with us in 2006. Before being appointed chief financial officer in April 2009, Mr. Ler served in other capacities with us, including finance manager and reporting manager.

From September 2011 to December 2012, Mr. Ler also served as a Deputy Director for Emir Oil, LLP. From 2002 to 2006, Mr. Ler was employed by Deloitte & Touche, where he held the position of senior auditor in Financial Services & Industries Group, Audit. In that position, he led large engagements for banks, financial institutions, and oil and gas companies. In 2003, Mr. Ler was awarded a Bachelor's degree in financial management from the Kazakh-American University located in Almaty, Kazakhstan. In 2008, Mr. Ler passed the AICPA Uniform CPA Examination and was awarded licensure as a CPA in November 2013. Mr. Ler has also completed trainings in London on financial reporting in accordance with IFRS and US GAAP and internal Deloitte trainings on audit, financial reporting, and due diligence.

Family Relationships

There are no family relationships among our directors, executive officers and/or nominees.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of December 8, 2017, FRHC had 52,218,899 shares of common stock issued and outstanding. The following table sets forth the outstanding shares of common stock owned of record or beneficially by each person that owned of record, or was known us to own beneficially, more than 5% of our issued and outstanding stock, and the name and stock holdings of each director and nominee for director, and the stock holdings of all of the executive officers and directors as a group:

Name of Person or Group[(1)]	Nature of Ownership	Amount	Percent[(2)]
Principal Stockholders:			
Timur Turlov	Common Stock	42,405,112	81.2%
Directors:			
Timur Turlov	Common Stock	42,405,112	81.2
Jason Kerr	Common Stock	--	--
Arkady Rakhilkin[(3)]	Common Stock	348,333	*
Leonard M. Stillman	Common Stock	--	--
Askar Tashtitov	Common Stock	19,200	*
All Executive Officers and Directors as a Group (6 persons[(4)]):	Common Stock	42,850,245	82.1%

* Less than 1%.

(1) Unless otherwise indicated, the mailing address of each beneficial owner is c/o Freedom Holding Corp., Office 1704, 4B Building, "Nurly Tau" BC, 17 Al Farabi Ave, Almaty, Kazakhstan 050059. The information provided in the table is based on our records, information filed with the SEC, and information provided to us, except where otherwise noted.

(2) The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial" owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days.

(3) These shares are held of record by Seven Rivers Capital Limited. Mr. Rakhilkin is the sole shareholder and director of Seven Rivers Capital Limited.

(4) Includes 77,600 shares held by our Chief Financial Officer, Evgeniy Ler. Of these shares, 70,000 were issued to Mr. Ler as a restricted stock grant, and are subject to two-year vesting conditioned upon his continued employment with us, except upon the occurrence of certain events, such as death, disability, a change in control, or termination by us not for cause. Assuming the vesting condition is satisfied, 35,000 shares will vest on October 6, 2018 and the other 35,000 will vest on October 6, 2019. Mr. Ler has the right to vote these shares in any matter brought for a vote of our common stockholders.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the maximum offering of 9,200,000 shares of Common Stock in this Offering will be approximately $49,666,000 at the Offering price of $5.50 per share, after deducting commissions and estimated Offering expenses payable by us. We may close the Offering before the sale of all common stock in the Offering which would reduce the amount of the proceeds of the Offering.

As of the date of this Offering Memorandum, we cannot specify with certainty all of the particular uses for the net proceeds to us from this Offering. The principal purpose for our sale of shares of common stock in this Offering is to raise funds so that we have resources available to pursue our strategic objectives, such as increase capitalization of our bank and brokerage businesses, open new branch offices of our bank and brokerages, expand our participation in investment banking activities, expand our proprietary trading and continue development and expansion of our trading platform and client portal tools, marketing activities and working capital.

We will have broad discretion over the uses of the net proceeds from this Offering. Pending these uses, we intend to invest the net proceeds from this Offering in various types of securities, including equity securities, debt securities and short-term, interest-bearing securities such as money market funds.

DILUTION

If you invest in our Common Stock, your interest will be diluted by the amount by which the Offering price per share paid by the purchasers of common stock in this Offering exceeds the net tangible book value per share of our common stock following this Offering. As of September 30, 2017, the date of our most recently published financial statements, our net tangible book value was approximately $93,275,000 or $1.79 per share of common stock. Net tangible book value per share equals total consolidated tangible assets minus total consolidated liabilities as of September 30, 2017, plus net proceeds of approximately $10,995,000 raised in a recent private placement divided by the number of shares of our common stock outstanding as of the date of this Offering Memorandum. The net tangible book value calculation does not include the net tangible book value of Freedom CY, which was acquired in November 2017 and therefore, not consolidated into our financial statements at September 30, 2017. While we anticipate the net tangible book value of Freedom CY to be positive, we do not anticipate it would materially increase our net tangible book value as described here.

Our net tangible book value as of September 30, 2017 would have been approximately $142,940,000 or $2.33 per share of common stock, after giving effect to the sale by us of the maximum offering of 9,200,000 shares of Common Stock in this Offering at the Offering price of $5.50 per share, after deducting commissions and estimated Offering expenses payable by us.

This represents an immediate increase in the net tangible book value of $0.54 per share to existing stockholders and an immediate dilution in the net tangible book value of $3.17 per share to the investors who purchase our common stock in this Offering.

The following table illustrates this per share dilution:

Offering price per share	$ 5.50
Net tangible book value per share as of September 30, 2017	$ 1.79
Increase in net tangible book value per share attributable to this Offering	$ 0.54
Net tangible book value per share after this Offering	$ 2.33
Dilution per share to new investors	$ 3.17

If fewer than all shares of Common Stock offered in the Offering Memorandum are sold the dilution per share will increase.

The following table summarizes, as of September 30, 2017, the difference between existing stockholders and new investors with respect to the net tangible book value of the shares of common stock held by our existing stockholders and the amount to be paid by the new investors to purchase Common Stock in this Offering. The calculation below reflecting the effect of shares of Common Stock purchased by new investors is based on the Offering price of $5.50 per share, before deducting commissions and estimated Offering expenses payable by us.

	Shares Owned		**Total Consideration**	
	Number	**Percent**	**Amount**	**Percent**
Existing stockholders	52,218,899	85.0%	$93,275,000	64.8%
New investors	9,200,000	15.0%	50,600,000	35.2%
Total	61,418,899	100.0%	$143,875,000	100.0%

The share information in the table above includes 3,900,000 shares of registered common stock issued but not yet vested under our Freedom Holding Corp., 2018 Equity Incentive Plan (the “2018 Plan”) and excludes 360,000 shares of common stock issuable upon exercise of outstanding stock options with a weighted average exercise price of $1.98 per share, of which no shares were vested as of December 8, 2017. The share information also excludes 387,700 shares of common stock we have agreed to issue upon receipt of final regulatory approval of our acquisition of Freedom UA.

DESCRIPTION OF THE SHARES

General

The following is a description of the capital shares of Common Stock offered hereby. The Common Stock is governed by, and shall be construed in accordance with, the laws of the State of Nevada, United States of America, and our Articles of Incorporation and Bylaws, or amendments thereto.

The total authorized capital stock of FRHC is 520,000,000 shares, divided into 500,000,000 shares of Common Stock, par value of $.001 per share and 20,000,000 shares of Preferred Stock, par value of $.001 per share. We have no outstanding Preferred Stock. The designation of rights and preferences of the Preferred Stock is established by our Board of Directors, pursuant to the laws of the State of Nevada, our Articles of Incorporation and Bylaws, or amendments thereto.

Common Stock in the Offering

The Common Stock subject to the Offering are shares of common stock designated $.001 par value in the FRHC Articles of Incorporation. The Common Stock when issued against payment therefor will be deemed fully paid and non-assessable. Immediately prior to the Offering, FRHC had 52,218,899 shares of common stock outstanding. All shares of common stock have the following rights under the Articles of Incorporation:

Dividends. Subject to all the rights of Preferred Stock, dividends may be paid upon the common stock as and when declared by the Board of Directors out of fund legally available for the payment of dividends. Currently, we intend to reinvest all earnings into our business and do not intend to make payment of dividends in the foreseeable future.

Liquidation Rights. In the event of any liquidation, dissolution or winding-up of FRHC, whether voluntary or involuntary, and after the holders of any outstanding preferred shares shall have been paid in full amounts to which they are respectively entitled, or an amount sufficient to pay the aggregate amount to which such holder shall be entitled shall have been deposited in trust with a bank trust company for the benefit of the holders of preferred shares, our remaining net assets will be distributed pro rata to the holders of our common stock.

Voting Rights. Except as provided with respect to preferred stock and except as otherwise may be required by law, the common stock shall have the exclusive right to vote for the election of directors and for all other purposes with each share of common stock being entitled to one vote per share. Shareholder meetings require a quorum to attend by person or proxy to conduct business. Unless otherwise required by applicable law or our Articles of Incorporation or Bylaws, or amendments thereto, matters before the shareholders must be approved by simple majority approval of the quorum in attendance at the meeting. No cumulative voting for directors of the corporation is permitted.

Residual Rights. All rights accruing to the outstanding shares of FRHC not otherwise expressly provided for in the Articles of Incorporation, Bylaws or amendments thereto are vested in the common stock.

No Preemptive Rights. Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of any series of our preferred stock that we may designate and issue in the future.

Stock Options

As of December 8, 2017, options to purchase an aggregate of 360,000 shares of common stock were outstanding under our 2018 Plan.

Transfer Agent and Registrar

Our transfer agent and registrar for our common stock is Pacific Stock Transfer. The transfer agent’s Global Operations address is 6725 Via Austi Parkway, Suite 300, Las Vegas, Nevada 89119 and its telephone number is +1 (702) 361-3033.

Trading

Our common stock is registered with the SEC under section 12(g) of the Exchange Act of

1934. Our common stock is traded on the OTC Pink Market interdealer quotation system under the symbol FRHC and is eligible for DTC Fast system. The DTC will not accept delivery of restricted securities by any DTC Participant. The Common Stock in the Offering is deemed restricted securities as defined in Rule 144 promulgated by the SEC.

Further Issuances of Stock

The Board of Directors of FRHC may from time to time, without notice to or the consent of the registered holders of the Common Stock, issue further shares of common stock ranking pari passu with the Common Stock and create and issue authorized preferred stock convertible to common stock on term determined solely in the discretion of the boards.

The Common Stock is subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. FRHC shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein arising of the purchase or subsequent disposition of Common Stock in the Offering.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following discussion describes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of our Common Stock acquired in this Offering by Non-U.S. Holders (as defined below). This discussion does not address all aspects of U.S. federal income taxes, does not discuss the potential application of the alternative minimum or Medicare contribution tax on net investment income, and does not deal with state, local or non-U.S. tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it address U.S. federal tax consequences other than income taxes (not addressed, for example, are gift and estate taxes). Rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the U.S. Internal Revenue Code ("the Code"), such as financial institutions, insurance companies, tax-exempt organizations, "foreign governments," international organizations, broker-dealers and traders in securities, U.S. expatriates, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, persons that hold our common stock as part of a "straddle," "conversion transaction," or other risk reduction strategy, partnerships and other pass-through entities, and investors in such partnerships or pass-through entities (regardless of their places of organization or formation). Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, perhaps retroactively, so as to result in U.S. federal income or estate tax consequences different from those discussed below. We have not requested a ruling from the IRS with respect to the statements made and the conclusions reached in the following summary. This discussion assumes that the Non-U.S. Holder holds our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment).

Persons considering the purchase of our Common Stock pursuant to this Offering should consult their own tax advisors concerning the U.S. federal income consequences of acquiring, owning and disposing of our common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local and non-U.S. tax consequences and any U.S. federal non-income tax consequences.

For the purposes of this discussion, a "Non-U.S. Holder" is, for U.S. federal income tax purposes, a beneficial owner of common stock that is not a U.S. Holder. A "U.S. Holder" means a beneficial owner of our common stock that is for U.S. federal income tax purposes (a) an individual who is a citizen or resident of the United States, (b) a corporation or other entity treated as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person. Also, partnerships, or other entities that are treated as partnerships for U.S. federal income tax purposes (regardless of their place of organization or formation), are not addressed by this discussion and are, therefore, not considered to be Non-U.S. Holders for the purposes of this discussion. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of our common stock, the U.S, federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Such partners and partnerships should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of our common stock.

Distributions

Subject to the discussion below regarding backup withholding and foreign accounts, distributions, if any, made on our common stock to a Non-U.S. Holder of our common stock generally will constitute dividends for U.S. tax purposes to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and generally will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed Internal Revenue Service, or IRS, Form W-8BEN, W-8BEN-E or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. This certification must be provided to us or our paying agent prior to the payment of dividends.

In the case of a Non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent may then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you should consult with your own tax advisor to determine if you are able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

Withholding tax is generally not imposed on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax, on a net income basis at the regular graduated rates. A Non-U.S.Holder that is a corporation for U.S. federal income tax purposes that receives effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments.

To the extent distributions on our common stock, if any, exceed our current and accumulated earnings and profits, they will first reduce your adjusted basis in our common stock as a non-taxable return of capital, but not below zero, and then any excess will be treated as gain and taxed in the same manner as gain realized from a sale or other disposition of common stock as described in the next section.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that such holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (c) we are or have been a "United States real property holding corporation" within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder's holding period.

If you are a Non-U.S. Holder described in (a) above, you generally will be required to pay tax on the net gain derived from the sale at regular graduated U.S. federal income tax rates and corporate Non-U.S. Holders described in (a) above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual Non-U.S. Holder described in (b) above, you will be required to pay a flat 30% tax on the gain derived from the sale, which gain may be offset by U.S. source capital losses (even though you are not considered a resident of the United States). With respect to (c) above, in general, we would be a United States real property holding corporation if interests in U.S. real estate constituted (by fair market value) at least half of our total worldwide real property interests plus business assets. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation; however, there can be no assurance that we will not become a U.S. real property holding corporation in the future. Even if we are treated as a U.S. real property holding corporation, such treatment will not cause gain realized by a Non-U.S. Holder on a disposition of our common stock to be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly and constructively, no more than five percent of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will qualify as regularly traded on an established securities market.

Information Reporting Requirements and Backup Withholding

Generally, we or certain financial middlemen must report information to the IRS with respect to any dividends we pay on our common stock including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid by us (or certain financial middlemen) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed appropriate IRS Form W-8 or otherwise establishes an exemption.

Notwithstanding the foregoing, backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

Under current U.S. federal income tax law, U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or non-U.S., unless the holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is considered effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

If backup withholding is applied to you, you should consult with your own tax advisor to determine if you are able to obtain a tax refund or credit with respect to the amount withheld.

Foreign Accounts

A U.S. federal withholding tax of 30% may apply to dividends and, for any disposition occurring on or after January 1, 2019, the gross proceeds of a disposition of our common stock paid to a foreign financial institution (as specifically defined by applicable rules), including when the foreign financial institution holds our common stock on behalf of a Non-U.S. Holder, unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). This U.S. federal withholding tax of 30% will also apply to dividends and, for any disposition occurring on or after January 1, 2019, the gross proceeds of a disposition of our common stock paid to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding direct and indirect U.S. owners of the entity. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of such taxes. Holders are encouraged to consult with their own tax advisors regarding the possible implications of this withholding tax on their investment in our Common Stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW, AS WELL AS TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, NON-U.S. OR U.S. FEDERAL NON-INCOME TAX LAWS.

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, INVESTORS IN THE COMMON STOCK ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE CODE, (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING

OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS OFFERING MEMORANDUM, AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM THEIR OWN INDEPENDENT TAX ADVISORS.

TERMS OF THE OFFERING

We are offering eligible investors up to a maximum of 9,200,000 shares of our $.001 par value, common stock at an Offering price of $5.50 per share for a total offering of $50,600,000. The Offering price of the Common Stock was determined by our management based upon a number of subjective factors and was not determined solely by the market price for our shares traded in U.S. on the OTC Pink Market interdealer quotation system.

The Offering is made only on the basis of this Offering Memorandum and is subject to the terms and conditions described in this Offering Memorandum. The Offering is not made to any person in any jurisdiction where it is unlawful to make such an offer. Any decision to participate in this Offering must be based on the information contained and incorporated by reference in this document.

The Common Stock will be offered on a “best efforts” basis to eligible investors by our placement agents, Freedom RU, our wholly-owned subsidiary and a licensed securities brokerage firm in Russia and FFIN Brokerage Services Inc., an affiliated entity under common control and a licensed securities brokerage firm in Belize (the “Placement Agents”). The Placement Agents will be paid a sales commission equal to one and one half percent (1.5%) of the total Offering sold.

Unless otherwise agreed by the Company and the Placement Agents, the minimum subscription per investor will be 18,000 shares, or $99,000. All Common Stock will be sold for cash payable at the time of subscription. All subscription funds will be deposited by us in our regular bank account when received, and may be used immediately by us pursuant to the terms of the subscription agreement with eligible investors. There is no minimum number of shares of Common Stock that must be sold in the Offering. No funds will be returned regardless of how many or how few shares of Common Stock are sold in the Offering.

Eligible investors will receive shares of Common Stock in paper certificate form registered in their names from our transfer agent, Pacific Stock Transfer.

The offer and sale of the Common Stock has not and will not be registered under the Securities Act, or any other securities law, including state securities or blue sky laws. Offers and sales of the Common Stock will not be registered under the laws of any jurisdiction. No securities regulator of any non-United States jurisdiction has reviewed or passed upon the merits of the Offering. The Common Stock is subject to certain transfer restrictions set forth under “Transfer Restrictions.”

Eligible Investor Qualifications

We are offering the Common Stock in reliance upon Regulation S under the Securities Act, which exempts from the registration provisions of the Securities Act the offer and sale of the Common Stock to non-U.S. persons that occur outside the United States (“offshore transactions”). The term “United States” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia. Each eligible investor must meet certain qualifications and make certain acknowledgements, representations, warranties and agreements as set forth under “Notice to Investors” and “Transfer Restrictions” and including the following:

(1) that the offer and sale is being made outside the United States;

(2) that it is a non-U.S. person and is not acquiring the securities for the account or benefit of any U.S. person. Non-U.S. person means any person *other* than:

(i) A natural person that is a citizen of, or resident in the United States;
(ii) A partnership or corporation (including an entity treated as a partnership or corporation for United States federal income tax purposes) organized or incorporated under the laws of the United States;
(iii) An estate of which any executor or administrator is a U.S. person;
(iv) A trust of which any trustee is a U.S. person;
(v) An agency or branch of a foreign entity located in the United States;
(vi) A non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
(vii) A discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
(viii) A partnership or corporation if organized or incorporated under the laws of any foreign jurisdiction; and formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Regulation D Rule 501(a)) who are not natural persons, estates or trusts.

(3) that it agrees to resell such Common Stock only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration; and will deliver to any purchaser a notice of any restrictions on transfer of such Common Stock.

(4) that it agrees not to engage in hedging transactions with regard to such Common Stock unless in compliance with the Act;

(5) that it understands we are required by contract to refuse to register any transfer of the securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Act, or pursuant to an available exemption from registration;

(6) that it understands that Common Stock are subject to certain restrictions on resale and certificates for the Common Stock will bear a restricted legend to prevent the unlawful transfer of the Common Stock;

(7) that by reason of its business or financial experience, or that of the its professional advisor, the investor is capable of evaluating the merits and risks of an investment in FRHC and of protecting his or her own interests in connection with such investment;

(8) that it is acquiring the Common Stock for its own account and not with a view toward the distribution of the Common Stock.

Russian Investors

The Common Stock in the Offering is being offered and sold without qualification under the Regulation on Foreign Financial Instruments through Freedom RU as placement agent. The Common Stock in the Offering will only be sold to Russian residents who are "qualified investors" within the meaning of Article 51.2 of the Russian Federal Law on Securities Market or as qualified by Freedom RU in accordance with the Procedure for Recognition Qualified Investors. Each Russian resident investor must have a brokerage agreement and depo account with Freedom RU. All subscription payments by Russian resident investors must be made in accordance with the Russian Currency Law and Instruction No. 138-1 (181-1).

TRANSFER RESTRICTIONS

Because of the following restrictions, eligible investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Common Stock.

The Common Stock has not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, except pursuant to an effective registration statement or in accordance with an available exemption from the registration requirements of the Securities Act. No hedging transactions involving the Common Stock may be conducted unless in compliance with the Securities Act. Accordingly, the Common Stock is being offered and issued in this Offering only to persons who are not "U.S. persons," as that term is defined in Rule 902 under the Securities Act in transactions entered outside the United States, in compliance with Regulation S.

The certificates for the Common Stock will contain a restrictive legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED IN THE UNITED STATES BY A U.S. PERSON UNLESS THE SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT OF 1933 OR EXEMPTION FROM SUCH REGISTRATION UNDER THE ACT IS APPLICABLE OR AS OTHERWISE PROVIDED IN REGULATION S PROMULGATED UNDER SUCH ACT. NO OFFERS OR SALES OR TRANSFER (INCLUDING INTERESTS THEREIN) MAY BE MADE OF ANY OF THE SECURITIES IN THE UNITED STATES OR TO A U.S. PERSON OR FOR THE ACCOUNT AND BENEFIT OF A U.S. PERSON, EXCEPT AS PERMITTED BY REGULATION S. HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE ACT."

The Common Stock offered and sold in the Offering pursuant to Regulation S is deemed to be "restricted securities" as defined in SEC Rule 144. Resales of the Common Stock by an offshore purchaser must be made in accordance with this Regulation S, the registration requirements of the Act or an exemption therefrom. The Common Stock, as "restricted securities," of FRHC will continue to be deemed to be restricted securities, notwithstanding that they were acquired in a resale transaction made pursuant to Regulation S. Each purchaser is required to deliver to each person to whom it transfers Common Stock notice of any restrictions on transfer of such Common Stock. Restricted securities are not eligible for deposit with the Depository Trust Company ("DTC") or with Euroclear or Clearstream.

The Common Stock is subject to a distribution compliance period that will begin when the Common Stock is first offered for sale by us and continue for six months after the close of this Offering ("distribution compliance period"). During the distribution compliance period neither investors in the Offering, the Placement Agents nor FRHC, or anyone acting on behalf of any of them, or any other person effecting a distribution of the Common Stock will engage in any "direct selling efforts," i.e., any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered in reliance on this Regulation S as elaborated in Rule 901. During the distribution compliance period no person is permitted to make sales of the Common Stock to a U.S. person or for the account or benefit of a U.S. person and all transactions must take place outside the United States. The Placement Agents and anyone participating in a distribution of the Common Stock, prior to the expiration of the distribution compliance period, will send a confirmation or other notice to any distributor participating in the Offering or sale of the Common Stock that the distributor is subject to the same restrictions on offers and sales that apply to the Placement Agents.

PLAN OF DISTRIBUTION

Freedom RU, directly and through its subsidiaries, and FFIN Brokerage Services Inc. will act as the Placement Agents for the Common Stock on a "best efforts" basis. The Placement Agents will be paid a sales commission equal to one and one half percent (1.5%) of the total Offering sold. The Offering period will begin on December 8, 2017 and will end on January 31, 2018, unless extended for an additional period through March 2, 2018.

The Offering will be made in offshore transactions to non-U.S. persons in sales transactions that take place outside the United States. In connection with the sales outside the U.S., the Placement Agents cannot offer, sell or deliver the Common Stock to, or for the account or benefit of, U.S. persons (1) as a part of the Offering of the Common Stock by us and (2) during the distribution compliance period. If Common Stock is sold to any distributor, the Placement Agents will send to the distributor a confirmation or other notice setting forth the restrictions on offers and sales of the Common Stock within the U.S. or to, or for the account or benefit of, U.S. persons.

The Common Stock has not been registered under the Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States and may not be offered or sold except as set forth above.

In connection with this Offering, the Placement Agents may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. The Placement Agents may bid for and purchase our common stock in the open market to cover short positions. In addition, the Placement Agents may bid for and purchase our common stock in the open market to stabilize the price of our common stock. These activities may stabilize or maintain the market price of our common stock above independent market levels. The Placement Agents are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of its business, the Placement Agents or their affiliates may at any time hold long or short positions, and may trade for their own accounts or the accounts of customers, the securities issued by us, including any of the Common Stock. The Placement Agents and their affiliates may from time to time in the future engage in future transactions with us and our affiliates and provide services to us and our affiliates in the ordinary course of our respective businesses.

VALIDITY OF SECURITIES

The validity of the Common Stock issued in this Offering will be passed upon for us by the law firm of Poulton & Yordan, Salt Lake City, Utah. The legality of the Offering without registration of the Common Stock and the legality for eligible shareholders to purchase the Common Stock in the Russian Federation will be passed upon for us by Grata Law Firm. The legality of the Offering without registration of the Common Stock and the legality for eligible shareholders to purchase the Common

Stock in Belize will be passed upon for us by the law firm of Reyes Retreage LLP.

INDEPENDENT ACCOUNTANTS

The financial statements as of March 31, 2017 and March 31 2016, have been audited by WSRP, LLC., an independent registered public accounting firm, as stated in their report incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing. The unaudited financial statements as of September 30, 2017 have been prepared by our internal financial department for filing with our Form 10-Q for the fiscal periods ended September 30, 2017 and 2016.

FINANCIAL STATEMENTS

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FREEDOM HOLDING CORP.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the periods ended September 30, 2017 and 2016

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

	September 30, 2017	March 31, 2017* (Recast)
ASSETS		
Cash and cash equivalents	$ 37,871	$ 21,831
Restricted cash	15,255	12,619
Trading securities	179,020	81,575
Available-for-sale securities, at fair value	2	2
Brokerage and other receivables	8,098	481
Loans issued	209	65
Deferred tax assets	71	1,026
Fixed assets	1,475	1,041
Goodwill	953	981
Other assets	2,046	691
TOTAL ASSETS	**$ 245,000**	**$ 120,312**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Derivative liability	$ -	$ 495
Debt securities issued	7,604	3,459
Customer liabilities	14,488	7,543
Current income tax liability	-	149
Trade payables	230	235
Deferred distribution payments	8,534	8,534
Securities repurchase agreement obligation	130,211	56,289
Deferred tax liabilities	230	-
Other liabilities	407	372
TOTAL LIABILITIES	161,704	77,076
STOCKHOLDERS' EQUITY		
Preferred stock - $0.001 par value; 20,000,000 shares authorized, no shares issued or outstanding	-	-
Common stock - $0.001 par value; 500,000,000 shares authorized; 31,879,222 shares outstanding as of September 30, 2017 and 11,213,926 shares outstanding as of March 31, 2017, respectively	32	11
Additional paid in capital	41,707	33,264
Retained earnings	52,832	16,860
Accumulated other comprehensive loss	(11,275)	(6,899)
TOTAL STOCKHOLDERS' EQUITY	83,296	43,236
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 245,000**	**$ 120,312**

The accompanying notes are an integral part of these condensed consolidated financial statements.

* See Notes 1 and 3 for information regarding recast amounts and basis of financial statement presentation..

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME (Unaudited)

(All amounts in thousands of United States dollars, unless otherwise stated)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016* (Recast)	2017	2016* (Recast)
Revenue:				
Fee and commission income	$ 1,548	$ 898	$ 4,403	$ 1,393
Net gain on trading securities	32,134	3,700	39,143	3,419
Interest income	1,005	249	3,589	986
Net loss on derivatives	(670)	-	(180)	-
Net (loss)/gain on sale of fixed assets	(9)	28	(8)	28
Net gain on foreign exchange operations	934	344	1,551	434
TOTAL REVENUE	34,942	5,219	48,498	6,260
Expense:				
Interest expense	3,022	782	5,009	1,352
Fee and commission expense	437	70	675	134
Operating expense	2,918	2,034	5,829	4,091
Other (income)/expense, net	(53)	79	26	127
TOTAL EXPENSE	6,324	2,965	11,539	5,704
NET INCOME BEFORE INCOME TAX	28,618	2,254	36,959	556
Income tax (expense)/benefit	(1,018)	84	(987)	547
NET INCOME BEFORE NONCONTROLLING INTERESTS	**$ 27,600**	**$ 2,338**	**$ 35,972**	**$ 1,103**
Less: Net income attributable to noncontrolling interest in subsidiary	-	-	-	7
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**27,600**	**2,338**	**35,972**	**1,096**
OTHER COMPREHENSIVE INCOME				
Change in unrealized gain on investments available-for-sale, net of tax effect	-	3	-	6
Foreign currency translation adjustments, net of tax	(2,618)	434	(4,376)	1,481
COMPREHENSIVE INCOME BEFORE NONCONTROLLING INTERESTS	**$ 24,982**	**$ 2,775**	**$ 31,596**	**$ 2,590**
Less: Comprehensive income attributable to noncontrolling interest in subsidiary	-	-	-	7
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 24,982	$ 2,775	$ 31,596	$ 2,583
BASIC AND DILUTED NET INCOME PER COMMON SHARE (in US Dollars)	$ 1.22	$ 0.21	$ 2.12	$ 0.10
Weighted average shares outstanding	22,536,534	11,213,926	16,951,994	11,213,926

The accompanying notes are an integral part of these condensed consolidated financial statements.

* See Notes 1 and 3 for information regarding recast amounts and basis of financial statement presentation.

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

	For the six months ended	
	September 30, 2017	September 30, 2016*
		(Recast)
Cash Flows From Operating Activities		
Net income	$ 35,972	$ 1,103
Adjustments to reconcile net income from operating activities:		
Depreciation and amortization	158	138
Change in deferred taxes	1,154	(593)
Unrealized gain on trading securities	(28,733)	(2,837)
Net gain on derivative	(490)	-
Changes in operating assets and liabilities:		
Due from bank	-	32
Trading securities	(70,883)	(16,158)
Brokerage and other receivables	(7,619)	(441)
Other assets	(1,374)	(51)
Loans issued	(146)	9
Customer liabilities	7,149	4,447
Trade payables	(4)	366
Securities repurchase agreement obligation	75,412	14,514
Other liabilities	48	(109)
Current income tax liability	(145)	(59)
Net cash flows from operating activities	10,499	361
Cash Flows From Investing Activities		
Purchase of fixed assets	(718)	(133)
Proceeds from sale of fixed assets	8	13
Acquisition of FFIN Bank	-	(2,771)
Proceeds on sale of investments available-for-sale	-	6
Net cash flows used in investing activities	(710)	(2,885)
Cash Flows From Financing Activities		
Proceeds from issuance of debt securities	10,497	-
Repurchase of debt securities	(6,613)	-
Repayment of loans	-	1,421
Capital contributions	8,464	4,914
Net cash flows from financing activities	12,348	6,335
Effect of changes in foreign exchange rates on cash and cash equivalents	(3,461)	370
NET CHANGE IN CASH AND CASH EQUIVALENTS	18,676	4,181
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	34,450	18,985
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 53,126	$ 23,166

FREEDOM HOLDING CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(All amounts in thousands of United States dollars, unless otherwise stated)

Supplemental disclosure of cash flow information:		
Income tax paid	$ 523	$ 101
Cash paid for interest	$ 5,537	$1,373

The accompanying notes are an integral part of these condensed consolidated financial statements.

* See Notes 1 and 3 for information regarding recast amounts and basis of financial statement presentation.

Note 1 – Description of Business

Overview

Freedom Holding Corp. is a Nevada corporation ("FRHC") and was formerly known as BMB Munai, Inc. In 2015, FRHC entered into a Share Exchange and Acquisition Agreement with Timur Turlov (the "Acquisition Agreement") to acquire several businesses owned by Timur Turlov in exchange for controlling interest in FRHC. As the acquisitions are completed these businesses have become operating subsidiaries of FRHC. FRHC is building an international brokerage, banking, and financial services firm to meet the demand of a growing number of investors in Russia and Kazakhstan that desire financial services integration and greater access to the financial opportunities, relative stability, and integrity of the U.S. securities markets.

Pursuant to the Acquisition Agreement, FRHC acquired FFIN Securities, Inc., a Nevada corporation, ("FFIN") from Timur Turlov and controlling interest in FRHC was transferred to him. FFIN was established to create or acquire a registered broker-dealer in the United States. At the same time, FRHC began upgrading the financial reporting capabilities of its foreign acquisition candidates to meet the regulatory standards imposed upon FRHC as an SEC registrant and pursuing the governmental approvals to permit FRHC ownership of the acquisition candidates.

In June 2017, FRHC closed the acquisition of LLC Investment Company Freedom Finance, a Russian limited liability company ("Freedom RU") as a wholly owned subsidiary, which included three wholly owned operating subsidiaries, including JSC Freedom Finance, a Kazakhstan joint stock company ("Freedom KZ"), LLC First Stock Store, a Russian limited liability company ("Freedom 24") and LLC FFIN Bank, a Russian limited liability company ("FFIN Bank"). Freedom RU also maintains a representative office in Kazakhstan, referred to herein as "KZ Branch." In 2017, FFIN decided to delay application for broker-dealer registration in the United States until such time as FRHC completes integration of its foreign operating subsidiaries.

Subsequent to the quarter end, in November 2017, we received final regulatory approval to complete the acquisition of FFINEU Investments Limited, a Cyprus limited company ("Freedom CY") and closed the acquisition of Freedom CY on November 10, 2017. We also entered into an agreement to acquire LLC Freedom Finance Ukraine, a Ukranian limited liability company ("Freedom UA"), subject to receipt of required regulatory approvals.

Freedom RU provides brokerage and financial services in the capital markets in Russia, including maintaining customer accounts, managing investment portfolios, providing financial consulting and engaging in market making activities. Freedom KZ is licensed to provide brokerage and financial services in the capital markets of Kazakhstan, including the right to maintain customer accounts, manage investment portfolios, provide financial consulting, provide underwriting services and engage in market making activities. Freedom 24 built and manages the first online securities marketplace for retail customers in Russia. Freedom 24 attracts new brokerage clients to Freedom RU through a proprietary platform and internet portal for individual investors in Russia to establish a brokerage account and buy securities. FFIN Bank is licensed to engage in consumer banking operations in the Russian Federation. Freedom CY is licensed in Cyprus to provide brokerage and financial services in Cyprus including receiving, transmitting and executing customer orders, establishing custodial accounts, engaging in foreign currency exchange services and margin lending, and trading its own investment portfolio. Freedom UA is licensed to provide securities brokerage and depository services in Ukraine, but does not engage in proprietary trading activity.

Unless otherwise specifically indicated or as is otherwise contextually required, FRHC, FFIN, Freedom RU, Freedom KZ, FFIN Bank, Freedom 24 and KZ Branch are collectively referred to herein as the "Company".

Note 2 – Summary of Significant Accounting Policies

Accounting principles

The Company's accounting policies and accompanying condensed consolidated financial statements conform to accounting principles generally accepted in the United States of America (US GAAP).

These financial statements have been prepared on the accrual basis of accounting.

Basis of presentation

The Company's condensed consolidated financial statements present the consolidated accounts of FRHC, FFIN, Freedom RU, Freedom KZ, Freedom 24, FFIN Bank and KZ Branch. All significant inter-company balances and transactions have been eliminated from the condensed consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2017 Annual Report on Form 10-K for the year ended March 31, 2017, which was filed with the Securities and Exchange Commission (the "Commission") on June 30, 2017. The condensed consolidated financial information as of March 31, 2017, has been derived from the audited consolidated financial statements not included herein. Operating results for the six-month period ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending March 31, 2018.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue and expense recognition

The Company earns interest and noninterest income from its proprietary trading accounts from various sources, including:

- Securities, derivatives and foreign exchange activities;
- Reverse repurchase agreements; and
- Bank deposits.

Revenue earned on interest-earning assets, including unearned income and the amortization/ accretion of premiums or discounts recognized on debt securities, bank deposits and loans issued is recognized based on the constant effective yield of the financial instrument or based on other applicable accounting guidance.

Gains and losses on the sale of securities and certain derivatives are recognized on a trade-date basis.

The Company earns fees and commissions from its customers from:

- Providing brokerage services;
- Providing banking services (money transfers, foreign exchange operations and other); and
- Agency fees.

The Company also earns revenues from investment banking, underwriting, market making, and bondholders' representation services.

Service charges on brokerage, banking, agency, investment banking and market making services, are recognized when earned. Brokerage fees are recognized on a trade-date basis.

The Company recognizes revenue when four basic criteria have been met:

- Existence of persuasive evidence that an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed and determinable; and
- Collectability is reasonably assured.

Derivative financial instruments

In the normal course of business, the Company invests in various derivative financial contracts including futures. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Derivatives are included in assets and liabilities at fair value through profit or loss in the consolidated balance sheet.

The Company purchases foreign currency futures contracts from financial institutions to minimize the risk caused by foreign currency fluctuation on its foreign currency receivables and payables. Futures are traded on Kazakhstan Stock Exchange and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price.

At September 30, 2017, the Company had foreign currency contracts outstanding that had a notional amount of $25,000. All gains and losses on foreign currency contracts were realized during six months ended September 30, 2017 and are included in net gain on derivative in the consolidated statements of income. The contracts have varying maturities of less than one year.

Functional currency

Management has adopted ASC 830, Foreign Currency Translation Matters as it pertains to its foreign currency translation. The Company's functional currencies are the Russian ruble and Kazakhstani tenge, and its reporting currency is the US dollar. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in revenue.

Cash and cash equivalents

Cash and cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase. Cash and cash equivalents include securities received under agreement to repurchase which are recorded at the amounts at which the securities were acquired or sold plus accrued interest.

Securities reverse repurchase and repurchase agreements

A reverse repurchase agreement is a transaction in which the Company purchases financial instruments from a seller, typically in exchange for cash, and simultaneously enters into an agreement to resell the same or substantially the same financial instruments to the seller for an amount equal to the cash or other consideration exchanged plus interest at a future date. Securities purchased under reverse repurchase agreements are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will be resold, including accrued interest.

A repurchase agreement is a transaction in which the Company sells financial instruments to another party, typically in exchange for cash, and simultaneously enters into an agreement to reacquire the same or substantially the same financial instruments from the buyer for an amount equal to the cash or other consideration exchanged plus interest at a future date. These agreements are accounted for as collateralized financing transactions.

Financial instruments purchased under reverse repurchase agreements are recorded in the financial statements as cash placed on deposit collateralized by securities and are classified within cash and cash equivalents. Financial instruments transferred under repurchase agreements are retained in the financial statements and are classified within trading securities and consideration received under these agreements is recorded as collateralized deposits received under repurchase agreements and classified within securities repurchase agreement obligations.

The Company enters into reverse repurchase agreements, repurchase agreements, securities borrowed and securities loaned transactions to, among other things, acquire securities to cover short positions and settle other securities obligations, to accommodate customers' needs and to finance its inventory positions. The Company enters into these transactions in accordance with normal market practice. Under standard terms for repurchase transactions, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

Investments available-for-sale

Financial assets categorized as available-for-sale ("AFS") are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held to maturity investments or (c) trading securities.

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company has investments in unlisted shares that are not traded in an active market but that are also classified as investments AFS and stated at fair value (because Company management considers that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of other-than-temporary impairment losses, interest calculated using the effective interest method, dividend income and foreign exchange gains and losses on monetary assets, which are recognized in the Condensed Consolidated Statements of Operations and Statements of other Comprehensive Income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Trading securities

Financial assets are classified as trading securities if the financial asset has been acquired principally for the purpose of selling it in the near term.

Trading securities are stated at fair value, with any gains or losses arising on remeasurement recognized in revenue. Changes in fair value are recognized in the Condensed Consolidated Statements of Operations and Statements of other Comprehensive Income and included in 'net gain/(loss) on trading securities'. Interest earned and dividend income are recognized in the Condensed Consolidated Statements of Operations and Statements of other Comprehensive Income and included in 'interest income', according to the terms of the contract and when the right to receive the payment has been established.

Investments in nonconsolidated managed funds are accounted for at fair value based on the net asset value ("NAV") of the funds provided by the fund managers with gains or losses included in net gain on trading securities in the Condensed Consolidated Statements of Operations and Statements of other Comprehensive Income.

Debt securities issued

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income over the period of the borrowings using the effective interest method. If the Company purchases its own debt, it is removed from the Condensed Consolidated Balance Sheets and the difference between the carrying amount of the liability and the consideration paid is recognized in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income.

Brokerage and other receivables

Brokerage and other receivables comprise commissions and receivables related to the securities brokerage and banking activity of the Company. At initial recognition, brokerage and other receivables are recognized at fair value. Subsequently, brokerage and other receivables are carried at cost net of any allowance for impairment losses.

Impairment of long lived assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the fair value from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. As of September 30, 2017 and March 31, 2017, the Company had not recorded any charges for impairment of long-lived assets.

Impairment of goodwill

As of September 30, 2017, goodwill recorded in the Company's Condensed Consolidated Balance Sheets totaled $953. The Company performs an impairment review at least annually, unless indicators of impairment exist in interim periods. The impairment test for goodwill uses a two-step approach. Step one compares the estimated fair value of a reporting unit with goodwill to its carrying value. If the carrying value exceeds the estimated fair value, step two must be performed. Step two compares the carrying value of the reporting unit to the fair value of all of the assets and liabilities of the reporting unit as if the reporting unit was acquired in a business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of its goodwill, an impairment loss is recognized in an amount equal to the excess. In its annual goodwill impairment test, the Company estimated the fair value of the reporting unit based on the income approach (also known as the discounted cash flow method) and as a result of the test the fair value of the Company's goodwill exceeded the carrying amount of the reporting unit's goodwill.

Income taxes

The Company recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Current income tax expenses are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. The Company accounts for income taxes using the asset and liability approach. Under this method, deferred income taxes are recognized for tax consequences in future years based on differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income.

The Company will include interest and penalties arising from the underpayment of income taxes in the Condensed Consolidated Statements of Operations and Statements of Other Comprehensive Income in the provision for income taxes. As of September 30, 2017 and March 31, 2017, the Company had no accrued interest or penalties related to uncertain tax positions.

Financial instruments

Financial instruments are carried at fair value as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets, current ask price for financial liabilities and the average of current bid and ask prices when the Company is both in short and long positions for the financial instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Leases

Rent payable under operating leases is charged to expense on a straight-line basis over the term of the relevant lease.

Recent accounting pronouncements

In May 2017, the FASB issued ASU No. 2017-09, "Compensation—Stock Compensation (Topic 718)" ("ASU 2017-09"). ASU 2017-09 provides clarity in order to reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260)-Distinguishing Liabilities from Equity (Topic 480)-Derivatives and Hedging (Topic 815)". This ASU addresses narrow issues identified as a result of the complexity associated with applying US GAAP for certain financial instruments with characteristics of liabilities and equity. The amendments in Part I of this update that relate to liability or equity classification of financial instruments (or embedded features) affect all entities that issue financial instruments (for example, warrants or convertible instruments) that include down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. For public business entities, the amendments in Part I of this ASU No. 2017-11 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments in Part I of this ASU No. 2017-11 are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

(All amounts in thousands of United States dollars, unless otherwise stated)

Early adoption is permitted for all entities. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815) Targeted Improvements to Accounting for Hedging Activities. The amendments in this update better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The amendments in this update apply to any entity that elects to apply hedge accounting in accordance with current GAAP. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted in any interim period after issuance of the update. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

Note 3 – Revision of Financial Statement

When preparing the condensed consolidated financial statements for the three and six months ended September 30, 2017, management determined that certain amounts included in the Company's March 31, 2017 consolidated financial statements required revision, due to closing of the acquisition of Freedom RU on June 29, 2017, which was deemed to be an entity under common control with the Company. The previously issued Consolidated Balance Sheet as of March 31, 2017 and Condensed Consolidated Statement of Operations and Statements of Other Comprehensive income for the three-month and six-month period ended September 30, 2016 have been revised as follows:

	March 31, 2017		
BALANCE SHEETS (RECAST)	**As previously reported**	**Revision**	**As revised**
ASSETS			
Cash and cash equivalents	$ 51	$ 21,780	$21,831
Restricted cash	8,534	4,085	12,619
Trading securities	-	81,575	81,575
Available-for-sale securities, at fair value	-	2	2
Brokerage and other receivables	-	481	481
Other assets	-	691	691
Deferred tax assets	-	1,026	1,026
Fixed assets	2	1,039	1,041
Goodwill	-	981	981
Loans issued	-	65	65
TOTAL ASSETS	**$ 8,587**	**$ 111,725**	**$ 120,312**

(All amounts in thousands of United States dollars, unless otherwise stated)

LIABILITIES AND STOCKHOLDERS' EQUITY			
Derivative liability	$ -	$ 495	$ 495
Debt securities issued	-	3,459	3,459
Customer liabilities	-	7,543	7,543
Current income tax liability	-	149	149
Trade payables	206	29	235
Deferred distribution payments	8,534	-	8,534
Securities repurchase agreement obligation	-	56,289	56,289
Other liabilities	-	372	372
TOTAL LIABILITIES	8,740	68,336	77,076
STOCKHOLDERS' EQUITY			
Preferred stock	-	-	-
Common stock	280	(269)	11
Additional paid in capital	776	32,488	33,264
Retained earnings	(1,209)	18,069	16,860
Accumulated other comprehensive income	-	(6,899)	(6,899)
TOTAL STOCKHOLDERS' EQUITY	(153)	43,389	43,236
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 8,587**	**$ 111,725**	**$ 120,312**

	For the three months ended September 30, 2016		
STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME (RECAST)	**As previously reported**	**Revision**	**As reported**
Revenue:			
Fee and commission income	$ -	$ 898	$ 898
Net gain on trading securities	-	3,700	3,700
Interest income	1	248	249
Net gain on sale of fixed assets	-	28	28
Net gain on foreign exchange operations	-	344	344
TOTAL REVENUE	1	5,218	5,219
Expense:			
Interest expense	-	782	782
Fee and commission expense	-	70	70
Operating expense	86	1,948	2,034
Other expense, net	-	79	79
TOTAL EXPENSE	86	2,879	2,965
NET (LOSS)/INCOME BEFORE INCOME TAX	(85)	2,339	2,254

(All amounts in thousands of United States dollars, unless otherwise stated)

Income tax benefit	-	84	84
NET (LOSS)/INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (85)	$ 2,423	$ 2,338
OTHER COMPREHENSIVE INCOME			
Change in unrealized gain on investments available-for-sale, net of tax effect	-	3	3
Foreign currency translation adjustments, net of tax	-	434	434
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ (85)**	**$ 2,860**	**$ 2,775**

STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME (RECAST)	**For the six months ended September 30, 2016**		
	As previously reported	**Revision**	**As reported**
Revenue:			
Fee and commission income	$ -	$ 1,393	$ 1,393
Net gain on trading securities	-	3,419	3,419
Interest income	2	984	986
Net gain on sale of fixed assets	-	28	28
Net gain on foreign exchange operations	-	434	434
TOTAL REVENUE	2	6,258	6,260
Expense:			
Interest expense	-	1,352	1,352
Fee and commission expense	-	134	134
Operating expense	338	3,753	4,091
Other expense, net	-	127	127
TOTAL EXPENSE	338	5,366	5,704
NET (LOSS)/INCOME BEFORE INCOME TAX	(336)	892	556
Income tax benefit	-	547	547
NET (LOSS)/INCOME BEFORE NONCONTROLLING INTERESTS	$ (336)	$ 1,439	$ 1,103
Less: Net income attributable to noncontrolling interest in subsidiary	-	7	7
NET (LOSS)/INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	(336)	1,432	1,096

(All amounts in thousands of United States dollars, unless otherwise stated)

OTHER COMPREHENSIVE INCOME			
Change in unrealized gain on investments available-for-sale, net of tax effect	-	6	6
Foreign currency translation adjustments, net of tax	-	1,481	1,481
COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	**$ (336)**	**$ 2,919**	**$ 2,583**

Note 4 – Cash and Cash Equivalents

	September 30, 2017	March 31, 2017
Securities purchased under agreement to resell	$ 18,103	$ 8,376
Current account with commercial banks	9,360	9,204
Current account in clearing organizations	2,454	191
Current account with Central Depository (Kazakhstan)	2,153	984
Petty cash	1,945	1,476
Current account with National Settlement Depository (Russia)	1,654	696
Current account with Central Bank (Russia)	1,185	645
Brokerage accounts	1,017	259
Total cash and cash equivalents	$ 37,871	$ 21,831

As of September 30, 2017 and March 31, 2017, cash and cash equivalents were not insured. As of September 30, 2017 and March 31, 2017, the cash and cash equivalents balance included collateralized securities received under agreement to resell on the terms presented below:

	September 30, 2017			
	Interest rates and remaining contractual maturity of the agreements			
	Average Interest rate	Up to 30 days	30-90 days	Total
Securities purchased under agreement to resell				
Corporate equity	16.86%	$ 10,970	$ 2,490	$ 13,460
Corporate debt	9.04%	4,643	-	4,643
Total		$ 15,613	$ 2,490	$ 18,103

	March 31, 2017			
	Interest rates and remaining contractual maturity of the agreements			
	Average Interest rate	Up to 30 days	30-90 days	Total
Securities purchased under agreement to resell				

Corporate equity	19.56%	$ 8,346	$ 25	$ 8,371
Corporate debt	24.00%	5	-	5
Total		$ 8,351	$ 25	$ 8,376

The securities received by the Company as collateral under reverse repurchase agreements (agreements to resell) are liquid trading securities with market quotes and significant trading volume.

The fair value of collateral received by the Company under reverse repurchase agreements as of September 30, 2017 and March 31, 2017, is $18,553 and $8,229, respectively.

Note 5 – Restricted Cash

As of September 30, 2017 and March 31, 2017, the Company's restricted cash consisted of deferred distribution payments, cash segregated in a special custody account for the exclusive benefit of our brokerage customers and required reserves with the Central Bank of the Russian Federation which represents cash on hand balance requirements. The deferred distribution payment amount is the reserve held for distribution to shareholders who have not yet claimed their distributions from the sale of the Company's oil and gas exploration and production operations of $8,534. Restricted cash consists of:

	September 30, 2017	March 31, 2017
Deferred distribution payments	$ 8,534	$ 8,534
Brokerage customers' cash	6,669	4,039
Reserve with Central Bank	52	46
Total restricted cash	$ 15,255	$ 12,619

Note 6 – Trading Securities

The following table presents assets, liabilities and redeemable non-controlling interests in the consolidated financial statements or disclosed in the notes to the consolidated financial statements at fair value on a recurring basis as of June 30, 2017 and March 31, 2017:

	September 30, 2017	March 31, 2017
Trading securities:		
Equity securities	$ 141,169	$ 71,697
Debt securities	37,597	9,877
Mutual investment funds	254	1
Trading securities	$ 179,020	$ 81,575

The following table presents assets, liabilities and redeemable non-controlling interests in the condensed consolidated financial statements or disclosed in the notes to the consolidated financial statements at fair value on a recurring basis as of September 30, 2017 and March 31, 2017:

(All amounts in thousands of United States dollars, unless otherwise stated)

		Fair Value Measurements at September 30, 2017 using		
	September 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant unobservable units (Level 3)
Equity securities	$ 141,169	$ 141,169	$ -	$ -
Debt securities	37,597	37,409	188	-
Mutual investment funds	254	254	-	-
Trading securities	$ 179,020	$ 178,832	$ 188	$ -

		Fair Value Measurements at March 31, 2017 using		
	March 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant unobservable units (Level 3)
Equity securities	$ 71,697	$ 71,697	$ -	$ -
Debt securities	9,877	9,663	214	-
Mutual investment funds	1	1	-	-
Trading securities	$ 81,575	$ 81,361	$ 214	$ -

Note 7 – Securities repurchase agreement obligations

As of September 30, 2017 and March 31, 2017, trading securities included collateralized securities subject to repurchase obligations as described in the following table:

	September 30, 2017 — Interest rates and remaining contractual maturity of the agreements				
	Average interest rate	Overnight and continuous	Up to 30 days	30-90 days	Total
Securities sold under agreement to repurchase					
Corporate debt	10.31%	$ -	$ 36,331	$ -	$ 36,331
Corporate equity	12.74%	-	91,728	-	91,728
Non-US sovereign debt	9.75%	-	2,152	-	2,152

(All amounts in thousands of United States dollars, unless otherwise stated)

Total securities sold under repurchase agreements		$ -	$ 130,211	$ -	$ 130,211

	March 31, 2017				
	Interest rate and remaining contractual maturity of the agreements				
	Average interest rate	**Overnight and continuous**	**Up to 30 days**	**30-90 days**	**Total**
Securities sold under agreement to repurchase					
Corporate debt	11.83%	$ 14,484	$ 10,923	$ -	$ 25,407
Corporate equity	13.08%	-	29,926	956	30,882
Total securities sold under repurchase agreements		$ 14,484	$ 40,849	$ 956	$ 56,289

The fair value of collateral pledged under agreements to repurchase as of September 30, 2017 and March 31, 2017, is $178,419 and $68,025, respectively.

Securities pledged as collateral by the Company under repurchase agreements are liquid trading securities with market quotes and significant trading volume.

Note 8 – Deferred Tax Assets

FRHC and FFIN are subject to taxation in the U.S. Freedom RU, FFIN Bank and Freedom 24 are subject to taxation in the Russian Federation. Freedom KZ and KZ Branch are subject to taxation in Kazakhstan.

The tax rate used for reconciliations for the six months ended September 30, 2017 and March 31, 2017, is the 20% corporate tax rate payable by corporate entities in the Russian Federation and the Republic of Kazakhstan on taxable profits under tax law in those jurisdictions.

Deferred tax assets and liabilities subject to taxation in the Russian Federation and Republic of Kazakhstan comprise:

	September 30, 2017	March 31, 2017
Deferred tax asset:		
Tax losses carryforward	$ 1,770	$ 2,398
Accrued liabilities	19	20
Revaluation on trading securities	47	76
Valuation allowance	(1,144)	(1,468)
Deferred tax assets	$ 692	$ 1,026

(All amounts in thousands of United States dollars, unless otherwise stated)

Deferred tax liabilities:		
Revaluation on trading securities	$ 851	$ -
Deferred tax liabilities	851	-
Net deferred tax (liability)/assets	$ (159)	$ 1,026

The tax rate used for reconciliations for the six months ended September 30, 2017 and 2016, is the 20% corporate tax rate payable by corporate entities in the Russian Federation and the Republic of Kazakhstan on taxable profits under tax law in those jurisdictions. During the six months ended September 30, 2017 and 2016, the effective tax rate was equal to 2.67% and (98.38%), respectively, primarily due to non-taxable gain on trading securities in Freedom KZ in the amounts of $35,096 and $5,610, respectively. During the six months period ended September 30, 2017, the Company realized net income before income tax of $36,959, primarily from non-taxable revenues generated from the Company's Freedom KZ's trading operations, and utilized tax loss carryforwards of $628. This resulted in the Company realizing an income tax expense during the six months ended September 30, 2017 of $987. During the six months ended September 30, 2016, the Company realized a net income before income tax of $556 resulting in an income tax benefit of $547, primarily from non-taxable revenues generated from Freedom KZ's trading operations. During the six months ended September 30, 2017, the Company did not recognize tax loss carryforwards of $2,043 on operations of Freedom KZ.

FRHC and FFIN are subject to United States federal and state income taxes at an approximate rate of 34% and 3.3%, respectively.

Deferred tax assets subject to taxation of United States federal and state income taxes comprise:

	September 30, 2017	March 31, 2017
Deferred tax asset:		
Net operating loss carryforward	$ 580	$ 398
Valuation allowance	(580)	(398)
Deferred tax assets	$ -	$ -

As of September 30, 2017, net deferred tax liabilities in the amount of $159 were comprised of $856 of deferred tax liabilities of Freedom RU and tax assets of Freedom RU and FFIN Bank of $626 and $71, respectively.

As of March 31, 2017, net deferred tax assets in the amount of $1,026 comprised deferred tax assets of Freedom RU and FFIN Bank of $90 and $936, respectively.

Note 9 – Derivative Liability

On December 28, 2016, Freedom RU entered into a derivative instrument agreement with a related party that included a call option feature for the purchase of shares held by Freedom RU. This call option was classified as a derivative liability in the Consolidated Balance Sheets and measured at each reporting period using the Black-Scholes Model. The gain associated with this derivative instrument is recognized as gain on a derivative instrument in the Consolidated Statements of Operations and Statements of Other Comprehensive Income. In exchange for a $2,629 premium paid upfront, this derivative instrument granted the holder the right to purchase 11.8 million shares of a top rated Russian commercial bank - Sberbank on June 14, 2017, at a strike price $3.10 per share.

(All amounts in thousands of United States dollars, unless otherwise stated)

The Company recorded a derivative liability of $495 as of March 31, 2017. On June 14, 2017, the derivative instrument expired unexercised by the option holder, and the Company recognized a gain on the derivative instrument of $490.

The Company uses foreign currency futures contracts to minimize the risk caused by foreign currency fluctuation on its foreign currency receivables and payables by purchasing futures with financial institutions. Futures are traded on Kazakhstan Stock Exchange and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price. During the three months ended September 30, 2017, Freedom KZ purchased foreign currency futures contracts to sell $25,000 at the weighted average exchange rate of 345.63 Kazakhstani Tenge per US dollar in December 2017 and March 2018. The Company realized a loss of $713 on foreign currency futures contracts during the six months ended September 30, 2017.

Note 10 – Debt Securities Issued

	September 30, 2017	March 31, 2017
Debt securities issued	$ 16,527	$ 9,530
Debt securities repurchased	(9,086)	(6,145)
Accrued interest	163	74
Total	$ 7,604	$ 3,459

During the six months ended September 30, 2017 and 2016, the Company placed USD indexed bonds of Freedom KZ issued under Kazakhstan law in the amounts of $7,729 and $0, respectively. The bonds have an 8.00% fixed annual coupon rate and a maturity date of June 27, 2020. These bonds are actively traded on the Kazakhstan Stock Exchange.

According to the initial placement document (prospectus) the Company has the right to repurchase and resell the Freedom KZ bonds at market value. During the six months ended September 30, 2017 and 2016, the Company made purchases of these redeemable debt securities in the amount of $1,280 and $0, respectively.

As of September 30, 2017, and March 31, 2017, the Company placed tenge - denominated bonds of Freedom KZ issued under Kazakhstan law in the amount of $8,798. The bonds have an 11.50% fixed annual coupon rate and a maturity date of January 21, 2019. These bonds are actively traded on the Kazakhstan Stock Exchange.

According to the initial placement document (prospectus) the Company has the right to repurchase and resell the Freedom KZ bonds at market value. During the six months ended September 30, 2017 and

(All amounts in thousands of United States dollars, unless otherwise stated)

2016, the Company made purchases of these redeemable debt securities in the amount of $2,887 and $0, respectively. During the six months ended September 30, 2017 and 2016, the Group sold these repurchased debt securities in the amount of $588 and $0, respectively.

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. As of September 30, 2017, and March 31, 2017, the accrued interest included in the balance of debt securities issued totaled $163 and $74, respectively.

Note 11 – Customer Liabilities

The Company recognizes customer liabilities associated with funds held by our brokerage and bank customers. Customer liabilities consist of:

	September 30, 2017	March 31, 2017
Brokerage customers	$ 8,029	$ 4,039
Banking customers	6,459	3,504
Total	$ 14,488	$7,543

Note 12 –Related Party Transactions

On December 28, 2016, Freedom RU entered into a derivative instrument agreement with a related party which included a call option feature. The gain or loss associated with this agreement is recognized as gain on a derivative instrument in the Consolidated Statements of Operations and Statements of Other Comprehensive Income. The Company recorded a derivative liability of $495 as of March 31, 2017. On June 14, 2017, the derivative instrument expired unexercised by the holder, and the Company recognized a gain on the derivative instrument of $490.

During the six months ended September 30, 2017 and 2016, the Company earned commission income from related parties in the amounts of $1,711 and $570, respectively. Commission income earned from related parties is comprised primarily of brokerage commissions and agency fees for referrals of new brokerage clients to other brokers.

As of September 30, 2017 and March 31, 2017, the Company had brokerage and other receivables from related parties totaling $430 and $328, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of September 30, 2017 and March 31, 2017, the Company had customer liabilities on brokerage accounts and bank accounts of related parties totaling $3,895 and $2,249, respectively. As of September 30, 2017 and March 31, 2017, the Company had restricted customer cash on brokerage accounts and cash on bank accounts of related parties totaling $2,516 and $2,249, respectively.

Note 13 – Stockholder’s Equity

(All amounts in thousands of United States dollars, unless otherwise stated)

During the six months ended September 30, 2017, Mr. Turlov made capital contributions of $540 to the Company. At the time such contributions were made, Mr. Turlov was the Chief Executive Officer, Chairman of the board, and majority shareholder of the Company.

During the six months ended September 30, 2017, Mr. Turlov made capital contributions of $7,924 to Freedom RU, respectively.

On June 29, 2017, FRHC and Mr. Turlov agreed to close the acquisition of Freedom RU. Pursuant to the terms of the Acquisition Agreement, FRHC previously agreed to issue to Mr. Turlov sufficient shares of common stock to increase his ownership in the outstanding common stock of the Company to 93% in exchange for his 100% interest in Freedom RU.

Note 14 – Stock Split Disclosure

On September 6, 2017, the Company effected a one-share-for-twenty-five-shares reverse stock split of its common stock. All share and earnings per share information have been retroactively adjusted to reflect the stock split. The effect of this stock split on our EPS is as follows:

	Three months ended September 30,		Six months ended September 30,	
	2017	2016 (Recast)	2017	2016* (Recast)
Restated basic and diluted net income per common share:				
From continuing operations	$27,600	$ 2,338	$35,972	$1,103
Restated net income per common share - basic and diluted (in US dollars)	$1.22	$0.21	$2.12	$0.10
Restated shares used in the calculation of net income per common share:				
Basic and diluted	22,536,534	11,213,926	16,951,994	11,213,926

Note 15 – Commitments and Contingent Liabilities

The table below shows approximate lease commitments and other contingent liabilities of the Company for the foreseeable period of one year ending September 30, 2018:

Contractual obligations	
Deferred distribution payable (1)	$ 8,534
Office lease(2)	2,549
Total	$ 11,083

(1) This distribution is currently payable, subject to the entitled shareholder completing and submitting to the Company the necessary documentation to claim his, her or its distribution payments. The Company has no control over when, or if, an entitled shareholder will submit the necessary documentation to claim his, her, or its distribution payment.

(2) The Company has number of lease agreements for office spaces in different locations. In general, all agreements are made for a one year period with extension or termination provisions.

The Company's rent expense for office space was $441 and $299 for the three months ended September 30, 2017 and 2016, respectively. The Company's rent expense for office space was $818 and $ 596 for the six months ended September 30, 2017 and 2016, respectively.

Note 16 – Subsequent Events

The Company evaluated all material events and transactions that occurred after September 30, 2017 through November 14, 2017, the date these financial statements were available to be issued. Other than as disclosed below, during this period, the Company did not have any additional material recognizable subsequent events.

On October 6, 2017, the Company awarded restricted stock grants totaling 3,900,000 shares of its common stock to 16 employees and awarded nonqualified stock options to purchase an aggregate of 360,000 shares of its common stock to two employees. Of the 3,900,000 shares awarded pursuant to the restricted stock grant awards, 1,200,000 shares are subject to two-year vesting conditions and 2,700,000 shares are subject to three-year vesting conditions. All of the nonqualified stock options are subject to three-year vesting conditions.

On October 25, 2017, Mr. Turlov made a capital contribution of $130 to the Company. At the time this contribution was made, Mr. Turlov was the Chief Executive Officer, Chairman of the board, and majority shareholder of the Company.

On November 1, 2017, FRHC received notification from the Cyprus Securities and Exchange Commission ("CySEC") that it had granted final regulatory approval to allow Timur Turlov to transfer ownership of Freedom CY and the securities brokerage and financial services business conducted by it in Cyprus to the Company. Receipt of CySEC approval was the final condition necessary to close the acquisition of Freedom CY and the parties closed the acquisition of Freedom CY on November 10, 2017. In exchange for his 100% equity interest in Freedom CY and the securities brokerage and financial services business conducted by it in Cyprus, Mr Turlov was issued 12,758,011 shares of Company common stock at the closing of the acquisition and Freedom CY became a wholly owned subsidiary of the Company.

On November 1, 2017, the Company entered into a Share Exchange and Acquisition Agreement, dated November 1, 2017, with BusinessTrain, Ltd., to acquire 100% of the outstanding equity interest of LLC Freedom Finance, (formerly known as FC Ukranet, LLC), a Ukranian limited liability company ("Freedom UA") and the securities brokerage business conducted by it in Ukraine. BusinessTrain Ltd., ("BusinessTrain") is a third-party unrelated to the Company. The Company will acquire BusinessTrain's interest in Freedom UA and Freedom UA will become a wholly owned subsidiary of the Company in exchange for 387,700 shares of restricted common stock of the Company. The consummation of the acquisition of Freedom UA and the delivery of Company common stock for the equity interest of Freedom UA is subject to receipt of all required regulatory approvals in Ukraine, including the approval of the National Securities and Stock Market Commission of Ukraine, of the transfer of ownership of Freedom UA and the securities brokerage business conducted by it from BusinessTrain to the Company.

LLC IC FREEDOM FINANCE
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

Independent Auditor's Report

To the Board of Directors and
Stockholders of LLC IC Freedom Finance

We have audited the accompanying consolidated balance sheets of LLC IC Freedom Finance (the Company) as of March 31, 2017 and 2016, and the related consolidated statements of operations and statements of other comprehensive income, changes in equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LLC IC Freedom Finance as of March 31, 2017 and 2016, and the results of its operations and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ WSRP, LLC

WSRP, LLC
Salt Lake City, Utah
June 29, 2017

LLC IC FREEDOM FINANCE
CONSOLIDATED BALANCE SHEETS
(All amounts in thousands of United States dollars, unless otherwise stated)

	March 31, 2017	March 31, 2016
ASSETS		
Cash and cash equivalents	$ 21,780	$ 7,916
Restricted cash	4,085	2,435
Due from banks	-	32
Trading securities	81,575	25,311
Available-for-sale securities, at fair value	2	405
Brokerage and other receivables	481	436
Other assets	691	619
Deferred tax assets	1,026	14
Fixed assets	1,039	1,003
Goodwill	981	818
Loans issued	65	80
TOTAL ASSETS	**$ 111,725**	**$ 39,069**
LIABILITIES AND EQUITY		
Derivative liability	$ 495	$ -
Debt securities issued	3,459	-
Customer liabilities	7,543	2,489
Current income tax liability	149	49
Trade payables	29	93
Securities repurchase agreement obligation	56,289	10,860
Other liabilities	372	386
Deferred tax liabilities	-	55
TOTAL LIABILITIES	68,336	13,932
EQUITY		
Share capital	30,176	22,778
Additional paid in capital	2,043	-
Retained earnings	18,069	10,666
Accumulated other comprehensive loss	(6,899)	(11,133)
Total equity attributable to the Company	43,389	22,311
Non-controlling interest in subsidiary	-	2,826
TOTAL EQUITY	43,389	25,137
TOTAL LIABILITIES AND EQUITY	**$ 111,725**	**$ 39,069**

See accompanying notes to consolidated financial statements.

LLC IC FREEDOM FINANCE
CONSOLIDATED STATEMENTS OF OPERATIONS AND STATEMENTS OF OTHER COMPREHENSIVE INCOME
(All amounts in thousands of United States dollars, unless otherwise stated)

	Years ended	
	March 31, 2017	**March 31, 2016**
Revenue:		
Interest income	$ 2,002	$ 1,278
Fee and commission income	4,131	1,832
Net gain on trading securities	10,806	13,880
Net gain on derivative	1,905	-
Net realized gain on investments available-for-sale	276	-
Net gain on sale of fixed assets	29	143
Net gain on foreign exchange operations	274	290
TOTAL REVENUE	19,423	17,423
Expense:		
Interest expense	3,805	1,488
Fee and commission expense	394	148
Operating expense	8,190	6,542
Other expense/(income), net	210	(97)
TOTAL EXPENSE	12,599	8,081
NET INCOME BEFORE INCOME TAX	6,824	9,343
Income tax (benefit)/provision	(524)	183
NET INCOME	$ 7,348	$ 9,160
Attributable to non-controlling interest	9	55
Attributable to the Company	7,339	9,105
OTHER COMPREHENSIVE INCOME		
Change in unrealized gain on investments available-for-sale, net of tax effect	$ 7	$ 145
Net gain on sale of investments available-for-sale reclassified to profit or loss, net of tax effect	(276)	-
Foreign currency translation adjustments, net of tax	4,503	(7,627)
OTHER COMPREHENSIVE INCOME / (LOSS)	4,234	(7,482)
Attributable to non-controlling interest	9	55
Attributable to the Company	11,573	1,623
TOTAL COMPREHENSIVE INCOME	$ 11,582	$ 1,678

See accompanying notes to consolidated financial statements.

LLC IC FREEDOM FINANCE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(All amounts in thousands of United States dollars, unless otherwise stated)

	Share Capital	Additional Paid in Capital	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Non-Controlling Interest	Total Equity
Balance at March 31, 2015	**$ 17,179**	**$ -**	**$ (3,651)**	**$ 1,561**	**$ 2,771**	**$ 17,860**
Capital contributions	5,599	-	-	-	-	5,599
Foreign currency translation loss	-	-	(7,627)	-	-	(7,627)
Available-for-sale securities revaluation	-	-	145	-	-	145
Net income	-	-	-	9,105	55	9,160
Balance at March 31, 2016	**22,778**	**-**	**(11,133)**	**10,666**	**2,826**	**25,137**
Capital contributions (Note 22)	7,398	2,043	-	-	-	9,441
Purchase of FFIN Bank shares	-	-	-	64	(2,835)	(2,771)
Foreign currency translation gain	-	-	4,503	-	-	4,503
Available-for-sale securities revaluation	-	-	(269)	-	-	(269)
Net income	-	-	-	7,339	9	7,348
Balance at March 31, 2017	**$ 30,176**	**$ 2,043**	**$ (6,899)**	**$ 18,069**	**$ -**	**$ 43,389**

See accompanying notes to consolidated financial statements.

LLC IC FREEDOM FINANCE
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands of United States dollars, unless otherwise stated)

	Years ended	
	March 31, 2017	**March 31, 2016**
Cash Flows From Operating Activities		
Net Income	$ 7,348	$ 9,160
Adjustments to reconcile net income from operating activities:		
Depreciation and amortization	197	225
Gain on sale of fixed assets	(29)	(143)
Change in deferred taxes	(1,078)	(9)
Unrealized gain on derivatives	(1,905)	-
Unrealized gain on trading securities	(5,484)	(5,188)
Changes in operating assets and liabilities:		
Due from banks	34	119
Trading securities	(38,686)	(14,953)
Brokerage and other receivables	(21)	1,089
Other assets	45	(370)
Loans issued	28	(43)
Derivative liability	2,346	-
Customer liabilities	4,073	1,099
Current income tax liability	81	46
Trade payables	(72)	(1,512)
Securities repurchase agreement obligation	38,620	11,339
Other liabilities	46	(36)
Cash flows from operating activities	5,543	823

LLC IC FREEDOM FINANCE
CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in thousands of United States dollars, unless otherwise stated)

Cash Flows From Investing Activities		
Purchase of fixed assets	(62)	(154)
Proceeds from sale of fixed assets	38	523
Acquisition of FFIN Bank	(2,771)	-
Proceeds on sale of investments available-for-sale	144	-
Purchase available-for-sale securities	-	(108)
Net cash flows (used in)/from investing activities	(2,651)	261
Cash Flows From Financing Activities		
Proceeds from issuance of debt securities	8,612	-
Repurchase of debt securities	(5,524)	-
Repayment of loans issued	-	(739)
Capital contributions	7,398	5,599
Net cash flows from financing activities	10,486	4,860
Effect of changes in foreign exchange rates on cash and cash equivalents	2,136	(5,483)
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,514	461
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	10,351	9,890
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 25,865	$ 10,351
Supplemental disclosure of cash flow information:		
Income tax paid	$ 356	$ 247
Cash paid for interest	$ 3,724	$ 1,433
Non cash transactions:		
Contribution of shares in excess of related party loan payoff amount	$ 2,043	$ -

See accompanying notes to consolidated financial statements

Note 1 – Description of Business

Overview

LLC IC Freedom Finance (referred to herein as "Freedom RU" or the "Company") is a Russian limited company that was organized in 2010. Since 2010, Freedom RU has been engaged in the securities brokerage and financial services business in the Russian Federation. Freedom RU is 100% owned by Timur Turlov ("Owner"). In 2013, Freedom RU acquired Joint Stock Company Freedom Finance ("Freedom KZ"), a Kazakhstan joint stock company engaged in the securities brokerage and financial services business in the Republic of Kazakhstan. The joint stock company structure in Kazakhstan is similar to a corporation structure in the US. In 2013, Freedom RU formed LLC First Stock Store ("FSS"), a Russian limited company as its wholly owned subsidiary. FSS is the first online securities marketplace for retail customers in Russia. In 2016, Freedom RU acquired LLC FFIN Bank ("FFIN Bank"), a Russian limited company. FFIN Bank conducts banking operations in the Russian Federation. In 2013, Freedom RU formed Branch Office of LLC IC Freedom in Kazakhstan ("KZ Branch"), a Kazakhstan limited liability company, to act as the representative office of Freedom RU in Kazakhstan.

As of March 31, 2017, Freedom RU and Freedom KZ together had approximately 30,000 total active customer accounts, with aggregate investment positions of more than $100 million. The customers of Freedom RU and Freedom KZ typically execute approximately 15,000 transactions per month, with an aggregate transaction value of approximately $1 billion. These customers range from retail traders that frequently execute large transactions to relatively small, inactive accounts that hold securities positions long-term.

LLC IC Freedom Finance

Freedom RU provides financial services in the Russian Federation pursuant to open-ended licenses for brokerage, dealer, and depository operations and for activities in securities management issued by the Russian government. The Federal Financial Markets Service of Russia provides the governmental regulation of company operations and the protection of the interests of its customers.

JSC Freedom Finance

Freedom KZ provides professional services in the capital markets in Kazakhstan. Since 2006, Freedom KZ has been a professional participant of the Kazakhstan Stock Exchange, which enables it to manage investment portfolios for its clients. Freedom KZ is regulated by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan.

LLC First Stock Store

FSS was launched to be the first online securities marketplace for retail customers in Russia. FSS was launched to attract new brokerage clients for Freedom RU by providing a medium for individual investors to buy and sell securities traded on the Russian and US stock exchanges.

LLC FFIN Bank

FFIN Bank has a license issued by the Central Bank of the Russian Federation to execute banking operations in rubles and foreign currency for individuals and legal entities. FFIN Bank derives revenue from providing banking services, including money transfer, foreign exchange operations, interbank lending and deposits. FFIN Bank is regulated by the Central Bank of Russia.

Freedom RU, Freedom KZ, FSS, FFIN Bank and KZ Branch are referred to collectively in these financial statements as the "Group" unless otherwise specifically indicated or as is otherwise contextually required.

Branch Office of LLC IC Freedom Finance in Kazakhstan

KZ Branch was created to act as the representative office of Freedom RU in Kazakhstan.

Note 2 – Summary of Significant Accounting Policies

Accounting principles

The Group's accounting policies and accompanying consolidated financial statements conform to accounting principles generally accepted in the United States of America (US GAAP).

These financial statements have been prepared on the accrual basis of accounting.

Basis of presentation

The Group's consolidated financial statements present the consolidated results of Freedom RU, Freedom KZ, FSS, FFIN Bank and KZ Branch. All significant inter-company balances and transactions have been eliminated from the consolidated financial statements.

Non-controlling interests

Non-controlling interest in the Group's subsidiary, FFIN Bank, is reported as a component of equity, separate from the parent company's equity. Results of operations attributable to the non-controlling interests are included in the Company's consolidated statements of operations and consolidated statements of comprehensive income (loss). During the year ended March 31, 2017, the Company acquired the previously outstanding non-controlling interest in FFIN Bank.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue and expense recognition

The Group earns interest and noninterest income from various sources, including:

- Securities, derivatives and foreign exchange activities; and

- Bank deposits.

The Group earn fees and commissions from:

- Providing brokerage services;
- Providing banking services (money transfers, foreign exchange operations and other);
- Agency fees;
- Revenue earned on interest-earning assets, including unearned income and the amortization/accretion of premiums or discounts recognized on debt securities, bank deposits and loans issued is recognized based on the constant effective yield of the financial instrument or based on other applicable accounting guidance; and
- Service charges on brokerage, banking and agency services are recognized when earned. Brokerage fees and gains and losses on the sale of securities and certain derivatives are recognized on a trade-date basis.

The Group recognize revenue when four basic criteria have been met:

- Existence of persuasive evidence that an arrangement exists;
- Delivery has occurred or services have been rendered;
- The seller's price to the buyer is fixed and determinable; and
- Collectability is reasonably assured.

Comprehensive income (loss)

Comprehensive income (loss) is comprised of net gain/(loss) on revaluation of investments available-for-sale, net gain/(loss) on sale of investments available-for-sale to be reclassified to profit and loss and foreign currency translation adjustments.

Functional currency

Management has adopted ASC 830, Foreign Currency Translation Matters as it pertains to its foreign currency translation. The Group's functional currencies are the Russian ruble and Kazakhstani tenge, and its reporting currency is the US dollar. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Group has not, as of the date of these financial statements, entered into any derivative instruments to offset the impact of foreign currency fluctuations.

Cash and cash equivalents

Cash and cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase. Cash and cash equivalents include securities received under agreement to repurchase which are recorded at the amounts at which the securities were acquired or sold plus accrued interest.

Securities repurchase and reverse repurchase agreements

Securities purchased under agreements to resell (“reverse repurchase agreements” or “repo”) are accounted for as collateralized financing transactions and are recorded at the contractual amount for which the securities will resold, including accrued interest.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets transferred under repo are retained in the financial statements and consideration received under these agreements is recorded as collateralized deposit received within repurchase agreements. Assets purchased under reverse repos are recorded in the financial statements as cash placed on deposit collateralized by securities and other assets and are classified within cash and cash equivalents or due from banks.

The Group enters into securities repurchase agreements and securities lending transactions under which it receives or transfers collateral in accordance with normal market practice. Under standard terms for repurchase transactions, the recipient of collateral has the right to sell or repledge the collateral, subject to returning equivalent securities on settlement of the transaction.

Investments available-for-sale

Financial assets categorized as available-for-sale (AFS) are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) trading securities.

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group has investments in unlisted shares that are not traded in an active market but that are also classified as investments AFS and stated at fair value (because the Group management considers that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of other-than-temporary impairment losses, interest calculated using the effective interest method, dividend income and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Investments in nonconsolidated managed funds are accounted for at fair value based on the net asset value (“NAV”) of the funds provided by the fund managers with gains or losses included in net gain on trading securities in the Consolidated Statements of Operations and Statement of other Comprehensive Income.

Trading securities

Financial assets are classified as trading securities if the financial asset has been acquired principally for the purpose of selling it in the near term.

Trading securities are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend and interest earned on the financial asset and is included in the 'interest income' line item, respectively, in the statement of profit or loss. Fair value is determined in the manner described (see Note 5).

Debt securities issued

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognized in the consolidated statement of profit or loss.

Brokerage and other receivables

Brokerage and other receivables comprise commissions and other receivables related to the securities brokerage and banking activity of the Group. At initial recognition brokerage and other receivables are recognized at fair value. Subsequently, brokerage and other receivables are carried at cost. Brokerage and other receivables are carried net of any allowance for impairment losses.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognized where all of the following conditions are met:

- Isolation of transferred financial assets. The transferred financial assets have been isolated from the Group—put presumptively beyond the reach of the Group and its creditors, even in bankruptcy or other receivership.

- The Group has rights to pledge or exchange financial assets. This condition is met if both of the following conditions are met:
  1. The Group has the right to pledge or exchange the assets (or beneficial interests) it received.
  2. No condition does both of the following:
     i. Constrains the Group (or third-party holder of its beneficial interests) from taking advantage of its right to pledge or exchange
     ii. Provides more than a trivial benefit to the transferor.

- Effective control. The transferor, its consolidated affiliates included in the financial statements being presented, or its agents do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets. A transferor's effective control over the transferred financial assets includes, but is not limited to, any of the following:
  1. An agreement that both entitles and obligates the transferor to repurchase or redeem them the transferred financial assets before their maturity from the Group.

2. An agreement, other than through a cleanup call, that provides the transferor with both of the following:
   i. The unilateral ability to cause the holder to return specific financial assets
   ii. A more-than-trivial benefit attributable to that ability.
3. An agreement that permits the Group to require the transferor to repurchase the transferred financial assets at a price that is so favorable to the Group that it is probable that the Group will require the transferor to repurchase them.

Where the Group has not met asset derecognition conditions above, it continues to recognize the asset to the extent of its continuing involvement.

Fixed assets

Fixed assets are carried at cost, net of accumulated depreciation. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and seven years.

Advertising expense

For the years ended March 31, 2017 and 2016, the Group had expenses related to advertising in the amount of $866 and $854, respectively. All costs associated with advertising are expensed in the period incurred.

Impairment of long lived assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Group periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. As of March 31, 2017 and 2016, the Group had not recorded any charges for impairment of long-lived assets.

Impairment of goodwill

As of March 31, 2017, goodwill recorded in Group's consolidated balance sheet aggregated $ 981. The Group performs annual impairment review at least annually, unless indicators of impairment exist in interim periods. The impairment test for goodwill uses a two-step approach. Step one compares the estimated fair value of a reporting unit with goodwill to its carrying value. If the carrying value exceeds the estimated fair value, step two must be performed. Step two compares carrying value of the reporting unit to the fair value of all of the assets and liabilities of the reporting unit as if the reporting unit was acquired in a business combination. If the carrying amount of a reporting unit's goodwill exceeds the implied fair value of its goodwill, an impairment loss is recognized in an amount equal the excess. In annual goodwill impairment test the Group estimated the fair value of reporting unit based on the income approach (also known as the discounted cash flow ("DCF") method) and as a result of the test, fair value of the Group's goodwill exceeded carrying amount of reporting unit's goodwill.

Income taxes

The Group recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Current income tax expenses are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing financial statements, the Group is required to estimate its income taxes in each of the jurisdictions in which it operates. The Group accounts for income taxes using the liability approach. Under this method, deferred income taxes are recognized for tax consequences in future years of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income.

The Group will include interest and penalties arising from the underpayment of income taxes in the consolidated statements of operations in the provision for income taxes. As of March 31, 2017 and 2016, the Group had no accrued interest or penalties related to uncertain tax positions.

Financial instruments

Financial instruments are carried at fair value as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets, current ask price for financial liabilities and the average of current bid and ask prices when the Group is both in short and long positions for the financial instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

Leases

Rent payable under operating leases are charged to expense on a straight-line basis over the term of the relevant lease.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers. (Topic 606)” Revenue is an important number to users of financial statements in assessing an entity’s financial performance and position. Previous revenue recognition guidance in US GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. Accordingly, the FASB and the International

Accounting Standards Board (IASB) initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for US GAAP and International Financial Reporting Standards (IFRS) that would:

- Remove inconsistencies and weaknesses in revenue requirements.
- Provide a more robust framework for addressing revenue issues.
- Improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
- Provide more useful information to users of financial statements through improved disclosure requirements.
- Simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer.

To meet these objectives, the FASB is amending the FASB Accounting Standards Codification (ASC) and creating a new Topic 606, "Revenue from Contracts with Customers." The Group will be evaluating the impact of ASU 2014-09 as it pertains to the Group's financial statements and other required disclosures on an ongoing basis until its eventual adoption and incorporation. This pronouncement is effective for annual reporting periods beginning after December 15, 2016, including interim periods within the reporting period.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the new guidance. The new guidance is effective for the Group on April 1, 2017, with early adoption permitted as of the beginning of an interim or annual reporting period. The new guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Group is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. Entities will also have to record changes in instrument-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income. In addition, entities will be required to present enhanced disclosures of financial assets and financial liabilities. The guidance is effective beginning December 15, 2017, with early adoption of certain provisions of the ASU permitted. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This ASU requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures. Accounting guidance for lessors is largely unchanged. The guidance is effective beginning December 15, 2018, with early adoption permitted. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230), Restricted Cash." This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this Update should be applied using a retrospective transition method to each period presented. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing". The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1. Identify the contract(s) with a customer. 2. Identify the performance obligations in the contract. 3. Determine the transaction price. 4. Allocate the transaction price to the performance obligations in the contract. 5. Recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this Update do not change the core principle of the guidance in Topic 606. Rather, the amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, "Revenue from Contracts with Customers (Topic 606)", which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, "Revenue from Contracts with Customers (Topic 606)": Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients". The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in 2 exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1. Identify the contract(s) with a customer. 2. Identify the performance obligations in the contract. 3. Determine the transaction price. 4. Allocate the transaction price to the performance obligations in the contract. 5. Recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, "Revenue from Contracts with Customers (Topic 606)", which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements for Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards

Update 2015-14, "Revenue from Contracts with Customers (Topic 606)": Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business". The amendments in this Update provide a screen to determine when an integrated set of assets and activities, (defined as a set in the Update), is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, the amendments in this Update (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The amendments provide a framework to assist entities in evaluating whether both an input and a substantive process are present. The framework includes two sets of criteria to consider that depend on whether a set has outputs. Although outputs are not required for a set to be a business, outputs generally are a key element of a business; therefore, the Board has developed more stringent criteria for sets without outputs. Public business entities should apply the amendments in this update to annual periods beginning after December 15, 2017, including interim periods. All other entities should apply the amendments to annual periods beginning after December 15, 2018. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The Board also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This Update also includes amendments to the Overview and Background Sections of the Codification (as discussed in Part II of the amendments) as part of the Board's initiative to unify and improve the Overview and Background Sections across Topics and Subtopics. These changes should not affect the related guidance in these Subtopics. A public business entity that is an SEC filer should adopt the amendments in this update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. A public business entity that is not an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. All other entities, including not-for-profit entities, that are adopting the amendments in this Update should do so for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Group is currently evaluating the impact of the new guidance on its consolidated financial statements.

(All amounts in thousands of United States dollars, unless otherwise stated)

Note 3 – Cash and Cash Equivalents

	March 31, 2017	March 31, 2016
Current account with commercial banks	$ 9,153	$ 3,605
Securities received under agreement to repurchase	8,376	1,281
Petty cash	1,476	62
Current account with Central Depository (Kazakhstan)	984	990
Current account with National Settlement Depository (Russia)	696	318
Current account with Central Bank (Russia)	645	1,660
Brokerage accounts	259	-
Current account in clearing organizations	191	-
Total cash and cash equivalents	$ 21,780	$ 7,916

As of March 31, 2017 and 2016, cash and cash equivalents were not insured. As of March 31, 2017 and 2016, the cash and cash equivalents balance included collateralized securities received under agreement to repurchase which terms are presented below:

	March 31, 2017			
	Interest rates and remaining contractual maturity of the agreements			
	Average Interest rate	Up to 30 days	30-90 days	Total
Securities received under agreement to repurchase				
Corporate equity	19.56%	$ 8,346	$ 25	$ 8,371
Corporate debt	24.00%	5	-	5
Total		$ 8,351	$ 25	$ 8,376

	March 31, 2016			
	Interest rates and remaining contractual maturity of the agreements			
	Average Interest rate	Up to 30 days	30-90 days	Total
Securities received under agreement to repurchase				
Non-US sovereign debt	14.67%	$ 875	$ -	$ 875
Corporate equity	24.62%	168	238	406
Total		$ 1,043	$ 238	$ 1,281

The Group's securities received under agreements to repurchase are liquid trading securities with market quotes and significant trading volume.

The fair value of collateral received under repurchase agreements as of March 31, 2017 and 2016, is $ 8,229 and $1,379, respectively.

(All amounts in thousands of United States dollars, unless otherwise stated)

Note 4 – Restricted Cash

As of March 31, 2017 and 2016, the Group's restricted cash consisted of cash segregated in a special custody account for the exclusive benefit of our brokerage customers and required reserves with the Central Bank of the Russian Federation which represents cash on hand balance requirements. Restricted cash consists of:

	March 31, 2017	March 31, 2016
Brokerage customers' cash	$ 4,039	$ 2,435
Reserve with Central Bank	46	-
Total restricted cash	$ 4,085	$ 2,435

Note 5 – Trading Securities and Available-for-Sale Securities

	March 31, 2017	March 31, 2016
Trading securities:		
Equity securities	$ 71,691	$ 18,798
Debt securities	9,877	6,072
Global depository receipts ("GDR")	6	2
Net asset value of mutual investment funds	1	439
Trading securities	$ 81,575	$ 25,311
Available-for-sale securities:		
Equity securities	$ 2	$ 405
Available-for-sale securities	$ 2	$ 405

	March 31, 2017		
	Assets measured at amortized cost	**Unrealized gain accumulated in other comprehensive income**	**Assets measured at fair value**
Equity securities	$ 1	$ 1	$ 2
Available-for-sale securities	$ 1	$ 1	$ 2

(All amounts in thousands of United States dollars, unless otherwise stated)

	March 31, 2016		
	Assets measured at amortized cost	Unrealized gain accumulated in other comprehensive income	Assets measured at fair value
Equity securities	$ 135	$ 270	$ 405
Available-for-sale securities	$ 135	$ 270	$ 405

The Group recognized no other than temporary impairment in accumulated other comprehensive income.

The fair value of assets and liabilities is determined using observable market data based on recent trading activity. Where observable market data is unavailable due to a lack of trading activity, the Group utilizes internally developed models to estimate fair value and independent third parties to validate assumptions, when appropriate. Estimating fair value requires significant management judgment, including benchmarking to similar instruments with observable market data and applying appropriate discounts that reflect differences between the securities that the Group is valuing and the selected benchmark. Depending on the type of securities owned by the Group, other valuation methodologies may be required.

Measurement of fair value is classified within a hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Classification within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The valuation hierarchy contains three levels:

- Level 1 - Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2 - Valuation inputs are quoted market prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets, and other observable inputs directly or indirectly related to the asset or liability being measured.
- Level 3 - Valuation inputs are unobservable and significant to the fair value measurement.

The following table presents assets, liabilities and redeemable non-controlling interests in the consolidated financial statements or disclosed in the notes to the consolidated financial statements at fair value on a recurring basis as of March 31, 2017 and 2016:

		Fair Value Measurements at March 31, 2017 using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant unobservable units
	March 31, 2017	(Level 1)	(Level 2)	(Level 3)
Equity securities	$ 71,691	$ 71,691	$ -	$ -
Debt securities	9,877	9,663	214	-

(All amounts in thousands of United States dollars, unless otherwise stated)

Global depository receipts (“GDR”)	6	6	-	-
Mutual investment funds	1	1	-	-
Trading securities	$ 81,575	$ 81,361	$ 214	$ -
Equity securities	$ 2	$ -	$ -	$ 2
Available-for-sale securities	$ 2	$ -	$ -	$ 2

		Fair Value Measurements at March 31, 2016 using		
	March 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant unobservable units (Level 3)
Equity securities	$ 18,798	$ 18,798	$ -	$ -
Debt securities	6,072	5,864	208	-
Global depository receipts (“GDR”)	2	2	-	-
Net asset value of mutual investment funds	439	-	-	-
Trading securities	$ 25,311	$ 24,664	$ 208	$ -
Equity securities	$ 2	$ -	$ -	$ 2
Net asset value of mutual investment funds	403	-	-	-
Available-for-sale securities	$ 405	$ -	$ -	$ 2

Note 6 – Brokerage and Other Receivables

	March 31, 2017	March 31, 2016
Bank commissions receivable	$ 260	$ -
Receivables from brokerage clients	208	426
Receivable for underwriting market-making services	68	7
Other receivables	10	3
Allowance for receivables	(65)	-

(All amounts in thousands of United States dollars, unless otherwise stated)

Total brokerage and other receivables	$ 481	$ 436

On March 31, 2017, and March 31, 2016, amounts due from a single related party customer were $304 or 63%, and $302 or 69%, of total brokerage and other receivables, respectively. Based on past experience the Group considers receivables with related parties fully collectible. The Group's brokerage companies are allowed to directly withhold brokerage commissions from their clients' brokerage accounts. The Group did not record an allowance for uncollectible amounts as of March 31, 2016 as all amounts were considered collectible by management.

Note 7 – Other Assets

	March 31, 2017	March 31, 2016
Prepaid expenses	$ 337	$ 16
Advances paid	209	494
Loan to shareholder	-	48
Other	151	61
	697	619
Allowance for other assets	(6)	-
Other assets, net	$ 691	$ 619

Note 8 – Deferred Tax Assets

Other than Freedom KZ and the branch of Freedom RU in Kazakhstan, the Group is subject to taxation in the Russian Federation. Freedom KZ and the branch of Freedom RU in Kazakhstan are subject to taxation in Kazakhstan.

The tax rate used for reconciliations for the years ended March 31, 2017 and 2016, is the 20% corporate tax rate payable by corporate entities in the Russian Federation and the Republic of Kazakhstan on taxable profits under tax law in those jurisdictions.

Deferred tax assets and liabilities comprise:

	March 31, 2017	March 31, 2016
Deferred tax asset:		
Tax losses carryforward	$ 2,398	$ 676
Revaluation on trading securities	76	-
Accrued liabilities	20	14
	2,494	690
Valuation allowance	(1,468)	(676)
Deferred tax assets	$ 1,026	$ 14

(All amounts in thousands of United States dollars, unless otherwise stated)

Deferred tax liabilities:		
Revaluation on trading securities	$ -	$ 55
Deferred tax liabilities	-	55
Net deferred tax assets/(liabilities)	$ 1,026	$ (41)

The Group is subject to Russian and Kazakhstan state income taxes at a rate of 20%. The reconciliation of the provision for income taxes at the 20% tax rate compared to the Company's income tax expense as reported is as follows:

	March 31, 2017	March 31, 2016
Profit before tax at 20%	$ (1,365)	$ (1,869)
Permanent difference	2,309	2,728
Valuation allowance	(1,468)	(676)
Income tax (benefit)/provision	$ (524)	$ 183

The income tax expense comprises:

	March 31, 2017	March 31, 2016
Current income tax charge	$ 543	$ 197
Deferred income tax benefit	(1,067)	(14)
Income tax (benefit)/provision	$ (524)	$ 183

Note 9 – Fixed Assets, Net

	March 31, 2017	March 31, 2016
Buildings	$ 694	$ 638
Vehicles	366	255
Furniture	197	121
Office equipment and other	211	232
Intangible assets	125	84
Capital expenditures on lease improvement	44	8
Less: Accumulated depreciation and amortization	(598)	(335)
Total fixed asset	$ 1,039	$ 1,003

Depreciation and amortization expense totaled $197 and $225 for the years ended March 31, 2017 and 2016, respectively.

Note 10 – Acquisition

(All amounts in thousands of United States dollars, unless otherwise stated)

Acquisition of FFIN Bank:

On March 25, 2015 (the Acquisition Date), Freedom RU acquired 9.28% of the outstanding common shares and voting interest in FFIN Bank, (then known as LLC Okhabank), located in the Sakhalin Oblast, for $284. Freedom RU acquired an interest in the bank to increase its market penetration by providing banking services to Freedom RU's customers. In 2015, Timur Turlov was appointed as Chairman of the Board of Directors of the bank. On April 12, 2016, Freedom RU acquired the remaining 90.72% interest in FFIN Bank for $2,771.

As of the Acquisition Date, the fair value of the non-controlling interest was approximately $2.8 million, which was based on the net assets value of the bank at the Acquisition Date. Net Income in the Consolidated Statement of Operations and Statements of Other Comprehensive Income for the years ended March 31, 2017 and 2016, includes net income of the bank of $247 and $56, respectively. The total purchase price was allocated as follows:

	Purchase price allocation
Assets:	
Cash and cash equivalents	$ 5,688
Loans receivable	45
Deferred tax assets	2
Fixed assets	1
Other assets	21
Goodwill	946
Total assets	**$ 6,703**
Liabilities:	
Debt and borrowings	$ 3,613
Other liabilities	34
Total liabilities	**3,647**
Net assets acquired	**$ 3,056**

At the Acquisition Date, total assets mainly consisted of cash and cash equivalents in the amount of $5,688, total liabilities measured at amortized cost mainly consisted of debt and borrowings in the amount of $3,613.

The determination of whether the assets and liabilities of a variable interest entity ("VIE") are consolidated on Group's balance sheet (also referred to as on-balance sheet) or not consolidated on our balance sheet (also referred to as off-balance sheet) depends on the terms of the related transaction and Group's continuing involvement with the VIE. Freedom RU was deemed the primary beneficiary and therefore consolidated FFIN Bank into its consolidated financial statements. Freedom RU had both the power, to direct the activities that most significantly impact the FFIN Bank's economic performance, and that obligates Freedom RU to absorb losses that could potentially be significant to FFIN Bank, and/or provide Freedom RU the right to receive residual returns of FFIN Bank that could potentially be significant to FFIN Bank.

(All amounts in thousands of United States dollars, unless otherwise stated)

The Group believes that cash equivalents, and debt and borrowings approximate fair value due to the market interest rates and relatively short-term maturity of these financial instruments.

Note 11 – Derivative Liability

On December 28, 2016, Freedom RU entered into an agreement with a related party that had a call option feature. This derivative instrument was classified as a derivative liability in the Consolidated Balance Sheets. The gain or loss associated with this agreement is recognized as gain on a derivative instrument in the Consolidated Statements of Operations and Statements of Other Comprehensive Income. Derivative arrangements in this agreement allow the option holder, in exchange for a $2,629 premium paid upfront, to purchase 11.8 million shares of one of the top rated Russian Commercial Banks - Sberbank on June 14, 2017, at a strike price $3.10 per share. The Group has determined fair value of this call option using the Black-Scholes option valuation model based on the following key assumptions during the year ended March 31, 2017:

Term (years)	0.21
Volatility	22.31%
Risk-free rate	5%

The Group recorded a derivative liability of $495 as of March 31, 2017. During the year ended March 31, 2017, a gain on derivative liabilities of $1,905 was recognized. As of June 14, 2017, this option had not been exercised.

The following fair value hierarchy table presents information about the Group's financial liabilities measured at fair value on a recurring basis as of March 31, 2017:

	March 31, 2017			
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Liabilities				
Derivative liabilities	$ -	$ -	$ 495	$ 495
Total derivative liabilities	**$ -**	**$ -**	**$ 495**	**$ 495**

Changes in Level 3 derivative liabilities measured at fair value on a recurring basis for the year for the year ended March 31, 2017 are as follows:

	Fair value measurement using significant unobservable inputs (Level 3)
	Derivative liability
Beginning balance at March 31, 2016	$ -
Issuance	2,435

(All amounts in thousands of United States dollars, unless otherwise stated)

Translation difference	(35)
less realized and unrealized gain included in net income*	(1,905)
Closing balance	$ 495
Unrealized gain for Level 3 liability outstanding at March 31, 2017	$ 1,905

* Realized and unrealized gain is reported in "Net gain on derivative" in the Group's Consolidated Statements of Operations and Statements of Other Comprehensive Income.

The derivative liabilities are measured at fair value using the Black-Scholes option pricing model. The model is based on assumptions including quoted market prices and estimated volatility factors based on historical quoted market prices for the Company's common stock, and are classified within Level 3 of the valuation hierarchy.

For class 3 assets and liabilities the Group's Finance Department, which reports to the Chief Financial Officer, determines the fair value measurement valuation policies and procedures. At least annually, the finance department determines if the current valuation technique used in the fair value measurement are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurement based on current market condition and information available from third-parties.

Note 12 – Debt Securities Issued

	March 31, 2017	March 31, 2016
Debt securities issued	$ 9,530	$ -
Debt securities repurchased	(6,145)	-
Accrued interest	74	-
Total	$ 3,459	$ -

During the year ended March 31, 2017, the Group placed bonds of Freedom KZ issued under Kazakhstan law in the amount of $9,530, with an 11.50% fixed annual coupon rate and a maturity date of January 21, 2019. During the reporting period, the Group made purchases of these redeemable debt securities in the amount of $6,145.

According to the initial placement document (prospectus) the Group has the right to repurchase and resell the Freedom KZ bonds at market value.

Debt securities issued are initially recognized at the fair value of the consideration received, less directly attributable transaction costs.

As of March 31, 2017, the accrued interest included in the balance of debt securities issued totaled $74.

The Freedom KZ bonds are actively traded on Kazakhstan Stock Exchange.

(All amounts in thousands of United States dollars, unless otherwise stated)

Note 13 – Customer Liabilities

The Group recognized customer liabilities associated with funds held by our brokerage and bank customers. Customer liabilities consist of:

	March 31, 2017	March 31, 2016
Brokerage customers	$ 4,039	$ 2,435
Banking customers	3,504	54
Total	$ 7,543	$ 2,489

Note 14 – Trade Payables

	March 31, 2017	March 31, 2016
Payables to suppliers of goods and services	$ 25	$ 90
Advances received	3	2
Other	1	1
Total	$ 29	$ 93

Note 15 – Securities repurchase agreement obligation

Securities under repurchase agreement obligation comprise:

	March 31, 2017				
	Interest rates and remaining contractual maturity of the agreements				
	Average interest rate	Overnight and continuous	Up to 30 days	30-90 days	Total
Securities sold under agreement to repurchase					
Corporate debt	11.83%	$ 14,484	$ 10,923	$ -	$ 25,407
Corporate equity	13.08%	-	29,926	956	30,882
Total securities sold under repurchase agreements		$ 14,484	$ 40,849	$ 956	$ 56,289

	March 31, 2016				
	Interest rate and remaining contractual maturity of the agreements				
	Average interest rate	Overnight and continuous	Up to 30 days	30-90 days	Total
Securities sold under agreement to repurchase					
Corporate equity	19.78%	$ -	$ 10,231	$ 629	$ 10,860

(All amounts in thousands of United States dollars, unless otherwise stated)

Total securities sold under repurchase agreements	$ -	$ 10,231	$ 629	$ 10,860

The fair value of collateral pledged under agreements to repurchase as of March 31, 2017 and 2016, is $68,025 and $15,364, respectively.

Note 16 – Other Liabilities

	March 31, 2017	March 31, 2016
Unused vacation reserve	$ 219	$ 97
Taxes payable other than income tax	151	108
Related party payables	2	69
Salaries and other employee benefits	-	112
Total	$ 372	$ 386

Note 17 – Net Interest Income (Expense)

	March 31, 2017	March 31, 2016
Interest income:		
Interest income on financial assets recorded at amortized cost comprises:		
Interest income on cash and cash equivalents and amounts due from banks	$ 651	$ 845
Interest income on loans to customers	5	5
Total interest income on financial assets recorded at amortized cost	$ 656	$ 850
Interest income on trading securities comprises:		
Interest income on trading securities	$ 1,346	$ 428
Total interest income on trading securities	1,346	428
Total interest income	**$ 2,002**	**$ 1,278**
Interest expense:		
Interest expense on financial liabilities recorded at amortized cost comprises:		
Interest expense on securities received under agreement to repurchase	$ 3,518	$ 1,487
Interest expense on debt securities issued	202	-
Interest expense on loans received	52	1
Interest expense on customer accounts	33	-

(All amounts in thousands of United States dollars, unless otherwise stated)

Total interest expense on financial liabilities recorded at amortized cost		
Total interest expense	**$ 3,805**	**$ 1,488**
Net interest expense	**$ (1,803)**	**$ (210)**

Note 18 – Fee and Commission Income

	March 31, 2017	March 31, 2016
Fee and commission income:		
Agency fees	$ 1,561	$ 1,230
Bank services	1,100	-
Brokerage services	917	374
Underwriting and market making services	497	9
Consulting services	32	180
Asset management services	4	26
Other commission income	20	13
Total fee and commission income	**$ 4,131**	**$ 1,832**
Fee and commission expense:		
Bank services	$ 202	$ 32
Brokerage services	84	46
Exchange services	78	44
Central Depository services	30	26
Total fee and commission expense	**$ 394**	**$ 148**

Note 19 – Net Gain on Foreign Exchange Operations

	March 31, 2017	March 31, 2016
Translation difference	$ (812)	$ 505
Sales and purchases of foreign currency	1,086	(215)
Total net gain on foreign exchange operations	**$ 274**	**$ 290**

Note 20 – Net Gain on Securities

	Year ended March 31, 2017	Year ended March 31, 2016
Net gains and losses recognized during the period on trading securities	$ 10,806	$ 13,880
Less: Net gains and losses recognized during the period on trading securities sold during the period	(5,322)	(8,692)
Unrealized gains and losses recognized during the		$ 5,188

(All amounts in thousands of United States dollars, unless otherwise stated)

reporting period on trading securities still held at the reporting date	$ 5,484	

Note 21 –Related Party Transactions

During the years ended March 31, 2017 and 2016, the Group entered into an agreement with a related party which has derivative features. For the year ended March 31, 2017, net gain on derivative instruments with the related parties totaled to $1,905.

The Group earned commission income and income from foreign exchange operations from related parties in the amount of $2,814 and $1,111, respectively during the year ended March 31, 2017, and $181 and $0, respectively during the year ended March 31, 2016. Commission income and income from foreign exchange operations earned from related parties is comprised primarily of brokerage commissions, agency fees for attraction of new brokerage clients, and foreign currency exchange operations of FFIN Bank.

As of March 31, 2017 and 2016, the Group had brokerage and other receivables from related parties totaling $328 and $310, respectively. Brokerage and other receivables from related parties result principally from commissions receivable on the brokerage operations of related parties.

As of March 31, 2017 and 2016, the Group had customer liabilities on brokerage accounts of related parties totaling $2,249 and $588, respectively.

Note 22 – Stockholder's Equity

Share capital

As of March 31, 2017 and 2016, the Group's share capital was $30,176 and $22,778, respectively, which represents capital contributions from Timur Turlov.

During the year ended March 31, 2017, Timur Turlov made capital contributions to the Group's share capital in the total amount of $7,398.

During the year ended March 31, 2016, Timur Turlov made capital contributions to the Group's share capital in the total amount of $5,599.

Additional paid in capital

On March 31, 2017, Mr. Turlov repaid a loan previously provided to him by the Group. Timur Turlov repaid the loan with trading securities, the aggregate market value of which was higher than the loan amount. The excess repayment amount of $2,043 was recorded as an increase of additional paid in capital by the Group.

Non-controlling interest

As described in Note 10 the Group acquired an interest in FFIN Bank (formerly known as LLC Okhabank) during the year ended March 31, 2015. The Group recorded the non-controlling interest in FFIN Bank's share capital in the total amount of $2,771 which represented 90% of FFIN Bank's share capital. During the year ended March 31, 2017, the Group acquired the remaining non-controlling interest.

(All amounts in thousands of United States dollars, unless otherwise stated)

Note 23 – Lease Commitments

The Group has several lease agreements for office spaces in different locations. In general all agreements are made for a one year period with extension or termination provisions. The table below shows approximate lease commitments for the foreseeable period of one year:

Lease commitments	
Fiscal year ending March 31, 2018	$ 1,605
Total	$ 1,605

The Group's rent expense for office space was $1,243 and $1,062 for the years ended March 31, 2017 and 2016, respectively.

Note 24 – Subsequent Events

The Group evaluated all material events and transactions that occurred after March 31, 2017 through June 29, 2017, the date these financial statements were available to be issued. During this period, except as described below, the Group did not have any material recognizable subsequent events.

Timur Turlov made capital contributions to the Group of $7,937 during the period from March 31, 2017, to June 29, 2017.

On June 29, 2017, BMB Munai, Inc. closed the acquisition of the Group. The acquisition of the Group included the securities brokerage and financial services business conducted by Freedom RU in Russia, along with its wholly owned subsidiaries: Freedom KZ, and the securities brokerage and financial services business conducted by it in Kazakhstan; FFIN Bank, and the banking business conducted by it in Russia, and FSS, and the online securities marketplace it provides to Russian investors.

BMB MUNAI, INC.
(NOW KNOWN AS FREEDOM HOLDING CORP.)
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended March 31, 2017 and 2016

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
BMB Munai, Inc.
Salt Lake City, Utah

We have audited the accompanying consolidated balance sheets of BMB Munai, Inc. (the Company) as of March 31, 2017 and 2016, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended March 31, 2017. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BMB Munai, Inc. as of March 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

/s/WSRP, LLC

WSRP, LLC
Salt Lake City, Utah
June 30, 2017

BMB MUNAI, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2017	March 31, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 50,537	$ 99,678
Restricted cash	8,533,566	8,533,566
Employee receivables	25	-
Prepaid expenses	425	50,375
Total current assets	8,584,553	8,683,619
NON-CURRENT ASSETS		
Fixed assets, net	2,100	5,431
Total non-current assets	2,100	5,431
TOTAL ASSETS	**$ 8,586,653**	**$ 8,689,050**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 205,680	$ 50,229
Accrued payroll and other liabilities	291	-
State taxes payable	100	100
Deferred distribution payments	8,533,566	8,533,566
Total current liabilities	8,739,637	8,583,895
COMMITMENTS AND CONTINGENCIES (Note 8)	-	-
SHAREHOLDERS' EQUITY		
Common stock - $0.001 par value; 500,000,000 shares authorized; 280,339,467 and 280,339,467 shares outstanding as of March 31, 2017 and 2016, respectively	280,340	280,340
Preferred stock - $0.001 par value; 20,000,000 shares authorized; no shares issued or outstanding	-	-
Additional paid in capital	775,448	455,448
Accumulated deficit	(1,208,772)	(630,633)
Total shareholders' equity (deficit)	(152,984)	105,155
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 8,586,653**	**$ 8,689,050**

The accompanying notes are an integral part of these consolidated financial statements.

BMB MUNAI, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended March 31, 2017	Year ended March 31, 2016
REVENUES	$ -	$ -
OPERATING EXPENSES		
Professional fees	364,334	222,511
General and administrative	214,310	268,018
Depreciation	3,330	3,305
Total operating expenses	581,974	493,834
LOSS FROM OPERATIONS	(581,974)	(493,834)
OTHER INCOME		
Interest income, net	3,935	1,595
Total other income	3,935	1,595
LOSS BEFORE INCOME TAX	(578,039)	(492,239)
Income tax benefit (expense)	(100)	240
NET LOSS	$ (578,139)	$ (491,999)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.00)	$ (0.00)
Weighted average shares outstanding	280,339,467	244,214,739

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount			
At March 31, 2015	224,551,913	$ 224,552	$ 275,448	$ (138,634)	$ 361,366
Capital contributions	-	-	180,000	-	180,000
Acquisition of BMB Munai, Inc.	55,787,554	55,788	-	-	55,788
Net loss for the year	-	-	-	(491,999)	(491,999)
At March 31, 2016	280,339,467	$ 280,340	$ 455,448	$ (630,633)	$ 105,155
Capital contributions	-	-	320,000	-	320,000
Net loss for the year	-	-	-	(578,139)	(578,139)
At March 31, 2017	280,339,467	$ 280,340	$ 775,448	$ (1,208,772)	$ (152,984)

The accompanying notes are an integral part of these consolidated financial statements.

BMB MUNAI, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities		
Net loss	$ (578,139)	$ (491,999)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation expense	3,330	3,305
Deferred tax liabilities	-	(240)
Changes in operating assets and liabilities:		
Employee receivables	(25)	1,300
Prepaid expenses	49,950	(49,892)
Accounts payable	155,452	3,597
Accrued payroll and other liabilities	291	(4,700)
State tax payable	-	-
Net cash used in operating activities	(369,141)	(538,629)
Cash flows from investing activities		
Purchase of fixed assets	-	(199)
Cash resulting from acquisition of BMB Munai, Inc.	-	8,589,354
Net cash provided by investing activities	-	8,589,155
Cash flows from financing activities		
Capital contributions	320,000	180,000
Net cash provided by financing activities	320,000	180,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(49,141)**	**8,230,526**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**8,633,244**	**402,718**
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 8,584,103**	**$ 8,633,244**
Supplemental disclosure of Cash Flows for:		
Cash paid for interest	**$** -	**$** -
Cash paid for income taxes	**$** -	**$** -
Non-cash Investing and Financing:		
Assumption of liabilities in connection with acquisition of BMB Munai, Inc.	**$** -	**$ 8,573,368**

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

BMB Munai, Inc. ("BMBM") is a Nevada corporation that originally incorporated in the State of Utah in 1981. From 2003 to 2011, BMBM's business activities focused on oil and natural gas exploration and production in the Republic of Kazakhstan. In September 2011, BMBM sold all of its right, title, and interest in and to its oil and gas licenses and licensed territory to an independent third party for cash of about $170 million. The proceeds of the sale were used to, among other things, repay outstanding obligations, satisfy certain post-closing undertakings, meet ongoing expenses, and make two separate cash distributions totaling approximately $74,750,000 to its stockholders.

On November 23, 2015, BMBM entered into a Share Exchange and Acquisition Agreement with Timur Turlov (the "Acquisition Agreement") with the intent to build an international, broadly based brokerage and financial services firm to meet the growing demand from an increasing number of investors in Russia and Kazakhstan for access to the financial opportunities, relative stability, and comprehensive regulatory reputation of the U.S. securities markets.

Pursuant to the Acquisition Agreement, BMBM acquired FFIN Securities, Inc., a Nevada corporation, ("FFIN") from Mr. Turlov in exchange for 224,551,913 shares of BMBM common stock, which constituted approximately 80.1% of BMBM's outstanding common stock after giving effect to the transaction. FFIN was incorporated in the state of Nevada on August 25, 2014 for the purpose of primarily serving brokerage clients referred from LLC IC Freedom Finance, a Russian limited company ("Freedom RU") and its wholly owned subsidiary JSC Freedom Finance, a Kazakhstan joint stock company ("Freedom KZ") as part of a strategy to provide these clients with access to the U.S. securities markets through a single integrated financial services firm.

In December 2015, FFIN applied to become a member of the Financial Industry Regulatory Authority ("FINRA") and a licensed securities broker-dealer with United States Securities and Exchange Commission ("SEC"). This application was subsequently withdrawn in 2016. Through the date of this report, FFIN has not resubmitted its new membership application to FINRA. The Company continues to believe licensure as a securities broker-dealer in the U.S. may be a valuable component of our business strategy and it continues to evaluate the cost benefit, likelihood of success and appropriate timing of another application, or to otherwise become a licensed securities broker-dealer in the U.S.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements present the consolidated results of FFIN Securities, Inc., including the results of its parent, BMB Munai, Inc., starting November 24, 2015. All significant inter-company balances and transactions have been eliminated from the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Revenue and Expense Recognition

Subject to compliance with regulatory requirements and the commencement of securities broker-dealer activities, revenues and expenses from all securities transactions will be recorded on the trade date of the transaction. The Company does not participate in any proprietary securities transactions. For the year ended March 31, 2017 and 2016, the Company had not yet established an ongoing source of revenue sufficient to cover its operating costs as it pursues the FINRA application and licensure process to become a registered broker-dealer in the United States.

Cash and Cash Equivalents

Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

Fixed Assets

Fixed assets are carried at cost, net of accumulated depreciation. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and seven years.

Advertising Expense

For the year ended March 31, 2017 and 2016, the Company had no expenses related to advertising. The Company does not anticipate engaging in any advertising activities until it closes the acquisition of Freedom RU or Freedom CY. At that point all costs associated with advertising will be expensed in the period incurred.

Impairment of Long Lived Assets

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. As of March 31, 2017 and 2016, the Company had not recorded any charges for impairment of long-lived assets.

Income Taxes

The Company recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Income tax expense differs from amounts that would be calculated by applying the federal statutory rate because of the federal surtax, state income tax rates, certain nondeductible expenses, and net operating loss carrybacks, if any.

The Company will include interest and penalties arising from the underpayment of income taxes in the statement of operations in the provision for income taxes. As of March 31, 2017 and 2016, the Company had no accrued interest or penalties related to uncertain tax positions. Tax years that remain subject to examination are years 2013 through 2016.

Financial Instruments

Financial instruments include employee receivables, prepaid expenses, accounts payable, and accrued expenses. Management estimates that the carrying amount of these financial instruments represents their fair values, which were determined by their near term nature or by comparable financial instruments' market value.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers." Revenue is an important number to users of financial statements in assessing an entity's financial performance and position. Previous revenue recognition guidance in US GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. Accordingly, the FASB and the International Accounting Standards Board (IASB) initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for US GAAP and International Financial Reporting Standards (IFRS) that would:

1. Remove inconsistencies and weaknesses in revenue requirements.
2. Provide a more robust framework for addressing revenue issues.
3. Improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
4. Provide more useful information to users of financial statements through improved disclosure requirements.
5. Simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer.

To meet these objectives, the FASB is amending the FASB Accounting Standards Codification (ASC) and creating a new Topic 606, "Revenue from Contracts with Customers." The Company will be evaluating the impact of ASU 2014-09 as it pertains to the Company's financial statements and other required disclosures on an ongoing basis until its eventual adoption and incorporation.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments in this Update define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and provide related footnote disclosure requirements. Under US GAAP, financial statements are prepared under the presumption that the reporting organization will continue to operate as a going concern, except in limited circumstances. Financial reporting under this presumption is commonly referred to as the going concern basis of accounting. The going concern basis of accounting establishes the fundamental basis for measuring and classifying assets and liabilities. This Update provides guidance on when there is substantial doubt about an organization's ability to continue as a going concern and how the underlying conditions and events should be disclosed in the footnotes. It is intended to reduce diversity that existed in footnote disclosures because of the lack of guidance about when substantial doubt existed. The adoption of this FASB guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." The amendment eliminates the deferral of certain consolidation standards for entities considered to be investment companies and modifies the consolidation analysis performed on certain types of legal entities. The adoption of this FASB guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." This new guidance requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the new guidance. The new guidance is effective for the Company on April 1, 2017, with early adoption permitted as of the beginning of an interim or annual reporting period. The new guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company is evaluating the impact that the new guidance will have on its consolidated financial statements and related disclosures.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." This ASU requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. Entities will also have to record changes in instrument-specific credit risk for financial liabilities measured under the fair value option in other comprehensive income. In addition, entities will be required to present enhanced disclosures of financial assets and financial liabilities. The guidance is effective beginning January 1, 2018, with early adoption of certain provisions of the ASU permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This ASU requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. The amendments also require certain quantitative and qualitative disclosures. Accounting guidance for lessors is largely unchanged. The guidance is effective beginning January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1. Identify the contract(s) with a customer. 2. Identify the performance obligations in the contract. 3. Determine the transaction price. 4. Allocate the transaction price to the performance obligations in the contract. 5. Recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this Update do not change the core principle of the guidance in Topic 606. Rather, the amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The amendments in this Update affect the guidance in the Accounting Standard Update 2014-09, Revenue from Contracts with Customers (Topic 606) which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements in Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-11, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expenditures. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements for Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expenditures. The core principle of the guidance in Topic 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1. Identify the contract(s) with a customer. 2. Identify the performance obligations in the contract. 3. Determine the transaction price. 4. Allocate the transaction price to the performance obligations in the contract. 5. Recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this Update affect the guidance in the Accounting Standard Update 2014-09, Revenue from Contracts with Customers (Topic 606) which is not yet effective. The effective date and transition requirements for the amendments in this Update are the same as the effective date and transition requirements for Topic 606 (and any other Topic amended by Update 2014-09). Accounting Standards Update 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, defers the effective date of Update 2014-09 by one year. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In October 2016, the FASB issued ASU No.2016-17, “Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control”. The amendments in this Update do not change the characteristics of a primary beneficiary in current generally accepted accounting principles (GAAP). Therefore, a primary beneficiary of a VIE has both of the following characteristics: (1) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows (Topic 230), Restricted Cash.” This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this Update should be applied using a retrospective transition method to each period presented. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805)" Clarifying the Definition of a Business. The amendments in this Update provide a screen to determine when a set is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. If the screen is not met, the amendments in this Update (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The amendments provide a framework to assist entities in evaluating whether both an input and a substantive process are present. The framework includes two sets of criteria to consider that depend on whether a set has outputs. Although outputs are not required for a set to be a business, outputs generally are a key element of a business; therefore, the Board has developed more stringent criteria for sets without outputs. Public business entities should apply the amendments in this update to annual periods beginning after December 15, 2017, including interim periods. All other entities should apply the amendments to annual periods beginning after December 15, 2019. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangible--Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. Under the amendments in this Update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The Board also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. Therefore, the same impairment assessment applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This Update also includes amendments to the Overview and Background Sections of the Codification (as discussed in Part II of the amendments) as part of the Board's initiative to unify and improve the Overview and Background Sections across Topics and Subtopics. These changes should not affect the related guidance in these Subtopics. A public business entity that is an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2016. A public business entity that is not an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. All other entities, including not-for-profit entities that are adopting the amendments in this Update should do so for their annual or any interim good will impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of March 31, 2017 and 2016, the cash balance totaled $8,584,103 and $8,633,244, respectively.

The Company is exposed to concentrations of credit risk related to cash deposits. The Company maintains cash at a financial institution where the total cash balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to its limit. At any given time, the Company's cash balance may exceed the balance insured by the FDIC. As of March 31, 2017 and 2016, $8,302,302 and $8,332,244, respectively, of the Company's cash was in excess of FDIC limits.

As of March 31, 2017, the cash balance included restricted cash in the amount of $8,533,566 which corresponds to the deferred distribution payments liability.

NOTE 4 - SHAREHOLDERS' EQUITY

Acquisition of FFIN

On November 23, 2015, BMBM and Mr. Turlov entered into the Acquisition Agreement, pursuant to which BMBM acquired FFIN in exchange for 224,551,913 shares of BMBM's common stock, which constituted approximately 80.1% of its 280,339,467 shares of common stock issued and outstanding after giving effect to such acquisition.

Shareholder Distributions

Following the sale for cash in September 2011 of BMBM's oil and gas assets in operations in Kazakhstan, BMBM distributed the net proceeds to its shareholders. Distributions aggregating $8,533,566 have not been completed to certain shareholders pending the completion of necessary documentation of such shareholders' ownership of the stock on which the distribution is based.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year ended March 31, 2017, Mr. Turlov made capital contributions of $320,000 to the Company. At the time such contributions were made, Mr. Turlov was the Chief Executive Officer, Chairman of the board, and majority shareholder of the Company.

During the year ended March 31, 2016, Mr. Turlov made capital contributions of $180,000 to the Company. At the time such contributions were made, Mr. Turlov was the Chief Executive Officer, Chairman of the board, and majority shareholder of the Company.

NOTE 6 – INCOME TAXES

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

At March 31, 2017 and 2016, the Company had cumulative federal operating loss carry forwards of $1,070,288 and $631,215, respectively, which will begin to expire in 2036. Certain tax attributes may be subject to an annual limitation as a result of the Acquisition Agreement, which could constitute a change in ownership as defined under Internal Revenue Code Section 382.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income and tax-planning.

The components of the provision for income tax expenses for the periods ended March 31, 2017 and 2016, are as follows:

	March 31, 2017	March 31, 2016
Current:		
Federal	$ -	$ -
State	100	-
	100	-
Deferred:		
Federal	-	(219)
State	-	(21)
	-	(240)
Total provision / (benefit) for income taxes	$ 100	($ 240)

Components of the net deferred tax asset, including a valuation allowance, at March 31, 2017 and 2016, are as follows:

	As of March 31, 2017	As of March 31, 2016
Deferred tax assets:		
Net operating loss carryforward	$ 398,147	$ 235,443
Less: Valuation allowance	(398,147)	(235,443)
Net deferred tax asset	$ -	$ -

The valuation allowance for deferred tax assets as of March 31, 2017 and 2016, was $398,147 and $235,443, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment.

The Company is subject to United States federal and state income taxes at an approximate rate of 34% and 3.3%, respectively. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	As of March 31, 2017	As of March 31, 2016
Statutory rate	37.3%	37.3%
State taxes	(0.03%)	-
Permanent differences	(0.03%)	-
Valuation allowance	(37.22%)	(37.35%)
Total	**0.02%**	**(0.05%)**

The components of income tax expense for the year ended March 31, 2017 and 2016, are as follows:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Current tax expense	$ 100	$ -
Deferred tax benefit	-	(240)
Total income tax (benefit) / expense	**$ 100**	**$ (240)**

NOTE 7 – LEASE COMMITMENTS

FFIN entered into a lease agreement on January 1, 2015, for office space that expires in 30 months. At March 31, 2017, the future minimum lease payments under the lease are as follows:

Lease commitments	
Fiscal year ended March 31, 2018	$ 7,187
Total	$ 7,187

FFIN's rent expense for its office space was $28,882 and $27,900, for the fiscal years ended March 31, 2017 and 2016, respectively.

BMBM leases office space on a month-to-month basis for $250 per month.

NOTE 8 – COMMITMENTS AND CONTINGENT LIABILITIES

The Company had the following significant commitments and contingencies as of March 31, 2017:

	Payments Due By Period				
Contractual obligations	**Total**	**Less than 1 year**	**2-3 years**	**4-5 years**	**After 5 years**
Deferred distribution payable(1)(2)	$ 8,533,566	$ 8,533,566	$ -	$ -	$ -

Office lease(3)	7,187	7,187	-	-	-
TOTAL	$ 8,540,753	$ 8,540,753	$ -	$ -	$ -

(1) See Note 4 – *Shareholders' Equity* for additional information regarding the initial cash distribution payable and the second cash distribution payable.

(2) This distribution is currently payable, subject to the entitled shareholder completing and submitting to the Company the necessary documentation to claim his, her or its distribution payments. The Company has no control over when, or if, an entitled shareholder will submit the necessary documentation to claim his, her, or its distribution payment.

(3) FFIN entered into a lease agreement on January 1, 2015 for office space that expires in June 2017.

As of March 31, 2017 and March 31, 2016, the Company did not have any known contingencies.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent to the year end, during April and June 2017, Mr. Turlov made $90,000 and $150,000 capital contributions to the Company, respectively.

On June 29, 2017, the Company closed the acquisition of Freedom RU. The acquisition of Freedom RU included the securities brokerage and financial services business conducted by it in Russia, along with its wholly owned subsidiaries: Freedom KZ, and the securities brokerage and financial services business conducted by it in Kazakhstan; LLC FFIN Bank, a Russian limited company ("FFIN Bank"), and the banking business conducted by it in Russia, LLC First Stock Sale, a Russian limited company ("FSS"), and the online securities marketplace it provides to Russian investors, and Branch Office of IC LLC Freedom Finance in Kazakhstan, a Kazakhstan limited liability company, created to act as the representative office of Freedom RU in Kazakhstan.

Pursuant to the terms of the Acquisition Agreement, the Company previously agreed to issue to Mr. Turlov 13% of its issued and outstanding common stock for his 100% interest in Freedom RU. As the Company had insufficient authorized but unissued common stock to deliver the full agreed upon consideration to Mr. Turlov at the closing of the acquisition of Freedom RU, as an accommodation to facilitate the closing, Mr. Turlov agreed to accept a partial issuance of 209,660,533 shares of common stock and to defer issuance of the balance of the shares agreed to until such time as the Company completes a reverse stock split and recapitalization to provide sufficient additional shares to issue him the percentage agreed in the Acquisition Agreement.

The Company evaluated all material events and transactions that occurred after March 31, 2017 through June 30, 2017, the date these financial statements were issued. During this period, except as disclosed herein, the Company did not have any additional material recognizable subsequent events.