

**GLOBAL INFRASTRUCTURE**

**ADVISORY SERVICES**

FINANCIAL ADVISORY SERVICES

**KPMG AUDIT LLC**

MONGOLIA MEMBER FIRM

**GLOBAL MINING**

**ADVISORY SERVICES**

**CONSULTING SERVICES**

**TRANSACTION**

**CORPORATE FINANCE**

TRANSACTION SERVICES

FINANCIAL ADVISORY SERVICES

**RESTRUCTURING**

**MONGOLIA**

**CONSULTING**

**SERVICES**

GLOBAL INFRASTRUCTURE

ADVISORY SERVICES

GLOBAL MINING

ADVISORY SERVICES

**AUDIT**

REAL ESTATE

FINANCIAL ADVISORY

**SERVICES**

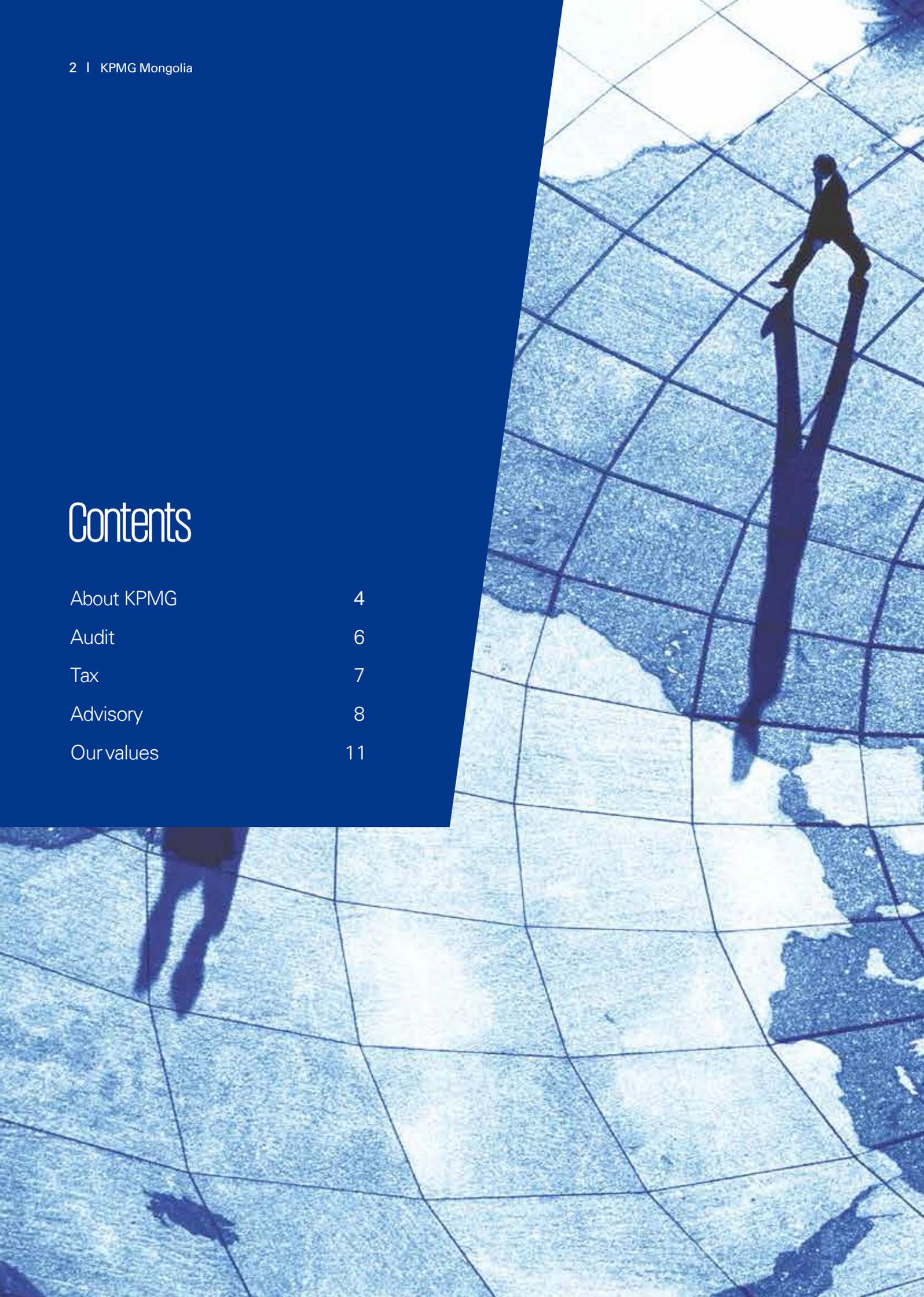
**FORENSIC**

**TAX**



# Contents

About KPMG	4
Audit	6
Tax	7
Advisory	8
Our values	11





# About KPMG

KPMG is a global network of professional firms providing audit, tax and advisory services, with a focus on practical and clear solutions that our clients and stakeholders value.

KPMG delivers a globally consistent set of multidisciplinary services based on deep industry knowledge. Our industry focus helps KPMG professionals develop a rich understanding of clients' businesses and the insight, skills, and resources required to address industry-specific issues and opportunities.

In 2012, KPMG Mongolia was established to grow KPMG's presence in Mongolia. KPMG Mongolia has a team of local and international professionals providing a full range of audit, tax, advisory and consulting services.

The team brings together the international expertise and credentials of KPMG and the local Mongolian knowledge and experience to form one of Mongolia's leading advisory firms.

As organizations in Mongolia expand their business operations and international companies seek to enter the domestic market, KPMG's blend of international expertise and local knowledge ensures the firm is well positioned to serve clients in an increasingly complex yet exciting market.

Our client focus, commitment to excellence, global mindset and consistent delivery have helped us build trusted relationships, which are at the core of our business and reputation.





KPMG Mongolia offers a range of services that help you achieve your goals and address your challenges.

**Strengthening reporting:** Many of KPMG's services support the drive towards better governance and more effective reporting. Demands for higher standards of accountability, performance and corporate governance have brought new requirements for more comprehensive, accurate and insightful financial reporting. Increasingly, to receive the confidence they need from the capital markets, companies will be expected to explain their responses to business risks, and the link between objectives and performance.

**Raising finance:** Faced with constantly increasing competition and the need for funds to act swiftly and respond to changes in the market, many companies operating in Mongolia are looking at different ways to raise capital particularly for large mining and infrastructure projects. Raising equity or debt gives companies the financial resources to pursue sustained growth and achieve a variety of other strategic goals. However, choosing a professional advisor is critical. We can assist and provide services to our clients at every stage of the listing process.

**Growing value:** Many companies operating in Mongolia seek growth through joint ventures, mergers and acquisitions. Quality partners can be hard to find and require a considerable investment of time and effort.

In this context, KPMG Mongolia can provide the rapid and professional support which is critical in enabling companies to respond to opportunities and secure value.

**Sustaining performance:** Companies are under constant pressure to deliver improved results while managing a wide range of risks that can threaten the very survival of the business. It is important for companies to identify and manage all the risks surrounding the business while addressing the most pressing problems. They must also continue to build value and communicate effectively with the relevant stakeholders. KPMG Mongolia's breadth of experience makes them uniquely placed to help companies achieve a single and holistic view of their risks.

**Structuring the business:** Many companies are faced with the challenge of operating within the local requirements of many countries, with different legal, regulatory and fiscal standards. In many cases the organization has been formed over time through a variety of acquisitions and alliances, with each separate business having its own legacy systems, procedures and standards. This can lead to a high level of complexity, but also the potential for efficiency gains through organizational or tax restructuring, improved processes and more effective information management.

Our industry focus helps professionals from KPMG Mongolia develop a rich understanding of clients' businesses and the speed, agility and skills required to address industry-specific issues and opportunities.

KPMG professionals operate in multi-disciplinary teams, focusing on our clients' needs and their industries. We place particular emphasis on consolidating industry knowledge and delivering services through dedicated teams that operate in all industries and sectors.

At KPMG, we understand that each industry has its own opportunities, issues and challenges. Our business has established industry or sector groups, enabling targeted, industry-specific experience and advice instead of solutions to be delivered where needed. For our clients, this focus

on industry and country-specific knowledge means we can deliver trained professionals who have an intimate knowledge of your specific business issues, as well as an overriding commitment to strive for the highest quality services.

Through education, industry-focused training, and first-hand experience, our professionals have gained an in-depth understanding of the issues faced in a range of key industries.

# Audit

Integrity, quality and independence are the building blocks of KPMG’s approach. Our audit process does more than just assess financial information. It enables our professionals to consider the unique elements of the client’s business - its culture, the industry in which it operates competitive pressures, and the inherent risks.

KPMG’s member firms have developed a globally consistent audit process that is designed to concentrate on the key areas of risk, based on a company’s operational characteristics and performance profile. Our partners and professionals are trained to look closely at all aspects of financial reporting so they are better able to isolate risk.

**Financial Statement Audit** is based on the KPMG Audit Methodology. It is designed to facilitate our ability to form an opinion in accordance with applicable IFRS and General Accepted Accounting Principles (GAAP). We assist clients with the application of, and compliance with, local specific statutory reporting requirements for Mongolia.

**Reporting Accountant Services** assist and provide guidance to clients at all stages of the listing process. We perform a pilot review or full audit for clients, and assist them in the liaison with the sponsors and other advisors, as well as in the sponsors’ financial due diligence. We also act as reporting accountants and advise on accounting treatment and resolve comments raised by the regulators. Our professionals are experienced in public offerings, listings and private placements, both locally and internationally.

**IFRS Reporting Services** enables us to assist clients with the application of, conformity with, and reporting under International Financial Reporting Standards (IFRS), when required and as appropriate.

**Other Forms of Assurance and Attestation Reporting** include Non-Financial Assurance Services, royalty audits, and other types of self-reporting. Organizations have realised that financial reports alone do not adequately communicate either opportunities or business risks. KPMG’s Non-Financial Assurance Services help organizations learn how to define, capture, and report on non-financial indicators. This helps them find new ways to safeguard their reputations, build trust among their stakeholders, and ultimately improve their corporate performance.



# Tax

KPMG's tax professionals analyse organizations and proactively identify tax-related opportunities and challenges. With a thorough understanding of industries and regulations KPMG professionals deliver tax advisory and planning services that help organizations adopt efficient tax treatments, enhance compliance and improve cash flow.

Combining an intimate knowledge of Mongolian tax laws and regulations, with experience dealing with foreign investment enterprises, KPMG's Tax practice aims to deliver quality tax services. Our advice regularly helps in arranging the most efficient tax structuring fully complying with local requirements, thereby bringing about real cash savings.

KPMG's wide range of tax services includes [Corporate Income Tax and Regulatory Issues](#). We advise organizations on domestic and international tax laws affecting local and cross border transactions and other regulatory matters, such as foreign investment rules and industry specific regulatory requirements as well as foreign exchange implications. Our forward-thinking industry-focused professionals provide tax advisory services that are tailored to the needs of the industry.

In addition to tax advisory services, KPMG helps businesses manage their tax compliance obligations. These obligations can represent a substantial outflow of funds from a business and a drain on management time due to increased reporting requirements, greater scrutiny by tax authorities and harsher penalties for non-compliance.

[Indirect taxes](#), such as VAT, can be complex and costly. [Indirect Tax Services](#) focus on effective indirect tax planning, compliance and related cash flow management, helping companies improve profitability and build shareholder value.

[Global Mobility Services \(GMS\)](#) offers a wide range of compliance, advisory and administrative services to international and local organizations to help them and their employees manage their affairs with the numerous rules impacting their employment in Mongolia.

By outsourcing their employee-related compliance services to KPMG, organizations can more easily manage their employer and employee filing obligations. GMS also advises organizations on domestic and international tax laws affecting local and cross border employment arrangements. These include equity based compensation, tax efficient remuneration packages and tax issues facing frequent business travelers.

As organizations grow and become more global in their operations, it becomes increasingly important to develop a global mindset and a coordinated approach to manage their corporate, indirect and personal taxation.



# Advisory

KPMG's Advisory professionals assist clients through a range of services relating to business transformation, risk management, M&A and capital management. Together, these services can help address a client's strategic needs in terms of growth (creating value), governance (managing value), and performance (enhancing value).

KPMG's [Management Consulting group](#) assists our clients in improving and transforming business performance through strategic and operational re-engineering and better leverage of technology investments. We help develop strategies relating to Finance Transformation, Supply Chain Management, IT Strategy Implementation, Cost Optimisation, Business Integration, Business Intelligence as well as ERP Advisory Services.

## [Business Performance Services \(BPS\)](#)

We help clients improve the operation of their business through a range of services such as margin enhancement, outsourcing risk management, finance functions and process improvement, post-merger integration, cost optimisation and performance measurement. BPS can help organizations improve their operating margins by focusing on both cost management and process efficiency and also assists clients to make informed decisions about outsourcing, shared services and joint venture possibilities. As better operating practices are incorporated across the enterprise, this can help provide greater confidence to external investors, business partners and the markets.

## [IT Advisory](#)

Our services allow our clients to harness the full potential of information technology in line with their business strategy and vision whilst also supporting or driving compliance with laws and regulation. Offering services through the life cycle, our IT Advisory professionals can also assist our clients through the implementation process to achieve measurable results.

## [Shared Services and Outsourcing](#)

We help clients develop outsourcing strategies and execution plans, establishing appropriate governance structures, developing organizational footprints and requirements, understanding and reducing jurisdictional risks, and managing the transition to a standardised shared service or outsourced environment.

## [Global Infrastructure Advisory Service](#)

We have a team of professionals dedicated to infrastructure advisory and can assist clients with the following:

- Business case analysis
- Policy & regulatory frameworks
- Planning & feasibility
- Project management
- Operational due diligence
- M&A advisory
- Valuations
- PPPs and project finance
- Financial structuring
- Tax planning & structuring
- Bid preparation / evaluation
- Model audit

## [Global Mining Advisory](#)

Through our work with mining companies operating in Mongolia, we have developed a solid understanding of opportunities, issues and challenges facing the mining industry of Mongolia and can assist clients with the following:

- M&A advisory
- Valuations
- Project finance
- Financial structuring
- Tax planning & structuring
- Financial & tax due diligence
- Bid preparation & evaluation





KPMG's [Risk Consulting group](#) is built on addressing clients' urgent strategic and operational challenges, as appropriate in today's environment. The practice focuses on key risk areas relating to accounting and reporting, finance and treasury, regulatory compliance and controls.

#### [Accounting Advisory Service](#)

We help our clients on a range of important matters that have significant accounting ramifications, including converting to International Financial Reporting Standards (IFRS), initial public offerings, merger and acquisition activity, cross-border transactions, improving the speed and quality of financial reporting (Quality Close) and improvements in the financial reporting process chain.

#### [Internal Audit, Risk and Compliance Services \(IARCS\)](#)

We help organizations improve their corporate governance practices, risk management and internal control systems by focusing on strategic and operational risk issues spanning different functions and operating units. We provide governance, risk and compliance services to support compliance with listing rules and other regulatory requirements, helping develop integrated frameworks that unify governance, risk, compliance and assurance functions.

We can also help organizations improve their performance and decision-making through the establishment of an Enterprise Risk Management system or through continuous auditing and monitoring approaches.

#### [IT Advisory](#)

We assist our clients in identifying managing and mitigating IT-related risks. We provide assurance for technology enabled business processes such as SAS 70, WebTrust and Systrust. Core service offerings include information security assessments, ERP systems controls reviews and IT internal audit.



KPMG's **Deal Advisory group** comprises four divisions, providing transaction services, corporate finance, restructuring services, and forensic accounting advice. Whether you aim to buy a business, raise capital, investigate fraud, improve performance or wind down operations, our professionals can devise and help implement practical and commercial strategies to achieve your goals.

### Transaction Services

We provide assistance to clients on mergers and acquisitions, particularly with respect to financial and commercial due diligence, analysis on financial projections, cash flows, management information, systems and controls, and staff compensation. The team also provides vendor due diligence and assistance for clients divesting their business.

### Corporate Finance

We help clients with M&A origination and deal management, target search, capital raising, strategic and financial analysis, pricing analysis, valuation, negotiation support and financial structuring. We can advise on project management of a merger or acquisition, from inception through to completion and ultimately, in some cases, an IPO or trade sale exit. Corporate Finance also has teams dedicated to the financing of infrastructure and other capital intensive projects.

### Debt Advisory

We provide our clients with insights into the loan and debt capital markets, particularly around issues relating to liquidity, pricing, market shifts and other structural changes. We can provide advice on capital structuring and analysis of funding options and assist with arrangements for debt funding. We will also look for opportunities to advise clients on event-driven financing situations, where clients are considering a significant and/or transformational event that will impact the company's current or future financing needs.

### Restructuring Services

We work alongside lenders, stakeholders and all levels of management to develop restructuring strategies that improve a company's balance sheet, profit & loss and cash flow. We can provide background support to the executive team and assist them in renegotiating their finances, providing a robust challenge to the business plan that underpins their refinancing proposals.

Operational Restructuring seeks to provide the skills needed for turnaround planning and implementation to restore profitability and build a platform for growth.

### Forensic

We provide fraud risk management, forensic investigations, contract compliance and litigation support services, dealing with matters such as quantification of loss and preparation of expert witness reports. Fraud risk management helps identify and assess early signs of fraud and determine the appropriate fraud policy to deal with them.

Fraud and misconduct investigations include large-scale and multi-jurisdiction investigations, as well as documentation analysis, IT recovery, document management and other analytical techniques.



# Our values

KPMG's values lie at the heart of the way we operate and define our culture and our commitment to the highest principles of personal and professional conduct.

At KPMG, we take our values and reputation seriously. This professional reputation is vital to the success of our business, the integrity of our clients and the personal development of our people.

What does this mean in practice?

**We lead by example** - at all levels acting in a way that exemplifies what we expect of each other and our clients.

**We work together** - bringing out the best in each other and creating strong and successful working relationships.

**We respect the individual** - respecting people for who they are, and for their knowledge, skills, and experience as individuals and team members.

## A Heart for the Community

With more than 174,000 people around the world, we believe that our actions have an impact on the world that we are trying to build for ourselves and for future generations. This belief strongly reflects who we are as an organization.

Corporate social responsibility (CSR) has been a constant factor for us and is led by our senior leadership. CSR is about working together with our clients, non-governmental organizations (NGOs), stakeholders and local government to deliver solutions to social and environmental issues.



**We seek the facts and provide insight** - challenging assumptions, pursuing facts, and strengthening our reputation as trusted and objective business advisors.

**We are open and honest in our communication** - sharing information, insight and advice frequently and constructively and managing tough situations with courage and candour.

**We are committed to our communities** - acting as responsible corporate citizens and broadening our skills, experience, and perspectives through work in our communities.

**Above all, we act with integrity** - constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

## CSR at KPMG in Mongolia

KPMG in Mongolia has been involved in a number of activities to support the community. Since its establishment in May of 2012, KPMG has announced and awarded a scholarship to over a dozen students with the intent of encouraging their great academic performance, involvement in extra-curricular activities and commitment to serving society. KPMG has also performed pro bono work for Christina & Noble Children's Foundation in Mongolia. This is a reflection of our commitment to corporate social responsibility and our belief that we, as a firm and as individuals, have a responsibility towards the greater community.



## Contact us

### KPMG Mongolia

Suite No. 602, 6<sup>th</sup> floor, Blue Sky Tower  
Peace Avenue 17, Sukhbaatar district  
1<sup>st</sup> khoroo, Ulaanbaatar 14240, Mongolia  
T. +976 7011 8101  
F. +976 7011 8102

#### Mark Eberst

Partner / Head of Audit and  
Advisory  
T. +976 7011 8104  
M. +976 8911 7014  
E. [mmark@kpmg.com](mailto:mmark@kpmg.com)

#### Joo Ho Lee

Director  
T. +976 7011 8103  
M. +976 9958 2987  
E. [jooholee@kpmg.com](mailto:jooholee@kpmg.com)

#### Soyolmaa Gungaanyambuu

Director  
T. +976 7012 8103  
M. +976 9911 7589  
E. [ssoyolmaa@kpmg.com](mailto:ssoyolmaa@kpmg.com)

#### Nicole Woodcock

Manager  
T. +976 7012 8109  
M. +976 9934 1307  
E. [nnicole@kpmg.com](mailto:nnicole@kpmg.com)

#### Galbadrakh Gurragchaa

Manager  
T. +976 7012 8109  
M. +976 9919 7719  
E. [ggalbadrakh@kpmg.com](mailto:ggalbadrakh@kpmg.com)

#### Naranjargal Ganbat

Manager  
T. +976 7012 8109  
M. +976 9700 0311  
E. [nnaranjargal@kpmg.com](mailto:nnaranjargal@kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG Audit LLC, the Mongolian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").