JOINT STOCK COMPANY INSURANCE COMPANY "AMANAT INSURANCE"

Financial Statements and Independent Auditors' Report
For the Year Ended 31 December 2014

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT INSURANCE"

TABLE OF CONTENTS

Deloitte.

Deloitte, LLP
36 Al Farabi Ave.,
Almaty, 050059,
Republic of Kazakhstan

Tel: +7 (727) 258 13 40
Fax: +7 (727) 258 13 41
almaty@deloitte.kz
www.deloitte.kz

INDEPENDENT AUDITORS' REPORT

To the Shareholder and the Board of Directors of Joint Stock Company "Insurance Company "Amanat Insurance":

We have audited the accompanying financial statements of Joint Stock Company "Insurance Company "Amanat Insurance" ("the Company"), which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of JSC "Insurance Company "Amanat Insurance" as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Roman Sattarov
Auditor performer
Qualified Auditor
Qualification certificate
No.MF-0000149
dated 31 May 2013

Mark Smith
Engagement partner
Chartered Accountant
Institute of Chartered Accountants of Scotland
License #M21857
Glasgow, Scotland

Deloitte, LLP
Deloitte, LLP
State license on auditing in the Republic of Kazakhstan
0000015, type MFU-2, issued by the Ministry of Finance
of the Republic of Kazakhstan dated 13 September 2006

Nurlan Bekenov
General Director
Deloitte, LLP

29 April 2015
Almaty, Kazakhstan

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT INSURANCE"

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014
(in Kazakhstani tenge and in thousands)

	Notes	31 December 2014	31 December 2013
ASSETS:			
Cash and cash equivalents	4	289,970	741,675
Term deposits in banks	5	1,267,571	1,178,539
Financial assets at fair value through profit or loss	6	987,848	1,060,141
Investments available-for-sale	7	27,078	479,509
Investments held-to-maturity	8	253,635	260,258
Insurance and reinsurance premium receivables	9	300,449	413,409
Other insurance and reinsurance receivables		12,806	72,682
Deferred acquisition costs		272,770	248,514
Unearned premiums reserve, reinsurers' share	10	990,477	1,373,002
Reserves for claims and claims' adjustment expenses, reinsurers' share	11	231,609	235,164
Property, equipment and intangible assets	12	518,307	78,354
Deferred income tax asset	13	15,536	187,579
Current income tax assets		34,196	34,257
Other assets	14	65,778	37,508
TOTAL ASSETS		5,268,030	6,400,591
LIABILITIES AND EQUITY			
LIABILITIES:			
Insurance and reinsurance payable	15	116,455	552,797
Unearned premiums reserve	10, 27	2,574,673	2,757,943
Reserves for claims and claims' adjustment expenses	11	427,951	407,745
Other liabilities	16	274,851	207,043
Total liabilities		3,393,930	3,925,528
EQUITY:			
Share capital	17	680,000	570,000
Additional paid-in-capital		349,306	-
Property and equipment revaluation reserve		4,429	5,709
Stabilization reserve		-	39,001
Retained earnings		840,365	1,860,353
Total equity		1,874,100	2,475,063
TOTAL LIABILITIES AND EQUITY		5,268,030	6,400,591

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

29 April 2015
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

29 April 2015
Almaty, Kazakhstan

The notes on pages 8-45 form an integral part of these financial statements.

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT INSURANCE"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

(in Kazakhstani tenge and in thousands, unless otherwise indicated)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
Premiums written, gross	18, 27	7,761,992	7,085,712
Ceded reinsurance premiums	18	(4,405,900)	(4,248,297)
PREMIUMS WRITTEN, NET OF CEDED REINSURANCE		3,356,092	2,837,415
Change in unearned premiums reserve, net	10, 18	(199,255)	(67,045)
PREMIUMS EARNED, NET OF REINSURANCE		3,156,837	2,770,370
Claims paid, gross	19, 27	(1,895,698)	(611,513)
Claims paid, reinsurers' share	19	96,698	36,310
Change in reserves for claims and claims' adjustment expenses, gross	19	(20,206)	(34,547)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	19	(3,555)	197,390
CLAIMS INCURRED, NET OF REINSURANCE		(1,822,761)	(412,360)
Commission income	20	9,647	13,962
Commission expense	20	(620,675)	(670,579)
NET COMMISSION EXPENSE		(611,028)	(656,617)
Investment income	21	91,945	154,123
Other operating income		8,596	1,206
OTHER INCOME		100,541	155,329
Salaries and benefits	27	(867,882)	(794,746)
Administrative and operating expenses	22, 27	(1,018,518)	(880,958)
Provision for impairment losses on investments		-	(64,013)
Provision for impairment losses on other operations	23	(15,979)	(86,120)
Depreciation and amortization	12	(24,004)	(22,282)
Net gain from operations with foreign currencies	24	215,166	28,714
OPERATING EXPENSES		(1,711,217)	(1,819,405)
(LOSS)/PROFIT BEFORE INCOME TAX		(887,628)	37,317
Income tax (expense)/benefit	13	(172,043)	148,315
NET (LOSS)/PROFIT		(1,059,671)	185,632
TOTAL COMPREHENSIVE (LOSS)/INCOME		(1,059,671)	185,632

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

29 April 2015
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

29 April 2015
Almaty, Kazakhstan

The notes on pages 8-45 form an integral part of these financial statements.
The notes on pages 8-45 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014
(in Kazakhstani tenge and in thousands)

	Share capital	Additional paid-in capital	Property and equipment revaluation reserve	Stabilisation reserve	Retained earnings	Total equity
As at 31 December 2012	570,000	-	6,184	15,332	1,697,915	2,289,431
Total comprehensive income	-	-	-	-	185,632	185,632
Release of property and equipment revaluation reserve on disposal of previously revalued assets, less deferred income taxes in the amount of KZT nil	-	-	(475)	-	475	-
Transfer to stabilization reserve	-	-	-	23,669	(23,669)	-
As at 31 December 2013	570,000	-	5,709	39,001	1,860,353	2,475,063
Total comprehensive loss	-	-	-	-	(1,059,671)	(1,059,671)
Other adjustments of retained earnings	-	-	-	-	(598)	(598)
Issuance of ordinary shares	110,000	-	-	-	-	110,000
Revaluation of property and equipment	-	349,306	-	-	-	349,306
Release of property and equipment revaluation reserve on disposal of previously revalued assets, less deferred income taxes in the amount of KZT nil	-	-	(1,280)	-	1,280	-
Transfer from stabilization reserve	-	-	-	(39,001)	39,001	-
As at 31 December 2014	680,000	349,306	4,429	-	840,365	1,874,100

On behalf of the Management Board:

Bogimbetov Y.N.
Chairman of the Management Board

29 April 2015
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

29 April 2015
Almaty, Kazakhstan

The notes on pages 8-45 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014
(in Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/profit before income tax expense		(887,628)	37,317
Adjustments for:			
Change in reserves for unearned premiums, net	18	199,255	67,045
Change in reserves for claims and claims' adjustment expenses, net of reinsurers' share	19	23,761	(162,843)
Depreciation and amortization	12	24,004	22,282
Provision for impairment losses on investments	7	-	64,013
Provision for impairment losses on other transactions	23	15,979	86,120
Unrealized loss/(gain) from financial assets at fair value through profit or loss	21	73,310	(8,508)
Gain on sale of financial assets at fair value through profit or loss		(2,005)	-
Change in deferred acquisition costs		(24,256)	106,742
Loss on sale of investments available-for-sale		47,663	-
Unrealized gain on foreign exchange operations	24	(85,998)	(22,427)
Net change in accrued interest income		6,885	3,463
Premium amortization on investments held-to-maturity		6,672	967
Loss on disposal of property and equipment		259	353
Cash (outflow)/inflow from operating activities before changes in operating assets and liabilities		(602,099)	194,524
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Insurance and reinsurance premium receivables		96,981	276,740
Other insurance and reinsurance receivables		62,461	(49,340)
Other assets		(30,853)	129,930
Increase/(decrease) in operating liabilities:			
Insurance and reinsurance payable		(436,342)	(36,150)
Other liabilities		68,113	(11,381)
Cash (outflow)/inflow from operating activities before taxes paid		(841,739)	504,323
Income taxes paid		(61)	(6,626)
Net cash (outflow)/inflow from operating activities		(841,800)	497,697
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash placed as term deposits in banks		(366,030)	(1,003,637)
Cash withdrawn from term deposits in banks		282,872	386,651
Proceeds from sale and redemption of financial assets at fair value through profit or loss		74,178	389,436
Purchase of property, equipment and intangible assets	12	(115,219)	(48,344)
Proceeds from sale of investments available-for-sale		403,945	-
Proceeds on disposal of property and equipment		309	715
Net cash inflow/(outflow) from investing activities		280,095	(275,179)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Shares issued		110,000	-
Net cash inflow from financing activities		110,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(451,705)	222,518
CASH AND CASH EQUIVALENTS, beginning of the year	4	741,675	519,157
CASH AND CASH EQUIVALENTS, end of the year	4	289,970	741,675

Interest received by the Company during the years ended 31 December 2014 and 2013 amounted to KZT 184,812 thousand and KZT 109,373 thousand, respectively.

During the year ended 31 December 2014 the Company purchased and revalued office premises, which resulted in non-cash settlement excluded from the statement of cash flows in the amount of KZT 349,306 thousand (Note 12).

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

29 April 2015
Almaty, Kazakhstan

Agibayeva D.K.
Chief Accountant

29 April 2015
Almaty, Kazakhstan

The notes on pages 8-45 form an integral part of these financial statements.

1. ORGANISATION

Joint Stock Company "Insurance Company "Amanat Insurance" ("the Company") was incorporated in the Republic of Kazakhstan on 24 July 1997 under the laws of the Republic of Kazakhstan.

The Company possesses insurance license # 2.1.15 dated 6 January 2011 for voluntary and compulsory general insurance and reinsurance issued by the Committee for control and supervision of financial market and financial organizations of the National Bank of Republic of Kazakhstan ("the FMSC").

The Company offers various general insurance products in property and casualty, civil liability, cargo, medical insurance, personal insurance and reinsurance.

The Company's legal address is 63, Tole bi str., Almaty, Republic of Kazakhstan.

As at 31 December 2014 and 2013, the number of employees of the Company was 521 and 478, respectively.

As at 31 December 2014 and 2013, the Company had 17 branches in the Republic of Kazakhstan, respectively

As at 31 December 2014 and 2013, Idrisov D.A. was the sole shareholder of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on the assumption that the Company is a going concern and will continue in operation for the foreseeable future.

For the year ended 31 December 2014, the Company incurred a net loss in the amount of KZT 1,059,671 thousand. Despite, this loss position, the Company was in compliance with all of the regulatory requirements, including prudential norms and has sufficient capital to continue as a going concern.

Further, Management of the Company are currently developing a revised business plan, which focuses on profitability of lines of insurance business and on overhead expenses. Management believe that the successful introduction of this business plan will return the Company to profitable operations. In addition, Management have had ongoing discussions and understand that the shareholder will continue support the Company. As a result Management believe the Company will continue as a going concern for the foreseeable future.

These financial statements are presented in thousands of Kazakhstani tenge ("KZT" or "Tenge"), unless otherwise indicated. These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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. Gains and losses arising from changes in fair value are recognised 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 recognised 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.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Investments held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are measured at amortised cost using the effective interest method less any impairment.

If the Company were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Company would be prohibited from classifying any financial asset as held to maturity during the current financial year and following two financial years.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and current accounts in local, foreign currency in the second tier banks of the Republic of Kazakhstan and deposits with original maturity less than 3 months.

Term deposits in banks

In the normal course of business, the Company maintains deposits for various periods of time with banks. Term deposits in banks are measured at amortized cost using the effective interest method.

Reinsurance

The Company cedes insurance risk in the normal course of business. Recoverable amounts are estimated in a manner consistent with the unearned premiums reserve and reserves for claims and claims' adjustment expenses in accordance with the reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of comprehensive income.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes reinsurance risk in the normal course of business for general insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contracts.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Insurance receivables

Insurance receivables are recognized when the related income is earned. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss and other comprehensive income.

Insurance receivables are derecognized when the derecognition criteria for financial assets has been met.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss i recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Write off of accounts receivable

Accounts receivable are written off against the allowance for impairment losses when deemed uncollectible. Accounts receivable are written off after management has exercised all possibilities available to collect amounts due to the Company and after the Company has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the statement of profit or loss and other comprehensive income in the period of recovery.

Prepayments

Prepayments include advance payments, which are charged to expense in the year, when services are provided.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain of loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation, except for vehicles which are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such vehicles is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such vehicles is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation is charged on the carrying value of property, equipment and intangible assets is designed to write off assets over their useful economic lives. It is calculated on a straight line basis at the following annual prescribed rates:

	Rates
Buildings	4% - 10%
Vehicles	25%
Machinery and equipment	30%
Other	15%
Intangible assets	15%

Depreciation on revalued vehicles is recognised in profit or loss. Depreciation of revaluation reserve is transferred annually from the revaluation reserve to retained earnings. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The carrying amounts of property and equipment and intangible assets are reviewed at each reporting date by the Company to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

An item of property, equipment and intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Insurance and reinsurance payables

Payables on direct insurance business comprise insurance benefits due but not yet paid out, premium refunds not paid out and commissions due to agents.

The liabilities are shown at the amounts actually due on repayment.

Payables on reinsurance business comprise net reinsurance premiums due to reinsurers and brokers in connection with the reinsurance business ceded and obligations on claims to be paid on assumed reinsurance business.

Liability adequacy test

The Company applies a liability adequacy test at each reporting date to ensure that the insurance liabilities are adequate considering the estimated future cash flows. This test is performed by comparing the carrying value of the liability and the discounted projections of future cash flows (including premiums, claims, expenses, investment return and other items), using best estimate and assumptions.

If a deficiency is found in the liability (i.e. the carrying value amount of its insurance liabilities is less than the future expected cash flows) that deficiency is fully recognized in the statement of comprehensive income.

Reserves for claims and claims' adjustment expenses

Reserves for claims and claims adjustment expenses is a summary of estimates of ultimate losses, and includes both claims reported but not settled ("RBNS") and claims incurred but not reported ("IBNR").

RBNS is created for significant reported claims not settled at the reporting date. Estimates are made on the basis of information received by the Company during its investigation of insured events. IBNR is estimated by the Company based on its previous statistics of claims/indemnification of claims using actuarial methods of calculation, which include loss triangulation for insurance classes for which there is statistical data. For lines of insurance that do not have sufficient statistical data, IBNR is calculated according to FMSC requirements as not less than 5% of the written premiums.

The reinsurers' share in the reserves for claims and claims' adjustment expenses is calculated in accordance with the reinsurers' share under the reinsurance contracts.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Share capital

Contributions to share capital are recognized at cost.

The reserves recorded in other comprehensive income on the Company's statement of financial position include:

- Reserve on revaluation of property reserve which comprises changes in fair value of vehicle;

Net written insurance premiums represent gross written premiums less premiums ceded to reinsurers. Upon inception of a contract, premiums are recorded as written and are earned on a pro rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage and is included as a liability in the accompanying statement of financial position.

Claims paid and the change in reserves for claims and claims' adjustment expenses are charged to the statement of comprehensive income as incurred through the reassessment of the reserves for claims and claims' adjustments expenses.

Commissions earned on ceded reinsurance contracts are recorded in the statement of profit or loss and other comprehensive income at the date the reinsurance contract is signed and deemed enforceable.

Acquisition costs, comprising commissions paid to insurance agents and brokers, which vary and are directly related to the production of new business, are deferred and recorded in the accompanying statement of financial position and are amortized over the period in which the related written premiums are earned.

Recognition of interest income and other income

Interest income includes income earned on investment securities. Interest income is recognized on an accrual basis calculated using the effective interest method. Fees, commission and other income and expenses are generally recognized on an accrual basis per the applicable contract.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into KZT at the appropriate spot rates of exchange prevailing at the reporting date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain from operations with foreign currencies.

Rates of exchange

The exchange rates at the year end, used by the Company in the preparation of the financial statements are as follows:

	31 December 2014	**31 December 2013**
KZT/1 US Dollar	182.35	154.06
KZT/1 Euro	221.59	212.02

3. ADOPTION OF NEW AND REVISED STANDARDS

Amendments to IFRSs affecting amounts reported in the financial statements

In the current year, the following new and revised Standards and Interpretations have been adopted but have not significantly affected the amounts reported in these financial statements.

Amendments to IFRSs affecting amounts reported in the financial statements

Amendments to IFRS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

These amendments do not have any effect on the Company's financial statements as the Company is not an investment entity.

Amendments to IFRS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IFRS 36 restrict the requirement to disclose the recoverable amount of an asset or a cash-generating unit to periods in which an impairment loss has been recognized or reversed. In addition, they expand and clarify the disclosure requirements applicable to when recoverable amount of an asset or a cash-generating unit has been determined on the basis of fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Annual Improvements to IFRSs 2011-2013 Cycle[1];
- IFRS 9 Financial Instruments[2].

IFRS 9 Financial Instruments. IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. In July 2014 IASB issued a finalised version of IFRS 9 mainly introducing impairment requirements for financial assets and limited amendments to the classification and measurement requirements for financial assets. IFRS 9 is aiming at replacing IAS 39 Financial Instruments: Recognition and Measurement.

The key requirements of IFRS 9 are:

- **Classification and measurement of financial assets.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. Specifically, debt instruments that are held within the business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost after initial recognition. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for debt instruments held within the business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding which are measured at fair value through other comprehensive income after initial recognition. All other debt and equity investments are measured at their fair values. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- **Classification and measurement of financial liabilities.** Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The standard is effective from 1 January 2018 with early application permitted. Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

The management of the Company anticipates that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include the following amendments to various IFRSs.

The amendments to IFRS 13 clarify that the scope of portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IFRS 39 or IFRS 9, even if those contracts do not meet the definitions of a financial assets or financial liabilities within IFRS 32.

The management of the Company does not anticipate that the application of these amendments will have a significant effect on the financial statements.

4. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Current bank accounts in foreign currencies	204,737	535,851
Current bank accounts in tenge	52,195	190,664
Cash on hand	33,037	15,160
	289,970	741,675

5. TERM DEPOSITS IN BANKS

	Interest rates, %	Maturity	31 December 2014
JSC Tsesna Bank	4.90	02/06/2015	421,118
JSC SB Alfa Bank	2.3-5.00	31/12/2015	388,438
JSB Bank Astana Finance	4.00	18/12/2015	237,055
JSC Eurasian Bank	4.00	14/03/2015	131,645
JSC VTB Bank (Kazakhstan)	8.50	26/05/2015	89,315
			1,267,571

	Interest rates, %	Maturity	31 December 2013
JSC Tsesna Bank	4.00-4.70	26 March 2014 – 23 May 2014	380,431
JSC SB Alfa Bank	8.00	30 December 2014	300,066
JSC Eurasian Bank	4.00-6.50	19 August 2014- 28 November 2014	298,042
JSC VTB Bank (Kazakhstan)	4.70	8 August 2014	200,000
			1,178,539

As at 31 December 2014 and 2013, term deposits in banks included accrued interest amounting to KZT 10,776 thousand and KZT 4,902 thousand, respectively.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following financial assets were designated as at fair value through profit or loss upon their initial recognition as they are managed and their performance is evaluated on a fair value basis in accordance with a documented investment management strategy and information about these assets is provided internally on that basis to the Company's management.

	31 December 2014	31 December 2013
Kazakhstani corporate bonds	531,989	545,528
Bonds of the Ministry of Finance of the Republic of Kazakhstan*	297,908	295,611
Kazakhstani corporate shares	82,484	94,764
Foreign corporate bonds	75,467	124,238
	987,848	1,060,141

* - As at 31 December 2014 and 2013, nominal interest rates on Bonds of the Ministry of Finance of the Republic of Kazakhstan amounted to 5.15%-6.50%.

	Interest to nominal, %	31 December 2014	31 December 2013
Kazakhstani corporate bonds:			
JSC Development Bank of Kazakhstan	6.00	221,202	192,694
JSC SB Sberbank of Russia	9.00	167,160	171,332
JSC KazMunayGaz	7.00	90,501	84,303
JSC ATF Bank	7.00-9.00	53,126	97,199
		531,989	545,528

	Interest to nominal, %	31 December 2014	31 December 2013
Foreign corporate bonds:			
European investment bank bonds	6.75	75,467	124,238
		75,467	124,238

	Share, %	31 December 2014	31 December 2013
Kazakhstani corporate shares:			
JSC Halyk Bank of Kazakhstan*	-	42,996	43,159
JSC Kazakhtelekom*	-	38,390	45,147
JSC Bank Center Credit*	-	1,098	6,459
		82,484	94,764

* - Ownership share is less than 1%.

As at 31 December 2014 and 2013, financial assets at fair value through profit or loss included accrued interest amounting to KZT 21,925 thousand and KZT 23,658 thousand, respectively.

7. INVESTMENTS AVAILABLE-FOR-SALE

	Share, %	31 December 2014	31 December 2013
Kazakhstani corporate shares:			
JSC Insurance Payments Guarantee Fund	3.30	17,666	17,666
JSC Bank Center Credit*	-	5,226	-
JSC Mineral Resources of Central Asia	1.11	4,146	4,146
JSC Temirbank	11.42	-	457,697
		27,078	479,509

* - Ownership share is less than 1%.

As at 31 December 2014 and 2013, investments available-for-sale included accrued interest amounting to KZT nil and KZT 11,075 thousand, respectively.

8. INVESTMENTS HELD-TO-MATURITY

As at 31 December 2014 and 2013, investments held-to-maturity included bonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 253,635 thousand and KZT 260,258 thousand with interest rates from 6% to 8.75%, respectively.

As at 31 December 2014 and 2013, investments held-to-maturity included accrued interest amounting to KZT 12,790 thousand and KZT 12,740 thousand respectively.

9. INSURANCE AND REINSURANCE PREMIUM RECEIVABLES

	31 December 2014	31 December 2013
Amounts due from policyholders	304,465	216,897
Assumed reinsurance premiums receivable	15,350	209,652
	319,815	426,549
Less allowance for impairment losses (Note 23)	(19,366)	(13,140)
	300,449	413,409

10. UNEARNED PREMIUMS RESERVE

	31 December 2014	31 December 2013	Change in unearned premiums reserve
Unearned premiums reserve (Note 18)	2,574,673	2,757,943	(183,270)
Unearned premiums reserve, reinsurers' share (Note 18)	(990,477)	(1,373,002)	382,525
Unearned premiums reserve, net of reinsurers' share	1,584,196	1,384,941	199,255

	31 December 2013	31 December 2012	Change in unearned premiums reserve
Unearned premiums reserve (Note 18)	2,757,943	2,450,310	307,633
Unearned premiums reserve, reinsurers' share (Note 18)	(1,373,002)	(1,132,414)	(240,588)
Unearned premiums reserve, net of reinsurers' share	1,384,941	1,317,896	67,045

11. RESERVES FOR CLAIMS AND CLAIMS' ADJUSTMENT EXPENSES

Reserves for claims and claims' adjustment expenses have been established on the basis of information currently available, including potential outstanding loss notifications and experience with similar claims. The reserve for claims incurred but not reported is actuarially determined by lines of business and is based on statistical claims data for the period typical for loss development of the classes and sub-classes of business, the Company's previous experience and availability of data. Insurance classes for which there is no sufficient statistics, the IBNR reserve is established in accordance with the requirements of Committee of Financial Supervision in the amount of not less than 5% of the amount of insurance premiums. While management considers that the gross reserve for claims and the related reinsurance recoveries are fairly stated on the basis of the information available to them, the ultimate liability may vary as a result of subsequent information and events and may result in adjustments to the amounts provided. Any adjustments to the amount of reserves will be reflected in the financial statements in the period in which the necessary adjustments become known and estimable.

The movements in reserves for claims and claims' adjustment expenses during 2014 and 2013 were as follows:

	2014	2013
As at beginning of the year	172,581	335,424
Net change in reserve (Note 19)	23,761	(162,843)
As at end of the year	196,342	172,581

As at 31 December 2014 and 2013, provision for losses comprised of provision for losses reported but not settled (RBNS) and the provision for losses incurred but not reported (IBNR):

	IBNR	RBNS	31 December 2014 Total
Provision for losses, gross	347,763	80,188	427,951
Reinsurers' share in reserve	(220,484)	(11,125)	(231,609)
Provision for losses, net of reinsurance	127,279	69,063	196,342

	IBNR	RBNS	31 December 2013 Total
Provision for losses, gross	328,025	79,720	407,745
Reinsurers' share in reserve	(212,415)	(22,749)	(235,164)
Provision for losses, net of reinsurance	115,610	56,971	172,581

12. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Buildings	Vehicles	Machinery and equipment	Other fixed assets	Intangible assets	Total
At initial/revalued cost						
As at 31 December 2012	173	16,417	44,359	32,859	14,621	108,429
Additions	-	-	23,400	9,936	15,008	48,344
Disposals	-	-	(2,789)	(1,950)	-	(4,739)
As at 31 December 2013	173	16,417	64,970	40,845	29,629	152,034
Additions	448,142	-	9,292	6,061	1,030	464,525
Disposals	(172)	-	(4,881)	(589)	-	(5,642)
As at 31 December 2014	448,143	16,417	69,381	46,317	30,659	610,917
Accumulated depreciation						
As at 31 December 2012	(33)	(6,470)	(26,845)	(15,933)	(5,788)	(55,069)
Charge for the year	(17)	(4,105)	(11,640)	(4,143)	(2,377)	(22,282)
Disposals	-	-	2,277	1,394	-	3,671
As at 31 December 2013	(50)	(10,575)	(36,208)	(18,682)	(8,165)	(73,680)
Charge for the year	(4)	(1,972)	(12,173)	(5,641)	(4,214)	(24,004)
Disposals	54	-	4,687	333	-	5,074
As at 31 December 2014	-	(12,547)	(43,694)	(23,990)	(12,379)	(92,610)
Net book value						
As at 31 December 2014	448,143	3,870	25,687	22,327	18,280	518,307
As at 31 December 2013	123	5,842	28,762	22,163	21,464	78,354

As at 31 December 2014 and 2013, included in property and equipment were fully depreciated assets of KZT 2,020 thousand and KZT 8,821 thousand, respectively.

The Company's vehicles are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's vehicles as at 31 December 2011 were performed by LLP Motornoe Bureau, an independent appraiser not related to the Company. LLP Motornoe Bureau is a member of the Appraisers Chamber "Almaty Appraisers Association", and has the appropriate qualification and recent experience in the fair value measurement of vehicles in the relevant locations.

Had the Company's vehicles been measured on a historical cost basis, their carrying amount would have been KZT 313 thousand as at 31 December 2014. The fair values of vehicles was determined based on the market comparable approach that reflects recent transaction prices for similar vehicles and these measurements are categorized as level 3.

During 2014 the Company purchased office premises and involved independent appraiser LLP Appraise Consulting Group to determine the fair value as at 31 December 2014. The independent appraiser used combination of cost and sales comparative methods. The fair value of the office was determined as KZT 412,269 thousand. The difference between the fair value and the cost in amount of KZT 349,306 thousand was recognised as additional paid-in-capital in the statement of changes in equity as it was purchased from the Company's related party. The valuation technique is described in Note 29.

13. INCOME TAXES

The Company performs its tax calculation on the basis of tax regulations in accordance with the legislation of the Republic of Kazakhstan, which can differ from IFRS.

Effective 1 January 2012 insurance companies moved to the general tax regime with income tax rate of 20% imposed upon net income. Insurance reserves for the purpose of taxation are determined based on the FMSC regulations.

The Company's permanent tax differences arise mainly due to non-tax deductibility of certain expenses and a tax free regime for certain income. Income on state and other qualifying securities is tax exempt.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. As at 31 December 2014 and 2013, temporary differences relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

On 7 March 2014, there was a change in tax legislation, which permits treating IBNR reserves as deductible expenses, effective from 1 January 2012. The Company recalculated its income tax expense for the year ended 31 December 2013 in accordance with the new tax code and recognised results in the financial statements for the year ended 31 December 2014.

14. OTHER ASSETS

	31 December 2014	31 December 2013
Other financial assets:		
Debtors on guarantees	14,035	1,422
Other receivables	1,188	1,556
Accrued interest on correspondent accounts	-	1
Total other financial assets	15,223	2,979
Other non-financial assets:		
Advances paid	37,516	30,297
Inventory	5,316	4,232
Tax advances, other than income tax	240	321
Other	14,545	3,551
	57,617	38,401
Less allowance for impairment loss (Note 23)	(7,062)	(3,872)
Total other non-financial assets	50,555	34,529
Total other assets	65,778	37,508

15. INSURANCE AND REINSURANCE PAYABLE

	31 December 2014	31 December 2013
Payables to agents and brokers	65,162	33,749
Reinsurance payables	33,920	507,615
Claims payable to insured	17,373	11,433
	116,455	552,797

16. OTHER LIABILITIES

	31 December 2014	31 December 2013
Other financial liabilities:		
Provision for unused vacation	62,125	64,355
Accounts payable for goods	31,769	20,319
Payable to JSC Insurance Payments Guarantee Fund	11,694	7,697
Payable to employees	8,558	9,744
Rent payable	6,909	3,093
Total other financial liabilities	121,055	105,208
Other non-financial liabilities:		
Deferred income	108,207	66,964
Taxes payable, other than income tax	27,385	24,285
Advances received	10,014	10,426
Other	8,190	160
Total other non-financial liabilities	153,796	101,835
Total other liabilities	274,851	207,043

17. SHARE CAPITAL

As at 31 December 2014 and 2013, the Company has 680,000 and 570,000 authorized and issued common shares with a par value of which amounted to KZT 680,000 thousand and KZT 570,000 thousand, respectively.

Each common share is entitled to one vote and shares equally in dividends.

As at 31 December 2014 and 2013, the Company has 1,500,000 issued, but not paid common shares.

18. PREMIUM EARNED, NET OF REINSURANCE

Premium earned, net of reinsurance, for the year ended 31 December 2014 comprise the following:

	Civil responsibility for indemnification	Civil liability of car owners	Property	Financial losses insurance	Compulsory insurance of civil liability of the employer	Air, water, railway and other vehicle insurance	Professional liability	Medical insurance	Travel insurance	Cargo	Other	Year ended 31 December 2014 Total
Direct insurance premiums	1,758,346	1,432,942	865,916	875,716	-	453,239	21,686	528,825	204	316,124	230,301	6,483,299
Reinsurance premiums assumed	246,446	-	304,365	581,940	132,710	11,301	296	-	-	1,103	532	1,278,693
Premiums written, gross	2,004,792	1,432,942	1,170,281	1,457,656	132,710	464,540	21,982	528,825	204	317,227	230,833	7,761,992
Ceded reinsurance premiums	(1,476,122)	-	(768,424)	(1,355,284)	(92,517)	(261,812)	(14,698)	-	-	(264,976)	(172,067)	(4,405,900)
Premiums written, net of ceded reinsurance	528,670	1,432,942	401,857	102,372	40,193	202,728	7,284	528,825	204	52,251	58,766	3,356,092
Change in unearned premiums reserve, gross	(198,127)	(257,646)	(26,703)	620,196	255,201	(144,312)	-	(66,538)	-	243	956	183,270
Change in unearned premiums reserve, reinsurers' share	355,476	-	(20,751)	(613,908)	(230,489)	127,181	-	-	-	-	(34)	(382,525)
Change in unearned premiums reserve, net	157,349	(257,646)	(47,454)	6,288	24,712	(17,131)	-	(66,538)	-	243	922	(199,255)
Premiums earned, net of reinsurance	686,019	1,175,296	354,403	108,660	64,905	185,597	7,284	462,287	204	52,494	59,688	3,156,837

Premium earned, net of reinsurance, for the year ended 31 December 2013 comprise the following:

	Civil responsibility for indemnification	Civil liability of car owners	Property	Financial losses insurance	Compulsory insurance of civil liability of the employer	Air, water, railway and other vehicle insurance	Professional liability	Medical insurance	Travel insurance	Cargo	Other	Year ended 31 December 2013
Direct insurance premiums	1,659,401	969,296	745,723	1,485,857	-	205,407	11,760	342,523	47,765	299,894	228,885	5,996,511
Reinsurance premiums assumed	146,978	-	46,106	280,569	581,032	14,217	53	-	-	1,391	18,855	1,089,201
Premiums written, gross	1,806,379	969,296	791,829	1,766,426	581,032	219,624	11,813	342,523	47,765	301,285	247,740	7,085,712
Ceded reinsurance premiums	(1,071,428)	-	(412,766)	(1,806,977)	(482,137)	(52,567)	-	-	-	(247,499)	(174,923)	(4,248,297)
Premiums written, net of ceded reinsurance	734,951	969,296	379,063	(40,551)	98,895	167,057	11,813	342,523	47,765	53,786	72,817	2,837,415
Change in unearned premiums reserve, gross	180,545	(66,273)	(20,627)	(374,301)	(243,225)	209,387	4,364	2,709	5,631	3,591	(9,434)	(307,633)
Change in unearned premiums reserve, reinsurers' share	(244,781)	-	18,196	455,093	230,172	(213,407)	-	-	-	(4,684)	(1)	240,588
Change in unearned premiums reserve, net	(64,236)	(66,273)	(2,431)	80,792	(13,053)	(4,020)	4,364	2,709	5,631	(1,093)	(9,435)	(67,045)
Premiums earned, net of reinsurance	670,715	903,023	376,632	40,241	85,842	163,037	16,177	345,232	53,396	52,693	63,382	2,770,370

19. CLAIMS INCURRED, NET OF REINSURANCE

Claims incurred, net of reinsurance, for the year ended 31 December 2014 comprise the following:

	Civil responsibility for indemnify-cation	Civil liability of car owners	Property	Insurance from financial losses	Compulsory insurance of civil liability of the employer	Air, water, railway and other vehicle insurance	Professional liability	Medical insurance	Travel insurance	Cargo	Other	Year ended 31 December 2014 Total
Claims paid on insurance	(815,583)	(455,172)	(40,382)	(5,012)	(37,550)	(81,605)	-	(348,626)	(5,606)	(202)	(6,801)	(1,796,539)
Claims paid on assumed reinsurance	(3,308)	-	(8,470)	-	(78,886)	(6,361)	-	-	-	-	(2,134)	(99,159)
Claims paid, gross	(818,891)	(455,172)	(48,852)	(5,012)	(116,436)	(87,966)	-	(348,626)	(5,606)	(202)	(8,935)	(1,895,698)
Claims paid, reinsurers' share	-	-	6,507	-	67,886	20,253	-	-	-	-	2,052	96,698
Claims paid, net	(818,891)	(455,172)	(42,345)	(5,012)	(48,550)	(67,713)	-	(348,626)	(5,606)	(202)	(6,883)	(1,799,000)
Change in reserves for claims and claims' adjustment expenses, gross	(36,114)	(17,330)	(10,134)	46,774	23,233	(15,611)	-	(8,399)	97	(736)	(1,986)	(20,206)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	21,316	-	13,376	(22,749)	(19,143)	266	-	-	-	874	2,506	(3,555)
Net change in reserves for claims and claims' adjustment expenses	(14,798)	(17,330)	3,242	24,025	4,090	(15,345)	-	(8,399)	97	138	519	(23,761)
Claims incurred, net of reinsurance	(833,689)	(472,502)	(39,103)	19,013	(44,460)	(83,058)	-	(357,025)	(5,509)	(64)	(6,364)	(1,822,761)

For the year ended 31 December 2014, Claims paid include significant claims with regard to the Civil responsibility for indemnification line of business. These claims arose from unusual non-recurring insurance events with respect to insurance of customs brokers. Management believe that these claims are not systemic but rather relate to "one-off" loss incidents. Management have revised the underwriting risk assessment process for accepting new insured losses under this line of business and do not expect such a level of claims to occur in the future.

Claims incurred, net of reinsurance, for the year ended 31 December 2013 comprise the following:

	Civil responsibility for indemnifycation	Civil liability of car owners	Property	Insurance from financial losses	Compulsory insurance of civil liability of the employer	Air, water, railway and other vehicle insurance	Professional liability	Medical insurance	Travel insurance	Cargo	Other	Year ended 31 December 2013 Total
Claims paid on insurance	82,185	(315,467)	(24,019)	(1,680)	(30,516)	(52,606)	-	(214,787)	(11,748)	-	(2,845)	(571,483)
Claims paid on assumed reinsurance	-	-	(24,891)	-	(9,327)	(5,812)	-	-	-	-	-	(40,030)
Claims paid, gross	82,185	(315,467)	(48,910)	(1,680)	(39,843)	(58,418)	-	(214,787)	(11,748)	-	(2,845)	(611,513)
Claims paid, reinsurers' share	-	-	16,256	-	10,603	9,451	-	-	-	-	-	36,310
Claims paid, net	82,185	(315,467)	(32,654)	(1,680)	(29,240)	(48,967)	-	(214,787)	(11,748)	-	(2,845)	(575,203)
Change in reserves for claims and claims' adjustment expenses, gross	(542)	(3,588)	(579)	(53,742)	(25,362)	39,689	-	357	(762)	11,757	(590)	(34,547)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	84,617	-	26,395	59,310	21,224	(15,279)	-	-	-	12,375	8,746	197,390
Net change in reserves for claims and claims' adjustment expenses	84,075	(3,588)	25,816	5,568	(4,138)	24,410	-	357	(762)	24,132	8,156	162,843
Claims incurred, net of reinsurance	166,260	(319,055)	(6,838)	3,888	(33,378)	(24,557)	-	(214,430)	(12,510)	24,132	5,311	(412,360)

20. NET COMMISSION EXPENSE

Net commission expense for the year ended 31 December 2014 comprises the following:

	Civil responsibility for indemnification	Civil liability of car owners	Property	Financial losses insurance	Compulsory insurance of civil liability of the employer	Airway, water, railway and other vehicle insurance	Professional liability	Medical insurance	Travel insurance	Cargo	Other	Year ended 31 December 2014 Total
Commission income	1,670	-	1,658	-	5,653	481	-	-	-	-	185	9,647
Commission expense	(142,791)	(142,780)	(132,413)	(20,829)	(2,820)	(55,306)	(3,330)	(93,408)	(2,839)	(16,826)	(7,333)	(620,675)
	(141,121)	(142,780)	(130,755)	(20,829)	2,833	(54,825)	(3,330)	(93,408)	(2,839)	(16,826)	(7,148)	(611,028)

Net commission expense for the year ended 31 December 2013 comprises the following:

	Civil responsibility for indemnification	Civil liability of car owners	Property	Financial losses insurance	Compulsory insurance of civil liability of the employer	Airway, water, railway and other vehicle insurance	Professional liability	Medical insurance	Travel insurance	Cargo	Other	Year ended 31 December 2013 Total
Commission income	(410)	-	3,716	-	9,081	1,466	-	-	-	-	109	13,962
Commission expense	(196,104)	(112,351)	(137,625)	(14,497)	(5,132)	(53,857)	(3,854)	(86,433)	(26,559)	(17,692)	(16,475)	(670,579)
	(196,514)	(112,351)	(133,909)	(14,497)	3,949	(52,391)	(3,854)	(86,433)	(26,559)	(17,692)	(16,366)	(656,617)

21. INVESTMENT INCOME

	Year ended 31 December 2014	Year ended 31 December 2013
Interest income	177,927	104,943
Dividend income	32,986	47,953
Realized gain/(loss) on financial assets at fair value through profit or loss	2,005	(7,281)
Loss on sale of investments available-for-sale	(47,663)	-
Unrealized (loss)/gain from revaluation of financial assets at fair value through profit or loss	(73,310)	8,508
	91,945	154,123

	Year ended 31 December 2014	Year ended 31 December 2013
Interest income comprised:		
Interest income on financial assets recorded at amortized cost:		
- interest income on unimpaired financial assets	79,208	63,060
Interest income on financial assets at fair value through profit or loss	98,719	41,883
Total interest income	177,927	104,943
Interest income on financial assets recorded at amortized cost comprises:		
Interest on term deposits in banks	67,924	45,758
Interest on investments held-to-maturity	11,251	16,958
Interest on current account	33	344
	79,208	63,060

22. ADMINISTRATIVE AND OPERATING EXPENSES

	Year ended 31 December 2014	Year ended 31 December 2013
Advertising expenses	475,779	360,044
Rent expense	254,227	240,528
Audit and consulting services	40,752	33,380
Payments to JSC Insurance Payments Guarantee Fund	39,849	31,870
Transportation	35,368	33,136
Bank services and charges	20,981	9,585
Stationery	18,574	13,378
Utilities	17,278	13,592
Business trip expenses	13,977	12,831
Communication expenses	13,348	12,426
Taxes, other than income tax	12,986	2,242
Entertainment expenses	11,349	7,123
Postal services	7,942	7,979
Security expenses	7,367	6,145
Fines and penalties	5,751	140
Staff training	4,862	8,062
Repair and maintenance of property and equipment	4,397	4,024
Insurance expenses	4,330	58,812
Other	29,401	25,661
	1,018,518	880,958

26. COMMITMENTS AND CONTINGENCIES

Legal proceedings

From time to time and in the normal course of business, claims against the Company are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred by the Company and accordingly no provision has been made in these financial statements.

Taxation

Kazakhstani commercial and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective in nature. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Company may be assessed additional taxes, penalties and interest.

The Management of the Company believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans

Employees of the Company receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2014 and 2013, the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating leases

As at 31 December 2014 and 2013, where the Company is lessee, the future minimum lease payments under non-cancellable operating leases within one year are KZT 148,774 thousand.

Capital commitments

As at 31 December 2014 and 2013, the Company did not have any significant capital commitments.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market, which decreased significantly during 2014. Management is unable to reliably estimate the effects of any further price fluctuations on the Company's financial position.

27. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 "Related party disclosures" include the following.

Other related parties are represented by the entities where the shareholder of the Company also has a stake in.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Company had the following transactions outstanding as at 31 December 2014 and 2013 with related parties:

	31 December 2014		31 December 2013	
	Related party balances	**Total category as per financial statements caption**	**Related party balances**	**Total category as per financial statements caption**
Unearned premiums reserve	28,538	2,574,673	613,383	2,757,943
- other related parties	28,390		613,361	
- key management personnel of the Company	148		22	

Included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2014 and 2013 are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2014		Year ended 31 December 2013	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Premiums written, gross	41,805	7,761,992	1,670,031	7,085,712
- other related parties	41,271		1,669,952	
- key management personnel of the Company	534		79	
Paid losses, total amount	(10,234)	(1,895,698)	(8,674)	(611,513)
- other related parties	(10,234)		(8,674)	
Salaries and benefits	(91,457)	(867,882)	(59,481)	(794,746)
- key management personnel of the Company	(91,457)		(59,481)	
Administrative and operating expenses	(170,847)	(1,018,518)	(166,195)	(880,958)
- other related parties	(170,847)		(166,195)	

Salaries and benefits paid to key management personnel represent short-term compensation.

28. GEOGRAPHICAL CONCENTRATION

As at 31 December 2014, financial assets and liabilities of the Company were concentrated in the Republic of Kazakhstan, except for financial assets at fair value through profit or loss in OECD countries in the amount of KZT 75,467 thousand and in reinsurance payables amounted to KZT 4,142 thousand.

As at 31 December 2013, financial assets and liabilities of the Company were concentrated in the Republic of Kazakhstan, except for financial assets at fair value through profit or loss in OECD countries in the amount of KZT 124,238 thousand and in reinsurance payables amounted to KZT 3,760 thousand.

Reinsurance

In the normal course of business the Company enters into reinsurance agreements with Kazakhstani and foreign reinsurers. Reinsurance contracts do not relieve the Company from its obligations to policyholders. The Company evaluates the financial condition of its reinsurers and monitors the concentration of credit risks minimize its exposure to significant losses from reinsurer insolvencies.

Insurance reserves

The Company uses actuarial methods and assumptions in insurance and reinsurance liabilities estimations. Please, see Note 3 for actuarial methods for reserves for claims and claims' adjustment expenses calculation. The Company performs a run-off analysis of these reserves.

Investment risks

The investment policy of the Company is based on levels of income and the Company's risk appetite at a point in time. The investment activities of Kazakhstani insurance companies are under the strict supervision of the FMSC and the Company does not have permission to operate as a professional participant in capital markets, therefore the Company hires broker companies to perform investment operations.

The investment portfolio of the Company comprises financial instruments that are chosen according to profitability rates, maturity and the risk level of the investment. The investment portfolio is diversified so as to provide equal income receipts during the investing period. Investment income is generally reinvested to increase the investment portfolio.

Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one debtor, or groups of debtors and geographical segments. Such risks are monitored on a continuous basis and subject to an annual or more frequent assessment.

The Company regularly monitors the collectability of receivables from the insurance and reinsurance businesses. All doubtful amounts due are provided for in the financial statements.

Maximum exposure

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

As at 31 December 2014 and 2013, the carrying value of financial assets best represents the maximum exposure to its credit risk.

Financial assets are graded according to the current credit rating they have been issued by international rating agencies. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Company:

	AAA	<BBB	Not rated	31 December 2014 Total
Cash and cash equivalents	-	256,932	33,037	289,970
Term deposits in banks	-	1,267,571	-	1,267,571
Financial assets at fair value through profit and loss	75,467	912,382	-	987,848
Investments available-for-sale	-	5,266	21,812	27,078
Investments held-to-maturity	-	253,635	-	253,635
Insurance and reinsurance receivables	-	8,117	292,332	300,449
Other receivables from insurance and reinsurance	-	7,498	5,308	12,806
Other financial assets	-	14,035	1,188	15,223

	AAA	<BBB	Not rated	31 December 2013 Total
Cash and cash equivalents	-	726,515	15,160	741,675
Term deposits in banks	-	1,178,539	-	1,178,539
Financial assets at fair value through profit and loss	124,238	935,903	-	1,060,141
Investments available-for-sale	-	457,697	21,812	479,509
Investments held-to-maturity	-	260,258	-	260,258
Insurance and reinsurance receivables	-	27,031	386,378	413,409
Other receivables from insurance and reinsurance	-	7,601	65,081	72,682
Other financial assets	-	506	2,473	2,979

The insurance industry is generally exposed to credit risk through its financial instruments. Credit risk exposure of the Company is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Company's policy are not breached.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

	Current not impaired assets	Financial assets past due but not impaired	Impaired financial assets	31 December 2014 Total
Cash and cash equivalents	289,970	-	-	289,970
Term deposits in banks	1,267,571	-	-	1,267,571
Financial assets at fair value through profit and loss	987,848	-	-	987,848
Investments available-for-sale	22,932	-	4,146	27,078
Investments held-to-maturity	253,635	-	-	253,635
Insurance and reinsurance premium receivables	196,642	84,441	19,366	300,449
Other receivables from insurance and reinsurance	2,586	7,645	2,575	12,806
Other financial assets	15,223	-	-	15,223

	Current not impaired assets	Financial assets past due but not impaired	Impaired financial assets	31 December 2013 Total
Cash and cash equivalents	741,675	-	-	741,675
Term deposits in banks	1,178,539	-	-	1,178,539
Financial assets at fair value through profit and loss	1,060,141	-	-	1,060,141
Investments available-for-sale	475,363	-	4,146	479,509
Investments held-to-maturity	260,258	-	-	260,258
Insurance and reinsurance premium receivables	317,165	84,441	11,803	413,409
Other receivables from insurance and reinsurance	72,682	-	-	72,682
Other financial assets	2,979	-	-	2,979

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company manages liquidity risk through a Company's liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; setting up of contingency funding plans; specify the sources of funding and the events that would trigger the plan; concentration of funding sources; reporting of liquidity risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence in the light of changing environment in which the Company operates. The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the earliest of the contractual maturity date or available maturity date, except for financial assets at fair value through profit or loss which are included in the column "Less than 1 month" as they are available to meet the Company's short-term liquidity needs.

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2014 Total
FINANCIAL ASSETS:								
Term deposits in banks	4.75%	-	131,645	1,135,926	-	-	-	1,267,571
Financial assets at fair value through profit or loss	6.65%	-	-	-	397,864	507,500	-	905,364
Investments held-to-maturity	1.03%	-	-	-	253,635	-	-	253,635
Total interest bearing financial assets		-	131,645	1,135,926	651,499	507,500	-	2,509,054
Cash and cash equivalents		289,970	-	-	-	-	-	289,970
Financial assets at fair value through profit or loss		-	-	-	-	-	82,484	82,484
Investments available-for-sale		-	-	-	-	-	27,078	27,078
Insurance and reinsurance premium receivables		196,886	84,198	-	-	-	19,365	300,449
Other receivables from insurance and reinsurance		3	7,932	4,871			-	12,806
Other financial assets		-	175	14,035	-	-	1,013	15,223
Total financial assets		486,859	223,950	1,152,257	651,499	507,500	129,940	3,152,004
FINANCIAL LIABILITIES:								
Insurance and reinsurance payable		17,373	65,162	33,920	-	-	-	116,455
Other financial liabilities		20,252	6,909	93,894	-	-	-	121,055
Total financial liabilities		37,625	72,071	127,814	-	-	-	237,510
Liquidity gap		449,234	151,,879	1,024,443	651,499	507,500		
Interest sensitivity gap		-	131,645	1,135,926	651,499	507,500		
Cumulative interest sensitivity gap		-	131,645	1,267,571	1,919,070	2,426,570		
Cumulative interest sensitivity gap as a percentage of total financial assets		0.00%	4.18%	40.21%	60.88%	76.98%		

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2013 Total
FINANCIAL ASSETS:								
Term deposits in banks	5.57%	-	72,311	1,106,228	-	-	-	1,178,539
Financial assets at fair value through profit or loss	6.87%	965,377	-	-	-	-	-	965,377
Investments held-to-maturity	8.15%	-	-	82,406	-	177,852	-	260,258
Total interest bearing financial assets		965,377	72,311	1,188,634	-	177,852	-	2,404,174
Cash and cash equivalents		741,675	-	-	-	-	-	741,675
Financial assets at fair value through profit or loss		-	-	-	-	-	94,764	94,764
Investments available-for-sale		-	-	-	-	-	479,509	479,509
Insurance and reinsurance premium receivables		-	308,705	104,704	-	-	-	413,409
Other receivables from insurance and reinsurance		-	10,432	62,250	-	-	-	72,682
Other financial assets		-	-	2,979	-	-	-	2,979
Total financial assets		1,707,052	391,448	1,358,567	-	177,852	574,273	4,209,192
FINANCIAL LIABILITIES:								
Insurance and reinsurance payable		11,433	33,749	507,615	-	-	-	552,797
Other financial liabilities		-	94,418	10,790	-	-	-	105,208
Total financial liabilities		11,433	128,167	518,405	-	-	-	658,005
Liquidity gap		1,695,619	263,281	840,162	-	177,852		
Interest sensitivity gap		965,377	72,311	1,188,634	-	177,852		
Cumulative interest sensitivity gap		965,377	1,037,688	2,226,322	2,226,322	2,404,174		
Cumulative interest sensitivity gap as a percentage of total financial assets		22.93%	24.65%	52.89%	52.89%	57.12%		

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

	KZT	USD USD 1 = KZT 182.35	EUR EUR 1 = KZT 221.59	Other currency	31 December 2014 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	85,233	204,562	175	-	289,970
Term deposits in banks	89,315	1,088,871	89,384	-	1,267,571
Financial assets at fair value through profit or loss	547,552	364,829	-	75,467	987,848
Investments available-for-sale	27,078	-	-	-	27,078
Investments held-to-maturity	253,635	-	-	-	253,635
Insurance and reinsurance premiums receivable	300,449	-	-	-	300,449
Other insurance and reinsurance receivables	12,806	-	-	-	12,806
Other financial assets	15,223	-	-	-	15,223
TOTAL FINANCIAL ASSETS	1,331,291	1,658,262	89,559	75,467	3,154,579
FINANCIAL LIABILITIES:					
Insurance and reinsurance payables	112,506	3,948	-	-	116,455
Other financial liabilities	120,960	-	95	-	121,055
TOTAL FINANCIAL LIABILITIES	233,466	3,948	95	-	237,510
OPEN BALANCE SHEET POSITION	1,097,825	1,654,314	89,465	75,467	

	KZT	USD USD 1 =KZT 154.06	EUR EUR 1 = KZT 212.02	Other currency	31 December 2013 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	205,824	308,846	219,107	7,898	741,675
Term deposits in banks	773,533	405,006	-	-	1,178,539
Financial assets at fair value through profit or loss	612,522	323,379	-	124,240	1,060,141
Investments available-for-sale	479,509	-	-	-	479,509
Investments held-to-maturity	260,258	-	-	-	260,258
Insurance and reinsurance premiums receivable	412,976	433	-	-	413,409
Other receivables from insurance and reinsurance	72,682	-	-	-	72,682
Other financial assets	2,979	-	-	-	2,979
TOTAL FINANCIAL ASSETS	2,820,283	1,037,664	219,107	132,138	4,209,192
FINANCIAL LIABILITIES:					
Insurance and reinsurance payables	546,379	6,418	-	-	552,797
Other financial liabilities	105,208	-	-	-	105,208
TOTAL FINANCIAL LIABILITIES	651,587	6,418	-	-	658,005
OPEN BALANCE SHEET POSITION	2,096,014	1,031,246	219,107	132,138	

Currency risk sensitivity

The following table details the Company's sensitivity to 20% increase and decrease in the USD and EUR, respectively, against the KZT. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates due to the ongoing devaluation of the tenge against the U.S. dollar during the year ended 31 December 2014. These rates are the level of sensitivity analysis which includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 20% change in foreign currency rates.

As at 31 December 2014 and 2013, the impact on net profit and equity based on the open balance sheet position is as follows:

	31 December 2014		31 December 2013	
	KZT/USD +20%	KZT/USD -20%	KZT/USD +20%	KZT/USD -20%
Impact on profit or loss before tax and equity	330,863	(330,863)	206,249	(206,249)

	31 December 2014		31 December 2013	
	KZT/EUR +20%	KZT/EUR -20%	KZT/EUR +20%	KZT/EUR -20%
Impact on profit or loss before tax and equity	17,893	(17,893)	43,821	(43,821)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company is exposed to price risks of its products which are subject to general and specific market fluctuations.

	31 December 2013		31 December 2012	
	1% increase in equity securities price	1% decrease in equity securities price	1% increase in equity securities price	1% decrease in equity securities price
Impact on profit or loss before tax and equity	1,096	(1,096)	5,743	(5,743)