

**JOINT STOCK COMPANY
INSURANCE COMPANY
“AMANAT”**

**Financial Statements and
Independent Auditors' Report
For the Year Ended 31 December 2015**

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT"

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JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Management is responsible for the preparation of the financial statements that present fairly the financial position of Joint Stock Company "Insurance Company "Amanat" ("the Company") as at 31 December 2015 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with the Republic of Kazakhstan legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2015 were approved by Management on 22 April 2016.

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

22 April 2016
Almaty, Kazakhstan




Agibayeva D.K.
Chief Accountant

22 April 2016
Almaty, Kazakhstan

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Joint Stock Company "Insurance Company "Amanat" ("the Company"), which comprise the statement of financial position as at 31 December 2015, 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” as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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Mark Smith
Engagement Partner
Chartered Accountant
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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

H. G.

Nurlan Bekenov
Qualified Auditor
of the Republic of Kazakhstan
Qualification certificate No. 0082
Dated 13 June 1994
General Director
Deloitte, LLP



22 April 2016
Almaty, Kazakhstan

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT"

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(in Kazakhstani tenge and in thousands)

	Notes	31 December 2015	31 December 2014
ASSETS:			
Cash and cash equivalents	4	828,629	289,970
Term deposits in banks	5	1,476,421	1,267,571
Financial assets at fair value through profit or loss	6	1,849,970	987,848
Investments available-for-sale	7	27,078	27,078
Investments held-to-maturity	8	247,458	253,635
Insurance and reinsurance premium receivables	9	1,027,539	300,449
Other insurance and reinsurance receivables		54,600	12,806
Deferred acquisition costs		419,864	272,770
Unearned premiums reserve, reinsurers' share	10	1,707,342	990,477
Reserves for claims and claims' adjustment expenses, reinsurers' share	11	325,515	231,609
Property, equipment and intangible assets	12	817,726	518,307
Deferred income tax asset	13	-	15,536
Current income tax assets		12,243	34,196
Other assets	14, 27	312,246	65,778
TOTAL ASSETS		9,106,631	5,268,030
LIABILITIES AND EQUITY			
LIABILITIES:			
Insurance and reinsurance payable	15	857,681	116,455
Unearned premiums reserve	10, 27	3,483,933	2,574,673
Reserves for claims and claims' adjustment expenses	11	1,295,894	427,951
Deferred income tax liability	13	7,418	-
Other liabilities	16, 27	151,560	274,851
Total liabilities		5,796,486	3,393,930
EQUITY:			
Share capital	17	1,240,000	680,000
Additional paid-in-capital		349,306	349,306
Property and equipment revaluation reserve		227,011	4,429
Retained earnings		1,493,828	840,365
Total equity		3,310,145	1,874,100
TOTAL LIABILITIES AND EQUITY		9,106,631	5,268,030

On behalf of the Management Board:

Beginbetov Y.N.
 Chairman of the Management Board

22 April 2016
 Almaty, Kazakhstan



Agibayeva D.K.
 Chief Accountant

22 April 2016
 Almaty, Kazakhstan

The notes on pages 8-48 form an integral part of these financial statements.

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT"

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 (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 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
Total comprehensive income	-	-	222,582	-	704,887	927,469
Fair value adjustment of accounts receivable from related parties	-	-	-	-	(51,424)	(51,424)
Issuance of ordinary shares	560,000	-	-	-	-	560,000
As at 31 December 2015	1,240,000	349,306	227,011	-	1,493,828	3,310,145

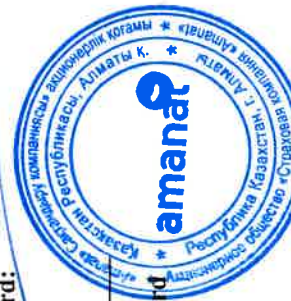
On behalf of the Management Board:

Begimbetov Y.N.

Chairman of the Management Board

22 April 2016

Almaty, Kazakhstan



(Signature)

Agibayeva D.K.
Chief Accountant

22 April 2016
Almaty, Kazakhstan

The notes on pages 8-48 form an integral part of these financial statements.

JOINT STOCK COMPANY "INSURANCE COMPANY "AMANAT"

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 (in Kazakhstani tenge and in thousands)

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax expense		738,445	(887,628)
Adjustments for:			
Change in unearned premiums reserve, net	18	192,395	199,255
Change in reserves for claims and claims' adjustment expenses, net of reinsurers' share	19	774,037	23,761
Depreciation and amortization	12	49,117	24,004
Provision for impairment losses on other transactions	23	22,776	15,979
Unrealized loss on revaluation of financial assets at fair value through profit or loss	21	121,421	73,310
Change in deferred acquisition costs		(147,094)	(24,256)
Loss on sale of investments available-for-sale	21	-	47,663
Unrealized gain on foreign exchange operations	24	(1,506,169)	(85,998)
Net change in accrued interest income		(42,564)	6,885
Premium amortization on investments held-to-maturity		6,177	6,672
Loss on disposal of property and equipment		3,117	259
Cash inflow/(outflow) from operating activities before changes in operating assets and liabilities		211,658	(601,754)
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
(Purchase of)/proceeds from sale and redemption of financial assets at fair value through profit or loss		(292,877)	72,213
Insurance and reinsurance premium receivables		(749,866)	96,981
Other insurance and reinsurance receivables		(41,794)	62,461
Other assets		(295,109)	(30,853)
Increase/(decrease) in operating liabilities:			
Insurance and reinsurance payable		741,226	(436,342)
Other liabilities		(102,834)	68,113
Cash outflow from operating activities before taxes paid		(529,596)	(769,181)
Income taxes paid		(9,108)	(61)
Net cash outflow from operating activities		(538,704)	(769,242)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash placed as term deposits in banks		(1,434,842)	(366,030)
Cash withdrawn from term deposits in banks		2,030,179	282,872
Purchase of property, equipment and intangible assets	12	(130,979)	(115,219)
Proceeds from sale of investments available-for-sale		-	403,945
Proceeds on disposal of property and equipment		1,908	309
Net cash inflow from investing activities		466,266	205,877
CASH FLOWS FROM FINANCING ACTIVITIES:			
Ordinary shares issued		560,000	110,000
Net cash inflow from financing activities		560,000	110,000
NET CHANGE IN CASH AND CASH EQUIVALENTS		487,562	(453,365)
Effect of changes in foreign exchange rate on cash and cash equivalents		51,097	1,660
CASH AND CASH EQUIVALENTS, beginning of the year	4	289,970	741,675
CASH AND CASH EQUIVALENTS, end of the year	4	828,629	289,970

Interest received by the Company during the years ended 31 December 2015 and 2014 amounted to KZT 145,246 thousand and KZT 184,812 thousand, respectively.

In the year 2014, the Company purchased an office and for the years ended 31 December 2015 and 2014, revalued at fair value in the amount of KZT 222,582 thousand and KZT 349,206 thousand, respectively. These non-cash transactions were excluded from the statement of cash flow (Note 12).

On behalf of the Management Board:

Begimbetov Y.N.
Chairman of the Management Board

22 April 2016
Almaty, Kazakhstan



Agibayeva D.K.
Chief Accountant

22 April 2016
Almaty, Kazakhstan

The notes on pages 8-48 form an integral part of these financial statements.

JOINT STOCK COMPANY “INSURANCE COMPANY “AMANAT”

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

1. ORGANISATION

Joint Stock Company “Insurance Company “Amanat” (“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 # 2.1.52 dated 9 November 2015 for voluntary and compulsory general insurance and reinsurance and is regulated by the National Bank of Republic of Kazakhstan (“the NBRK”).

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 2015 and 2014, the number of employees of the Company was 397 and 521, respectively.

As at 31 December 2015 and 2014, the Company had 16 and 17 branches in the Republic of Kazakhstan, respectively.

As at 31 December 2015 and 2014, 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.

These financial statements are presented in thousands of Kazakhstani tenge (“KZT thousand”), 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 goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“the functional currency”). The functional currency of the financial statements is the Kazakhstani Tenge (“KZT” or “Tenge”). All values are rounded to the nearest thousand Tenge, except when otherwise indicated.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The principal accounting policies are set out below.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company’s accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

The Company recognizes financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held to maturity' ("HTM") investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend and interest earned on the financial asset and is included in the 'investment income' line item, respectively, in the statement of comprehensive income. Fair value is determined in the manner described (see Note 29).

Investments available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (2) held to maturity investments or (c) financial assets at fair value through 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.

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.

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 is 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 or 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 building which is 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 building 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 building 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 building 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 NBRK 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 profit or loss.

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:

- Property and equipment revaluation reserve which comprises changes in fair value of building;

Taxation

Income tax expense represents the sum of the current income tax expense and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other reporting periods and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Operating taxes

The Republic of Kazakhstan also has various other taxes, which are assessed on the Company's activities. These taxes are included as a component of operating expenses in the statement of profit or loss and other comprehensive income.

Underwriting income and expense

Underwriting income includes net written insurance premiums and commissions earned on ceded reinsurance reduced by the net change in the unearned premium reserve, claims paid, reserves for claims and claims' adjustment expenses, and acquisition costs.

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 2015	31 December 2014
KZT/1 US Dollar	340.01	182.35
KZT/1 Euro	371.46	221.59

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.

Annual Improvements to IFRSs 2010-2012 Cycle.

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. These amendments are considered to be effective immediately.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

These amendments do not have a significant effect on the financial statements.

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, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of a financial assets or financial liabilities within IAS 32.

The application of these amendments does not have a significant effect on the financial statements.

The Company did not early adopt any other standard, amendment or interpretation that has been issued and is not yet effective.

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:

- IFRS 9 *Financial Instruments*²;
- IFRS 15 *Revenue from Contracts with Customers*²;
- Amendments to IAS 1 – Disclosure initiative project¹;
- Annual Improvements to IFRSs 2012-2014 Cycle¹;

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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 by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. 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.** The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. 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 principle 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.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the standard provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Company anticipates that the application of IFRS 15 in the future may have a significant impact on amount and timing of revenue recognition. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

Amendments to IAS 1 – Disclosure initiative project

The amendments clarify the principles of disclosing information. The definition of materiality is expanded. It specifies the requirements of aggregation and disaggregation of data, clarifies that materiality applies to all parts of financial statements and even in those cases when the standards require specific disclosures materiality criteria do apply. The standard also provides more guidance on presenting the information in the statement of financial position and statement of comprehensive income as well as on the order of the notes in the financial statements.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The management of the Company does not anticipate that the application of these amendments to IAS 1 will have a material impact on the Company's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include the following amendments to various IFRSs.

The amendments to IFRS 5 clarify that reclassification of an asset or a disposal group from held for sale to held to distribution to owners or vice versa should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied. In addition, amendments clarify that assets that no longer meet the criteria for held for distribution to owners and do not meet the criteria for held for sale should be treated in the same way as assets that cease to be classified as held for sale. The amendments should be applied prospectively.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets. In addition, amendments to IFRS 7 were made to clarify that the disclosure requirements on offsetting financial assets and financial liabilities are not explicitly required to be included in the condensed interim financial statements for all interim periods, however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34. The amendments should be applied retrospectively.

The amendments to IAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied.

The amendments to IAS 34 clarify that information required by IAS 34 that is provided elsewhere within the interim financial report but outside the interim financial statements should be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

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 2015	31 December 2014
Current bank accounts in foreign currencies	491,671	204,737
Current bank accounts in tenge	326,311	52,195
Cash on hand	10,647	33,037
	<u>828,629</u>	<u>289,970</u>

5. TERM DEPOSITS IN BANKS

	Interest rates, %	Maturity	31 December 2015
JSC Bank RBK	4.70	30/01/2016 15/04/2016 -	567,454
JSC SB Bank Home Credit	6.00-15.00	10/07/2016	562,539
JSC Bank of Astana	4.00	30/12/2016	293,997
JSB AsiaCredit Bank	4.00	23/06/2016	52,431
			<u>1,476,421</u>
	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
JSC Bank of Astana	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
			<u>1,267,571</u>

As at 31 December 2015 and 2014, term deposits in banks included accrued interest amounting to KZT 41,579 thousand and KZT 10,776 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 2015	31 December 2014
Kazakhstani corporate bonds	1,427,472	531,989
Bonds of the Ministry of Finance of the Republic of Kazakhstan*	277,506	297,908
Foreign corporate bonds	115,047	75,467
Kazakhstani corporate shares	29,945	82,484
	<u>1,849,970</u>	<u>987,848</u>

* - As at 31 December 2015 and 2014, nominal interest rates on bonds of the Ministry of Finance of the Republic of Kazakhstan amounted to 5.15%-8.75%.

	Interest to nominal, %	31 December 2015	31 December 2014
Kazakhstani corporate bonds:			
LLP Zhaikmunai	7.13	473,404	-
JSC Development Bank of Kazakhstan	6.00	384,045	221,202
JSC National Company KazMunaiGaz	7.00	182,176	90,501
JSC SB Sberbank of Russia	9.00	168,338	167,160
JSC National Company Kazakhstan Engineering	4.55	116,224	-
JSC ATF Bank	9.00	103,285	53,126
		<u>1,427,472</u>	<u>531,989</u>
	Interest to nominal, %	31 December 2015	31 December 2014
Foreign corporate bonds:			
European Investment Bank bonds	6.75	115,047	75,467
		<u>115,047</u>	<u>75,467</u>
	Share, %	31 December 2015	31 December 2014
Kazakhstani corporate shares:			
JSC Kazakhtelecom	0.03	28,942	38,390
JSC Bank CenterCredit*	-	1,003	1,098
JSC Halyk Bank of Kazakhstan*	-	-	42,996
		<u>29,945</u>	<u>82,484</u>

* - Ownership share is less than 0.01%.

As at 31 December 2015 and 2014, financial assets at fair value through profit or loss included accrued interest amounting to KZT 33,686 thousand and KZT 21,925 thousand, respectively.

7. INVESTMENTS AVAILABLE-FOR-SALE

	Share, %	31 December 2015	31 December 2014
Kazakhstani corporate shares:			
JSC Insurance Payments Guarantee Fund	3.30	17,666	17,666
JSC Bank Center Credit*	0.01	5,266	5,266
JSC Mineral Resources of Central Asia	1.11	4,146	4,146
		<u>27,078</u>	<u>27,078</u>

As at 31 December 2015 and 2014, investments available-for-sale include equities, which are not actively traded, as such these investments are carried at cost, less impairment, if any.

8. INVESTMENTS HELD-TO-MATURITY

As at 31 December 2015 and 2014, investments held-to-maturity included bonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT 247,458 thousand and KZT 253,635 thousand, respectively with interest rates from 6.00% to 8.75%.

As at 31 December 2015 and 2014, investments held-to-maturity included accrued interest amounting to KZT 12,790 thousand.

9. INSURANCE AND REINSURANCE PREMIUM RECEIVABLES

	31 December 2015	31 December 2014
Amounts due from policyholders	1,044,262	304,465
Assumed reinsurance premiums receivable	<u>16,836</u>	<u>15,350</u>
	1,061,098	319,815
Less allowance for impairment losses (Note 23)	<u>(33,559)</u>	<u>(19,366)</u>
	<u><u>1,027,539</u></u>	<u><u>300,449</u></u>

10. UNEARNED PREMIUMS RESERVE

	31 December 2015	31 December 2014	Change in unearned premiums reserve
Unearned premiums reserve (Note 18)	3,483,933	2,574,673	909,260
Unearned premiums reserve, reinsurers' share (Note 18)	<u>(1,707,342)</u>	<u>(990,477)</u>	<u>(716,865)</u>
Unearned premiums reserve, net of reinsurers' share	<u><u>1,776,591</u></u>	<u><u>1,584,196</u></u>	<u><u>192,395</u></u>
	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)	<u>(990,477)</u>	<u>(1,373,002)</u>	<u>382,525</u>
Unearned premiums reserve, net of reinsurers' share	<u><u>1,584,196</u></u>	<u><u>1,384,941</u></u>	<u><u>199,255</u></u>

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 the NBRK 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 2015 and 2014 were as follows:

	2015	2014
As at beginning of the year	196,342	172,581
Net change in reserve (Note 19)	<u>774,037</u>	<u>23,761</u>
As at end of the year	<u><u>970,379</u></u>	<u><u>196,342</u></u>

As at 31 December 2015 and 2014, reserves for claims and claims' adjustment expenses comprised of reserves for losses reported but not settled (RBNS) and the reserves for losses incurred but not reported (IBNR):

	IBNR	RBNS	31 December 2015 Total
Reserves for claims and claims' adjustment expenses	630,279	665,615	1,295,894
Reinsurers' share in reserves	<u>(292,377)</u>	<u>(33,138)</u>	<u>(325,515)</u>
Reserves for claims and claims' adjustment expenses, net of reinsurance	<u><u>337,902</u></u>	<u><u>632,477</u></u>	<u><u>970,379</u></u>
	IBNR	RBNS	31 December 2014 Total
Reserves for claims and claims' adjustment expenses	347,763	80,188	427,951
Reinsurers' share in reserves	<u>(220,484)</u>	<u>(11,125)</u>	<u>(231,609)</u>
Reserves for claims and claims' adjustment expenses, net of reinsurance	<u><u>127,279</u></u>	<u><u>69,063</u></u>	<u><u>196,342</u></u>

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 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
Additions	-	59,386	24,369	43,909	3,315	130,979
Revaluation	222,582	-	-	-	-	222,582
Disposals	(16,491)	(950)	(20,757)	(11,615)	-	(49,813)
As at 31 December 2015	654,234	74,853	72,993	78,611	33,974	914,665
Accumulated depreciation						
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)
Charge for the year	(16,547)	(3,751)	(15,918)	(8,691)	(4,210)	(49,117)
Disposals	16,491	-	19,459	8,838	-	44,788
As at 31 December 2015	(56)	(16,298)	(40,153)	(23,843)	(16,589)	(96,939)
Net book value						
As at 31 December 2015	654,178	58,555	32,840	54,768	17,385	817,726
As at 31 December 2014	448,143	3,870	25,687	22,327	18,280	518,307

As at 31 December 2015 and 2014, included in property and equipment were fully depreciated assets at cost of KZT 2,781 thousand and KZT 2,020 thousand, respectively.

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 and 2015. The LLP Appraise Consulting Group is an independent appraiser not connected to the Company. LLP Appraise Consulting Group is a member of the Appraisers Chamber "Almaty Appraisers Association", and has the appropriate qualification and recent experience in the fair value measurement of buildings in the relevant locations.

To assess the value of an independent appraiser used a combined approach of two methods - cost and sales comparative methods. The difference between the fair value and the cost as at 31 December 2014 in the amount of KZT 349,306 thousand was recognized 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 described in Note 29. The Company's building is stated at its revalued amounts, being the fair value at the time of revaluation, less any subsequently accumulated depreciation and accumulated impairment losses.

Had the Company's building been measured on a historical cost basis, their carrying amount would have been KZT 62,963 thousand as at 31 December 2015. The fair values of building was determined based on the market comparable approach that reflects recent transaction prices for similar building and these measurements are categorized as Level 2.

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.

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 2015 and 2014, temporary differences relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable in the Republic of Kazakhstan on taxable profits (as defined) under tax law in that jurisdiction.

Temporary differences as at 31 December 2015 and 2014 comprise:

	31 December 2015	31 December 2014
Deductible temporary differences:		
Provision for unused vacation	44,771	62,125
Provision for doubtful debts	45,451	26,428
Expenses on audit	13,440	7,840
Tax losses carried forward	<u>259,942</u>	<u>1,545,927</u>
Total deductible temporary differences	<u>363,604</u>	<u>1,642,320</u>
Taxable temporary differences:		
Property, equipment and intangible assets	<u>(140,753)</u>	<u>(18,715)</u>
Net deductible temporary differences	<u>222,851</u>	<u>1,623,605</u>
Deferred tax assets at the statutory rate 20%	44,570	324,721
Deferred tax asset not recognised	<u>(51,988)</u>	<u>(309,185)</u>
Net deferred tax (liabilities)/assets	<u>(7,418)</u>	<u>15,536</u>

Movement of deferred tax (liabilities)/assets for the years ended 31 December 2015 and 2014 was as follows:

	2015	2014
On January 1	15,536	187,579
Change in deferred tax	<u>(22,954)</u>	<u>(172,043)</u>
On December 31	<u>(7,418)</u>	<u>15,536</u>

Below is a relation between tax expenses and accounting profit for the years ended 31 December 2015 and 2014, were as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Profit/(loss) before income tax expense	<u>738,445</u>	<u>(887,628)</u>
Tax at statutory tax rate (20%)	147,689	(177,526)
Tax effect of non-deductible expenses /(non-taxable income):		
Tax-exempt loss/(income) on government and listing securities	2,098	(31,170)
Tax exempt dividend income	(753)	(6,597)
Other non-deductible expenses	152,325	80,485
Effect of change in tax legislation	-	(2,334)
Withholding tax	(10,604)	-
Change in deferred tax asset not recognised	<u>(257,197)</u>	<u>309,185</u>
Income tax expense	<u>33,558</u>	<u>172,043</u>
	31 December 2015	31 December 2014
Current tax expenses	10,604	-
Change in deferred income tax	<u>22,954</u>	<u>172,043</u>
Income tax expense	<u>33,558</u>	<u>172,043</u>

14. OTHER ASSETS

	31 December 2015	31 December 2014
Other financial assets:		
Accounts receivable from related party	246,718	-
Debtors on guarantees	10,946	14,035
Other receivables	<u>874</u>	<u>1,188</u>
Total other financial assets	<u>258,538</u>	<u>15,223</u>
Other non-financial assets:		
Advances paid	58,747	37,516
Inventory	3,872	5,316
Tax advances, other than income tax	197	240
Other	<u>2,784</u>	<u>14,545</u>
	65,600	57,617
Less allowance for impairment loss (Note 23)	<u>(11,892)</u>	<u>(7,062)</u>
Total other non-financial assets	<u>53,708</u>	<u>50,555</u>
Total other assets	<u>312,246</u>	<u>65,778</u>

As at 31 December 2015, other financial assets include interest free accounts receivable from the shareholder in the amount of KZT 281,000 thousand. The Company valued it at amortised cost and recognized discount of KZT 51,424 thousand in equity.

15. INSURANCE AND REINSURANCE PAYABLE

	31 December 2015	31 December 2014
Reinsurance payables	767,807	33,920
Payables to agents and brokers	77,824	65,162
Claims payable to insured	12,050	17,373
	<u>857,681</u>	<u>116,455</u>

16. OTHER LIABILITIES

	31 December 2015	31 December 2014
Other financial liabilities:		
Provision for unused vacation	44,771	62,125
Accounts payable for goods	19,889	31,769
Payable to employees	15,153	8,558
Payable to JSC Insurance Payments Guarantee Fund	6,660	11,694
Rent payable	360	6,909
Total other financial liabilities	<u>86,833</u>	<u>121,055</u>
Other non-financial liabilities:		
Taxes payable, other than income tax	47,842	27,385
Advances received	15,565	10,014
Deferred income	519	108,207
Other	801	8,190
Total other non-financial liabilities	<u>64,727</u>	<u>153,796</u>
Total other liabilities	<u>151,560</u>	<u>274,851</u>

17. SHARE CAPITAL

As at 31 December 2015 and 2014, the Company has 1,240,000 and 680,000 authorized and issued ordinary shares with a par value of which amounted to KZT 1,240,000 thousand and KZT 680,000 thousand, respectively.

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

As at 31 December 2015 and 2014, the Company has 1,500,000 issued, but not paid common shares.

Capital management

NBRK requires insurance companies to maintain a solvency margin at the level of no less than one, which is calculated based on financial statements of the Company in accordance with NBRK instructions. As at 31 December 2015 and 2014, the Company complies with solvency margins adequacy ratio, which is detailed in the following table:

	31 December 2015	31 December 2015
Minimum solvency margin	1,225,128	1,110,032
Actual solvency margin	<u>1,231,374</u>	<u>1,143,809</u>
Solvency margin	<u>1.01</u>	<u>1.03</u>

18. PREMIUM EARNED, NET OF REINSURANCE

Premium earned, net of reinsurance, for the year ended 31 December 2015 comprise the following:

	Civil responsibility for indemnifi- cation	Civil liability of car owners	Property	Financial losses insurance	Compulsory insurance of civil liability of the employer	Air, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Year ended 31 December 2015 Total
Direct insurance premiums	2,649,065	1,025,289	4,118,889	219,273	-	1,272,735	234,138	435,334	683,694	10,638,418
Reinsurance premiums assumed	12,461	-	21,478	13,165	29,030	7,096	-	536	22	83,787
Premiums written, gross	2,661,526	1,025,289	4,140,367	232,438	29,030	1,279,830	234,138	435,870	683,717	10,722,205
Ceded reinsurance premiums	(1,765,501)	-	(3,065,569)	(28,736)	(9,513)	(358,237)	(7,429)	(363,593)	(579,709)	(6,178,288)
Premiums written, net of ceded reinsurance	896,024	1,025,289	1,074,798	203,702	19,517	921,593	226,709	72,277	104,008	4,543,917
Change in unearned premiums reserve, gross	(14,378)	267,861	(871,348)	(9,019)	15,834	(384,966)	143,966	(42,276)	(14,934)	(909,260)
Change in unearned premiums reserve, reinsurers' share	6,785	-	646,046	(52,290)	(3,677)	74,460	4,335	37,628	3,579	716,865
Change in unearned premiums reserve, net	(7,593)	267,861	(225,302)	(61,309)	12,157	(310,506)	148,301	(4,649)	(11,355)	(192,395)
Premiums earned, net of reinsurance	888,432	1,293,150	849,496	142,392	31,674	611,087	375,010	67,628	92,653	4,351,522

* - Other includes the following lines of business: Professional liability, Travel insurance, Accident insurance and Environmental insurance.

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

	Civil responsi- bility for indemnifi- cation	Civil liability of car owners	Property	Financial losses insurance	Compulsory insurance of civil liability of the employer	Air, water, railway and other vehicle insurance	Medical insurance	Cargo	Other*	Year ended 31 December 2014 Total
Direct insurance premiums	1,780,032	1,432,942	865,916	875,716	-	453,239	529,029	316,124	230,301	6,483,299
Reinsurance premiums assumed	246,742	-	304,365	581,940	132,710	11,301	-	1,103	532	1,278,693
Premiums written, gross	2,026,774	1,432,942	1,170,281	1,457,656	132,710	464,540	529,029	317,227	230,833	7,761,992
Ceded reinsurance premiums	(1,490,820)	-	(768,424)	(1,355,284)	(92,517)	(261,812)	-	(264,976)	(172,067)	(4,405,900)
Premiums written, net of ceded reinsurance	535,954	1,432,942	401,857	102,372	40,193	202,728	529,029	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	693,303	1,175,296	354,403	108,660	64,905	185,597	462,491	52,494	59,688	3,156,837

* - Other includes the following lines of business: Professional liability, Travel insurance, Accident insurance and Environmental insurance.

19. CLAIMS INCURRED, NET OF REINSURANCE

Claims incurred, net of reinsurance, for the year ended 31 December 2015 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	Medical insurance	Cargo	Other*	Year ended 31 December 2015 Total
Claims paid on insurance	(83,491)	(647,922)	(244,172)	-	(34,368)	(199,683)	(306,566)	(23,670)	(22,309)	(1,562,181)
Claims paid on assumed reinsurance	(2,388)	-	-	-	(24,342)	(5,675)	-	-	-	(33,005)
Claims paid, gross	(85,879)	(647,922)	(244,172)	-	(59,310)	(205,358)	(306,566)	(23,670)	(22,309)	(1,595,186)
Claims paid, reinsurers' share	-	-	135,310	-	15,358	8,530	-	10,861	19,324	189,983
Claims paid, net	(85,879)	(647,922)	(108,862)	-	(43,352)	(196,828)	(306,566)	(12,809)	(2,985)	(1,405,203)
Change in reserves for claims and claims' adjustment expenses, gross	(175,506)	(210,299)	(229,841)	30,504	(22,537)	(141,001)	5,913	(22,442)	(102,734)	(867,943)
Change in reserves for claims and claims' adjustment expenses, reinsurers' share	7,438	-	127,346	(35,215)	(2,308)	(10,464)	-	8,630	(1,021)	93,906
Net change in reserves for claims and claims' adjustment expenses	(168,068)	(210,299)	(102,495)	(4,711)	(25,345)	(151,465)	5,913	(13,812)	(103,755)	(774,037)
Claims incurred, net of reinsurance	(253,947)	(858,221)	(211,357)	(4,711)	(68,597)	(348,293)	(300,653)	(26,621)	(106,740)	(2,179,240)

* - Other includes the following lines of business: Professional liability, Travel insurance, Accident insurance and Environmental insurance.

Claims incurred, 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	Medical 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)	(354,232)	(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)	(354,232)	(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)	(354,232)	(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)	(8,302)	(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)	(8,302)	138	520	(23,761)
Claims incurred, net of reinsurance	(833,689)	(472,502)	(39,103)	19,013	(44,460)	(83,058)	(362,534)	(64)	(6,363)	(1,822,761)

* - Other includes the following lines of business: Professional liability, Travel insurance, Accident insurance and Environmental insurance.

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.

20. NET COMMISSION EXPENSE

Net commission expense for the year ended 31 December 2015 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	Medical insurance	Cargo	Other*	Year ended 31 December 2015 Total
Commission income	2,697	-	7,318	-	3,022	1,540	-	17,072	1,552	33,201
Commission expense	(96,851)	(132,834)	(228,060)	(18,670)	-	(146,176)	(71,582)	(26,994)	(18,501)	(739,668)
	<u>(94,154)</u>	<u>(132,834)</u>	<u>(220,742)</u>	<u>(18,670)</u>	<u>3,022</u>	<u>(144,636)</u>	<u>(71,582)</u>	<u>(9,922)</u>	<u>(16,949)</u>	<u>(706,467)</u>

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	Medical insurance	Cargo	Other*	Year ended 31 December 2014 Total
Commission income	1,670	-	1,658	-	5,653	481	-	-	185	9,647
Commission expense	(146,121)	(142,780)	(132,413)	(20,829)	(2,820)	(55,306)	(96,247)	(16,826)	(7,333)	(620,675)
	<u>(144,451)</u>	<u>(142,780)</u>	<u>(130,755)</u>	<u>(20,829)</u>	<u>2,833</u>	<u>(54,825)</u>	<u>(96,247)</u>	<u>(16,826)</u>	<u>(7,148)</u>	<u>(611,028)</u>

* - Other includes the following lines of business: Professional liability, Travel insurance, Accident insurance and Environmental insurance.

21. INVESTMENT INCOME

	Year ended 31 December 2015	Year ended 31 December 2014
Interest income	187,810	177,927
Dividend income	3,764	32,986
Realized (loss)/gain on financial assets at fair value through profit or loss	(15,463)	2,005
Loss on sale of investments available-for-sale	-	(47,663)
Unrealized loss from revaluation of financial assets at fair value through profit or loss	(121,421)	(73,310)
	<u>54,690</u>	<u>91,945</u>
	Year ended 31 December 2015	Year ended 31 December 2014
Interest income comprised:		
Interest income on financial assets recorded at amortized cost:		
- interest income on unimpaired financial assets	95,051	79,208
Interest income on financial assets at fair value through profit or loss	92,759	98,719
	<u>187,810</u>	<u>177,927</u>
Total interest income	<u>187,810</u>	<u>177,927</u>
Interest income on financial assets recorded at amortized cost comprises:		
Interest on term deposits in banks	66,208	67,924
Interest on accounts receivable from related parties	17,141	-
Interest on investments held-to-maturity	11,698	11,251
Interest on current account	4	33
	<u>95,051</u>	<u>79,208</u>

22. ADMINISTRATIVE AND OPERATING EXPENSES

	Year ended 31 December 2015	Year ended 31 December 2014
Rent expense	214,772	254,227
Audit and consulting services	122,700	40,752
Advertising expenses	105,799	475,779
Stationery	62,700	18,574
Transportation	52,563	35,368
Business trip expenses	37,442	13,977
Payments to JSC Insurance Payments Guarantee Fund	32,233	39,849
Utilities	21,114	17,278
Communication expenses	19,468	13,348
Bank services and charges	17,667	20,981
Repair and maintenance of property and equipment	13,133	4,397
Postal services	12,868	7,942
Representative expenses	10,886	11,349
Taxes, other than income tax	9,270	12,986
Insurance expenses	5,115	4,330
Security expenses	4,038	7,367
Staff training	2,971	4,862
Fines and penalties	2,405	5,751
Other	40,141	29,401
	<u>787,285</u>	<u>1,018,518</u>

23. PROVISION FOR IMPAIRMENT LOSS ON OTHER OPERATIONS

	Insurance and reinsurance premium receivables	Other assets	Total
31 December 2013	13,140	3,872	17,012
Provision recognized	26,880	4,512	31,392
Recovery of provision	(14,943)	(470)	(15,413)
Write-off of assets	(5,711)	(852)	(6,563)
31 December 2014	19,366	7,062	26,428
Provision recognized	36,599	24,070	60,669
Recovery of provision	(20,624)	(17,269)	(37,893)
Write-off of assets	(1,782)	(1,971)	(3,753)
31 December 2015	<u>33,559</u>	<u>11,892</u>	<u>45,451</u>

24. NET GAIN FROM OPERATIONS WITH FOREIGN CURRENCIES

	Year ended 31 December 2015	Year ended 31 December 2014
Unrealised gain	1,506,169	85,998
Dealing, net	16,749	129,168
	<u>1,522,918</u>	<u>215,166</u>

On 20 August 2015, the Government and the NBRK announced a transition to a new monetary policy based on a free floating tenge exchange rate, and cancelled the currency corridor. The average rate of tenge to the US dollar in the morning trading session at the Kazakhstan Currency Exchange (KASE) on 20 August 2015 was formed at the level of 255.26 tenge to the US dollar compared to 188.38 tenge on 19 August 2015. Management believes it is taking all necessary measures to support the sustainability of the Company in these conditions.

25. BOOK VALUE OF SHARE

The book value of one share per each class of shares as at 31 December 2015 and 2014 is as follows:

Class of shares	As at 31 December 2015			As at 31 December 2014		
	Outstanding shares (number outstanding)	Amount for calculation of book value KZT thousands	Book value of one share, KZT thousands	Outstanding shares (number outstanding)	Amount for calculation of book value KZT thousands	Book value of one share, KZT thousands
Ordinary shares	1,240,000	<u>3,292,760</u>	2.66	680,000	<u>1,855,820</u>	2.73
		<u>3,292,760</u>			<u>1,855,820</u>	

The book value of one ordinary share is calculated as the ratio of the amount of net asset value of the Company for ordinary shares to the outstanding number of ordinary shares as at reporting date. The net asset value of the Company for ordinary shares is calculated as the total equity net of intangible assets as at the reporting date. Outstanding number of ordinary shares is calculated as outstanding shares authorized and issued net of repurchased shares by the Company as at reporting date.

The management of the Company believes that it fully complies with the requirement of the KASE as at the reporting date.

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 2015 and 2014, 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 2015 and 2014, 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 2015 and 2014, 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. During 2014-2015 and then in the first quarter of 2016, the oil price decreased significantly, which led to a significant decrease in the national export revenue. On 20 August 2015, the Government and the National Bank of Kazakhstan announced a transition to a new monetary policy based on a free floating tenge exchange rate, and cancelled the currency corridor. In 2015 and in the first quarter of 2016, the tenge depreciated significantly against major foreign currencies.

Management of the Company is monitoring developments in the current environment and taking measures it considered necessary in order to support the sustainability and development of the Company's business in the foreseeable future. However, the impact of further economic developments on future operations and financial position of the Company is at this stage difficult to determine.

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 2015 and 2014 with related parties:

	31 December 2015		31 December 2014	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Unearned premiums reserve	229,737	3,483,933	28,538	2,574,673
- other related parties	227,603		28,390	
- key management personnel of the Company	133		148	
- shareholder	2,001		-	
Other assets	246,924	312,246	-	65,778
- other related parties	206		-	
- shareholder	246,718		-	
Other liabilities	1,431	151,560	10,409	274,851
- other related parties	28		5,524	
- key management personnel of the Company	920		1,780	
- shareholder	483		3,105	

Included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2015 and 2014 are the following amounts, which arose due to transactions with related parties:

	Year ended 31 December 2015		Year ended 31 December 2014	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Premiums written, gross	708,836	10,722,205	41,805	7,761,992
- <i>other related parties</i>	699,524		41,271	
- <i>key management personnel of the Company</i>	356		534	
- <i>shareholder</i>	8,956		-	
Claims paid, gross	(9,537)	(1,595,186)	(10,234)	(1,895,698)
- <i>other related parties</i>	(9,537)		(10,234)	
Salaries and benefits	(189,749)	(1,458,932)	(91,457)	(867,882)
- <i>key management personnel of the Company</i>	(175,341)		(91,457)	
- <i>shareholder</i>	(14,408)		-	
Administrative and operating expenses	(165,157)	(787,285)	(170,847)	(1,018,518)
- <i>other related parties</i>	(165,157)		(170,847)	

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

28. GEOGRAPHICAL CONCENTRATION

As at 31 December 2015, 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 115,047 thousand and in reinsurance payables amounted to KZT 342,260 thousand.

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.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and liabilities approximate fair value due to the short-term nature of such financial instruments, except for investments held to maturity, based on market quotes available. As at 31 December 2015 and 2014, the fair value of investments held to maturity, which is based on observable market quotes, amounted to KZT 234,668 thousand and KZT 234,572 thousand, respectively and carrying value amounted to KZT 247,458 thousand and KZT 253,635 thousand, respectively. These investments are classified by the Company within Level 1.

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	31 December 2015	31 December 2014		
Financial assets at fair value through profit or loss (Note 6)	1,849,970	987,848	Level 1	Quoted bid prices in an active market.
Building (Note 12)	654,178	448,143	Level 2	Based on the market comparable approach that reflects recent transaction prices for similar properties that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

As at 31 December 2015 and 2014, the shares of the following issuers, classified as investments available-for-sale, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost:

	31 December 2015	31 December 2014
JSC Insurance Payments Guarantee Fund	17,666	17,666
JSC Bank CenterCredit	5,266	5,266
JSC Mineral Resources of Central Asia	4,146	4,146
	<u>27,078</u>	<u>27,078</u>

30. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the insurance business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to underwriting risk, credit risk, market risk on movements in interest and foreign exchange rates, and liquidity risk. A summary of the Company's risk management policies in relation to those risks is as follows.

Underwriting policies

The Company establishes underwriting guidelines and limits, which stipulate the approval process for risks and their limits. These limits are being continuously monitored.

The Company's direct insurance business is spread throughout Republic of Kazakhstan. The Company's reinsurance portfolio is diversified in terms of geographical spread and in terms of lines of business.

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.

Claims development

The following table provides the cumulative estimation of claims reserve, including both reported and incurred, except for claims represented at each reporting date for each subsequent loss, together with cumulative payments to the present. Triangle of claims development presented for the last five years.

In establishing the reserves for claims, the Company considers the possibility and improper parameters of future experience, than it is proposed and takes precaution measures under substantial uncertainty. Generally, uncertainty concerned with the practice of losses final payments of accident year shall be the essential when the accident year shall be at the earliest stage and margin that is necessary for confidence provision of reserves amount reached its utmost point. While claims and final cost of claims become more evident, relative degree of supported margin must decrease. However, due to the uncertainty that was gained as the result of the estimation, total reserve of claims not always have the positive net balance.

Analysis of claims development (gross) as at 31 December 2015:

	<i>At 31 December</i>					
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
Gross liability for unpaid claims and claims expenses	278,076	454,238	373,199	407,746	427,951	1,295,894
Reinsurance recoverable	(96,804)	-	(37,774)	(235,163)	(231,609)	(325,515)
Net liability for unpaid claims and claims expenses	181,272	454,238	335,425	172,582	196,342	970,379
Liability re-estimated as of:						
Current accident year	173,393	475,596	813,847	709,657	1,859,741	1,803,992
One year later	392,196	721,667	961,938	981,674	2,340,438	-
Two years later	416,707	763,797	1,007,284	1,025,031	-	-
Three years later	431,815	771,661	1,017,697	-	-	-
For years later	440,426	796,506	-	-	-	-
Five years later	452,859	-	-	-	-	-
Current estimate of cumulative claims incurred	452,859	796,506	1,017,697	1,025,031	2,340,438	1,803,992
Paid (cumulative) as of:						
Current accident year	173,393	375,705	686,329	584,116	1,582,412	1,301,948
One year later	392,196	621,776	834,420	856,133	1,932,064	-
Two years later	416,707	663,906	879,766	874,607	-	-
Three years later	431,815	671,770	888,379	-	-	-
For years later	440,426	695,910	-	-	-	-
Five years later	449,220	-	-	-	-	-
Cumulative payments to date	449,220	695,910	888,379	874,607	1,932,064	1,301,948
Gross insurance contract liabilities at the reporting date	3,638	100,596	129,318	150,424	408,374	502,043
Current estimate of surplus	274,438	353,642	243,881	257,322	19,577	-
% Surplus of initial gross reserve	99%	78%	65%	63%	5%	-

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 NBRK 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 2015 and 2014, 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 2015 Total
Cash and cash equivalents	1,085	816,897	10,647	828,629
Term deposits in banks	-	1,476,421	-	1,476,421
Financial assets at fair value through profit and loss	115,047	1,734,923	-	1,849,970
Investments available-for-sale	-	5,266	21,812	27,078
Investments held-to-maturity	-	247,458	-	247,458
Insurance and reinsurance receivables	2,556	19,938	1,005,045	1,027,539
Other receivables from insurance and reinsurance	10,228	26,017	18,355	54,600
Other financial assets	-	3,043	255,495	258,538

	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

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 financial of assets before impairment:

	Current not impaired assets	Financial assets past due but not impaired	Impaired financial assets	31 December 2015 Total
Cash and cash equivalents	828,629	-	-	828,629
Term deposits in banks	1,476,421	-	-	1,476,421
Financial assets at fair value through profit and loss	1,849,970	-	-	1,849,970
Investments available-for-sale	22,932	-	4,146	27,078
Investments held-to-maturity	247,458	-	-	247,458
Insurance and reinsurance premium receivables	785,343	154,273	121,482	1,061,098
Other receivables from insurance and reinsurance	42,708	-	11,892	54,600
Other financial assets	258,275	263	-	258,538

	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	78,035	45,138	319,815
Other receivables from insurance and reinsurance	2,586	7,645	2,575	12,806
Other financial assets	15,223	-	-	15,223

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; specifies 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 2015 Total
FINANCIAL ASSETS:								
Term deposits in banks	6.91%	567,454	-	908,967	-	-	-	1,476,421
Financial assets at fair value through profit or loss	7.10%	-	-	219,509	1,024,628	575,888	-	1,820,025
Investments held-to-maturity	5.35%	-	76,003	-	171,455	-	-	247,458
Total interest bearing financial assets		567,454	76,003	1,128,476	1,196,083	575,888	-	3,543,904
Cash and cash equivalents		828,629	-	-	-	-	-	828,629
Financial assets at fair value through profit or loss		-	-	-	-	-	29,945	29,945
Investments available-for-sale		-	-	-	-	-	27,078	27,078
Insurance and reinsurance premium receivables		755,688	227,660	44,191	-	-	-	1,027,539
Other receivables from insurance and reinsurance		11,719	18,176	24,705	-	-	-	54,600
Reserves for claims and claims' adjustment expenses, reinsurers' share		-	-	33,138	-	-	-	33,138
Other financial assets		2,809	528	8,483	246,718	-	-	258,538
Total financial assets		2,166,299	322,367	1,238,993	1,442,801	575,888	57,023	5,803,371
FINANCIAL LIABILITIES:								
Insurance and reinsurance payable		662,524	195,157	-	-	-	-	857,681
Reserves for claims and claims' adjustment expenses		-	-	665,615	-	-	-	665,615
Other financial liabilities		22,173	-	64,660	-	-	-	86,833
Total financial liabilities		684,697	195,157	730,275	-	-	-	1,610,129
Liquidity gap		1,481,602	127,210	508,718	1,442,801	575,888	-	-
Interest sensitivity gap		567,454	76,003	1,128,476	1,196,083	575,888	-	-
Cumulative interest sensitivity gap		567,454	643,457	1,771,933	2,968,016	3,543,904	-	-
Cumulative interest sensitivity gap as a percentage of total financial assets		9.78%	11.09%	30.53%	51.14%	61.07%	-	-

	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	-	2,426,570
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
Reserves for claims and claims' adjustment expenses, reinsurers' share		-	-	11,125	-	-	-	11,125
Other financial assets		-	175	14,035	-	-	1,013	15,223
Total financial assets		486,859	223,950	1,165,957	651,499	507,500	129,940	3,165,704
FINANCIAL LIABILITIES:								
Insurance and reinsurance payable		17,373	65,162	33,920	-	-	-	116,455
Reserves for claims and claims' adjustment expenses		-	-	80,188	-	-	-	80,188
Other financial liabilities		20,252	6,909	93,894	-	-	-	121,055
Total financial liabilities		37,625	72,071	208,002	-	-	-	317,698
Liquidity gap		449,234	151,879	957,955	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%	4.16%	40.04%	60.62%	76.65%		

The Company does not include its Unearned premiums reserve (UPR) and Reserves for losses incurred but not reported (IBNR) in its liquidity and maturity analysis, including reinsurance share, due to the realistic maturity of such balances being undeterminable. In addition, the actual liabilities may vary from the amount reserved and as such these amounts are not included in the table above.

Discounted liabilities presented in the tables above are the same as contractual undiscounted liabilities due to their short-term nature.

Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in interest rates and assets and liabilities in foreign currencies, all of which are exposed to general and specific market movements. The Company manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin.

Interest rate risk

In the table below, interest rate sensitivity analysis is presented, which was done on the assumption of a 3% fluctuations in the variable rates as at 31 December 2015 and 2014. Management of the Company believes that in current economic conditions in Republic of Kazakhstan, fluctuations of interest rates by 3% are possible. The calculations disclosed below are used in the internal reports and presented to the key management personnel of the Company. Only existing financial assets and liabilities are included in the computations.

Impact on net profit before tax is presented below:

	As at 31 December 2015		As at 31 December 2014	
	Interest rate +3%	Interest rate -3%	Interest rate +3%	Interest rate -3%
Impact on net profit before tax	(186,840)	229,407	(102,768)	129,815

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 340.01	EUR EUR 1 = KZT 371.46	Other currency	31 December 2015 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	336,958	491,623	48	-	828,629
Term deposits in banks	306,164	1,170,257	-	-	1,476,421
Financial assets at fair value through profit or loss	475,789	1,259,134	-	115,047	1,849,970
Investments available-for-sale	27,078	-	-	-	27,078
Investments held-to-maturity	247,458	-	-	-	247,458
Insurance and reinsurance premiums receivable	974,122	53,417	-	-	1,027,539
Other insurance and reinsurance receivables	54,600	-	-	-	54,600
Other financial assets	258,538	-	-	-	258,538
TOTAL FINANCIAL ASSETS	2,680,707	2,974,431	48	115,047	5,770,233
FINANCIAL LIABILITIES:					
Insurance and reinsurance payables	724,888	132,793	-	-	857,681
Other financial liabilities	86,761	48	12	12	86,833
TOTAL FINANCIAL LIABILITIES	811,649	132,841	12	12	944,514
OPEN BALANCE SHEET POSITION	1,869,058	2,841,590	36	115,035	

	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	

Currency risk sensitivity

The following table details the Company's sensitivity to 40% (2014: 20%) increase and decrease in the USD and EUR, respectively, against the KZT. 40% 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 2015. 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 40% (2014: 20%) change in foreign currency rates.

The 40% rate is applied due to the implementation of a new monetary policy based on a free-floating tenge exchange rate by the NBRK.

As at 31 December 2015 and 2014, the impact on net profit and equity based on the open balance sheet position is as follows:

	31 December 2015		31 December 2014	
	KZT/USD +40%	KZT/USD -40%	KZT/USD +20%	KZT/USD -20%
Impact on net profit and equity	909,309	(909,309)	264,690	(264,690)
	31 December 2015		31 December 2014	
	KZT/EUR +40%	KZT/EUR -40%	KZT/EUR +20%	KZT/EUR -20%
Impact on net profit and equity	12	(12)	14,314	(14,314)

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 2015		31 December 2014	
	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	570	(570)	1,096	(1,096)