KIMEP University Joint Stock Company

Financial statements
For the year ended December 31, 2015

and Independent Auditor's Report

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of KIMEP University JSC

We have audited the accompanying financial statements of **KIMEP UNIVERSITY JSC** (hereinafter, the "Company"), which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flows statement 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 relevant ethical principles and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, 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 controls, auditor has reviewed the internal control associated with preparation and fair presentation of financial statements. 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 an audit opinion.

Basis for Qualified Opinion

A significant portion of the share capital of the Company was contributed in the form of a property complex based on the valuation performed by an independent appraiser. The shareholders (the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan and Dr. Chan Young Bang) approved the valuation results of the property complex, which determines the value of the property complex at 403,800 thousand tenge. The valuation was performed in accordance with the legislation of the Republic of Kazakhstan on privatization and valuation activity. However, due to the fact that the valuation of the property complex was not performed in accordance with International Financial Reporting Standards, we were unable to obtain sufficient audit evidence regarding the fair value of this property complex. We were unable to confirm the valuation of the share capital for the amount of 403,800 thousand tenge, the related fixed assets, and the related accumulated depreciation as at 31 December 2015 and 2014 and the depreciation expense for the years ended 31 December 2015 and 2014.

As described in note 13, as at December 31, 2014, the Company has capitalized expenses of 230,390 thousand KZT and 126,616 thousand KZT respectively, for repairs in University dormitory. We were unable to obtain sufficient appropriate audit evidence as to whether these amounts correspond to the criteria of capitalization under International Financial Reporting Standards 16. Therefore, we were unable to determine whether these amounts required any adjustments.

Qualified opinion

In our opinion, except for the matters stated in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Kazakhstan LLP

State license No.15003448 for auditing activities as issued by the Financial Control Committee of the Ministry of Finance of the Republic of Kazakhstan dated February 19, 2015

T.A. Omarov, Director

E. Yussupova, Auditor

Auditor qualifying certificate No. 0000488 issued by the Qualification Commission for Auditors Certification d/d 12.10.1999

April 11, 2016

Almaty

KIMEP UNIVERSITY JSC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

(In thousands of Kazakhstani Tenge)	**Notes**	**2015**	**2014**
Revenue	6	3,602,806	3,322,880
Cost of goods and services	7	(1,877,275)	(1,855,282)
Gross profit		**1,725,531**	**1,467,598**
General and administrative expenses	8	(907,506)	(842,602)
Selling expenses	9	(194,272)	(180,638)
Other income/(expenses)	10	1,870,023	116,305
Operating profit		**2,494,776**	**560,663**
Finance income	11	61,434	76,553
Income from continuing operations before tax		**2,555,210**	**637,216**
Income tax expenses	12	(631,361)	-
Income for the period		**1,923,849**	**637,216**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,923,849**	**637,216**

Accounting policies and explanatory information on pages 11 to 37 form an integral part of these financial statements

Timothy Louis Barnett

Provost and General Deputy to the President

April 11, 2016

Almaty

Serikkul Serimova

Acting Chief Accountant

April 11, 2016

Almaty

KIMEP UNIVERSITY JSC
STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

(In thousands of Kazakhstani Tenge)	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	13	1,959,594	1,931,024
Intangible assets	14	7,804	5,080
Financial assets, non-current	22	18,945	19,080
Other non-current assets		-	-
Non-current advances	15	10,818	44,270
Total non-current assets		**1,997,161**	**1,999,454**
Current assets			
Cash and cash equivalents	16	199,751	155,734
Restricted cash	17	350	1,180
Trade accounts receivable	18	69,899	125,131
Other accounts receivable	19	51,251	79,278
Inventory	20	69,287	60,378
Current tax assets	21	27,712	54,551
Financial assets, current	22	3,419	3,419
Other financial investments	23	4,509,313	1,876,084
Total current assets		**4,930,982**	**2,355,755**
Total assets		**6,928,143**	**4,355,209**
Equity and liabilities			
Current liabilities			
Trade and other payables	24	1,236,850	1,263,454
Current provisions	25	282,359	251,908
Current tax liabilities	26	700,111	61,248
Liabilities on other statutory and voluntary payments	27	18,170	11,795
Total current liabilities		**2,237,490**	**1,588,405**
Non-current liabilities		-	-
Total liabilities		**2,237,490**	**1,588,405**
Equity			
Share capital	28	537,146	537,146
Retained earnings	28	4,153,507	2,229,658
Total equity		**4,690,653**	**2,766,804**
Total equity and liabilities		**6,928,143**	**4,355,209**

Accounting policies and explanatory information on pages 11 to 37 form an integral part of these financial statements.

Timothy Louis Barnett

Provost and General Deputy to the President

April 11, 2016

Almaty

Serikkul Serimova

Acting Chief Accountant

April 11, 2016

Almaty

KIMEP UNIVERSITY JSC
STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2015

(In thousands of Kazakhstani Tenge)	**Share capital**	**Retained earnings**	**Total**
Opening balance	**537,146**	**2,229,658**	**2,766,804**
Profit/(loss) for the period	-	1,923,849	**1,923,849**
Balance as at December 31 of the reporting year	**537,146**	**4,153,507**	**4,690,653**
Balance as at January 1 of the previous year	537,146	**1,592,442**	**2,129,588**
Profit/(loss) for the period (recalculated)	-	637,216	**637,216**
Closing balance	**537,146**	**2,229,658**	**2,766,804**

Accounting policies and explanatory information on pages 11 to 37 form an integral part of these financial statements.

Timothy Louis Barnett

Provost and General Deputy to the President

April 11, 2016

Almaty

Serikkul Serimova

Acting Chief Accountant

April 11, 2016

Almaty

KIMEP UNIVERSITY JSC

STATEMENT OF CASH FLOWS (indirect method)

for the year ended December 31, 2015

Operating activities: *(In thousands of Kazakhstani Tenge)*	2015	2014
Profit/(Loss) before taxation	**2,555,210**	**637,216**
Adjustments for:		
Depreciation and amortization	113,249	125,416
Reversal/(accrual) of allowance for doubtful debts (Notes 18, 19)	(1,196)	4,411
Reversal/(accrual) of allowance for unused vacations (Note 25)	8,798	(49,488)
Currency translation loss/(income) (Note 10)	(1,856,166)	(16,063)
Finance income/(loss) (Note 11)	(61,434)	(76,553)
Loss/(income) from disposal of fixed assets and intangible assets (Note 10)	-	942
Reversal/(accrual) of provision for slow moving inventory (Note 20)	7,312	9,282
Other income/(loss)	(8,478)	13,651
Loss from operating activities before changes in working capital	**757,295**	**648,814**
Increase/(decrease) in inventory	1,597	(44,320)
Increase/(decrease) in trade and other receivables	84,455	(23,293)
Increase/(decrease) in current tax assets	26,839	(5,326)
Increase/(decrease) in) other non-current assets	(135)	43,059
Increase/(decrease) in) taxes payable	7,502	24,978
Increase/(decrease) in trade and other payables	(26,604)	117,961
Increase/(decrease) in accrued liabilities	21,652	(18,355)
Net cash flow from operating activities	**872,601**	**743,518**
Investing activities:		
Placement of financial investments	(5,546,886)	(1,876,084)
Proceeds from financial investments	4,787,559	1,186,300
Increase/(decrease) in non-current advances	33,452	(42,606)
Interest received	41,909	75,548
Change in restricted cash	830	615
Proceeds from financial assets	3,419	3,419
Purchase of property, plant and equipment	(144,139)	(192,728)
Purchase of intangible assets	(4,728)	(4,933)
Net cash flow from investing activities	**(828,584)**	**(850,469)**
NET CHANGE IN CASH	**44,017**	**(106,951)**

Effect of changes in foreign exchange rates related to cash balances	-	-
CASH at the beginning of the year	**155,734**	**262,685**
CASH at the end of the year	**199,751**	**155,734**

Accounting policies and explanatory information on pages 11 to 37 form an integral part of these financial statements.

Timothy Louis Barnett

Provost and General Deputy to the President

April 11, 2016

Almaty

Serikkul Serimova

Acting Chief accountant

April 11, 2016

Almaty

1. General information

KIMEP University Joint-stock company (hereinafter referred to as the "Company", KIMEP) is established in accordance with the decision of the General meeting of shareholders by renaming the Kazakh Institute of Management, Economics and Forecasting Joint-stock company into KIMEP University Joint-stock company. Certificate on re-registration of a legal entity No.64250-1910-AO(IU) issued by the Department of Justice of Almaty city of the Ministry of Justice of the Republic of Kazakhstan.

The Company was established in 1992 and is the first educational institution that provides a western style higher education, using English as the language of instruction.

The Company operates in the field of undergraduate, postgraduate and additional education under the legislation of the Republic of Kazakhstan.
Location of the legal entity: 4 Abay Ave., Almaty city, 050010, Republic of Kazakhstan
Official web-site: www.kimep.kz

The Company is a non-profit organization and it does not set profit making as its primary target, and does not pay dividends on its shares. The Company uses its earned income in line with the constitutional objectives.

KIMEP University's mission is to develop well-educated citizens and to improve the quality of life in Kazakhstan and the Central Asian region through teaching, learning, community service and the advancement of knowledge in the fields of business administration and social sciences.
The main objectives of KIMEP University are:

✓ Promotion and development of education and science, knowledge dissemination;
✓ Training of highly qualified specialists at undergraduate, graduate and post-graduate studies;
✓ Professional development of civil servants and specialists in different fields of Kazakhstan economy;
✓ Training and professional development of faculty members, administrative and support staff;
✓ Organization and conducting fundamental and applied scientific research aimed at solving national and international problems;
✓ Utilization of up-to-date educational technologies using Internet access, including organization of credit
technology and the calculation of academic process; providing of access to the world information resources, development of modern methods of management of educational institution;
✓ Providing financial assistance for talented students from low-income families;
✓ Expansion of relations with foreign educational institutions and scientific organizations, attraction of foreign
scientists, instructors and specialists to train Kazakhstani instructors, implementation of joint scientific researches, establishment of exchange programs for students and specialists;
✓ Development and publication of educational, methodical, scientific and professional literature;
✓ Organization and conducting of scientific symposiums, seminars and conferences with participation of students and faculty;

as well as realization of other activities and rendering services relevant to its profile and according to the legislation of the Republic of Kazakhstan. In September, 2013, all established programs received accreditation from AQ Austria, an international accreditation agency recognized formally by both the European Quality Assurance Register and the Ministry of Education and Science of the Republic of Kazakhstan. Other international accreditations have been received from:

- Foundation for International Business Administration (FIBAA): for the Executive MBA
- Asian Forum for Business Education (AFBE): Level 3 accreditation for all business undergraduate and graduate degrees
- European Association for Public Administration Accreditation (EAPAA): accreditation for undergraduate and graduate programs in public administration
- American Communication Association (ACA): accreditation for undergraduate and graduate programs in journalism.

Taxpayer certificate of the Republic of Kazakhstan No. 0094952 of 60 series (the number has changed due to re-registration of KIMEP JSC) issued January 27, 2012, the taxpayer registration number (TRN): 600900063381.

As of 31 December 2015 and 2014, the number of employees in the Company amounted to 541 and 534 people respectively, including both full-time and part-time employees.

2. Basis of preparation

Statement of compliance with IFRS. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The preparation of the these financial statements in conformity with IFRS requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates that are particularly susceptible to change relate to the allowance for impairment and determination of the fair value of financial instruments.

Functional currency - The functional currency used in these financial statements is Kazakhstani tenge.

Official exchange rates used for translating foreign currency balances were as follows:

Currency	31 December 2015	31 December 2014
1 US dollar	339.47	182.35

These financial statements are presented in thousands of Kazakhstani tenge (KZT), which is the Company's functional currency and presentation currency for these financial statements.

Basis of measurement - These financial statements have been prepared on accrual basis under the historical cost, except for the measurement at fair value of certain financial instruments.

Going concern - These financial statements have been prepared based on the assumption that the Company will continue as a going concern. That implies the realization of assets and settlement of liabilities in the normal course of the business. The Company operates and will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities.

***Accrual basis* –** These financial statements, except for the cash flow information, have been prepared on the accruals basis: transactions and events are recognized when they occur, rather than upon receipt or payment of cash or cash equivalents are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

Expenses are recognized in the Statement of Comprehensive Income on the basis of direct comparison between the costs incurred and specific items of income earned (the concept of correlation). Revenue is recognized when the economic benefits associated with the transaction are probable, and the amount of income can be reliably estimated.

3. Significant accounting policies

Classification of assets and liabilities into current/short-term and non-current/long-term assets and liabilities

The statement of financial position of the Company presents assets and liabilities based on their classification into current/short-term and non-current/long-term assets and liabilities. An asset is classified as current, if:

- ✓ it is either held for sale or expected to be realized or utilized within the normal operating cycle;
- ✓ it is held mainly for trading;
- ✓ it is expected to be realized within twelve months after the reporting period; or
- ✓ it represents cash and cash equivalents, unless there are restrictions on its use or exchange to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets. A liability is classified as short-term, if:

- ✓ it is expected to be settled within the normal operating cycle;
- ✓ it is held mainly for trading;

- ✓ it is repayable within twelve months after the reporting period; or
- ✓ the Company has no unconditional right to suspend payment at least within twelve months after the reporting period.

The Company classifies all other liabilities as long-term liabilities. Deferred tax assets and liabilities are classified as non-current/long-term assets and liabilities.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are measured at the fair value of the consideration received taking into account contractual terms of payment less discounts and other sales taxes and charges. The Company has reviewed all revenue arrangements in accordance with specific recognition criteria to define whether it acts as the principal or in the capacity of an agent. The Company has concluded that it is the principal in all of its revenue arrangements. Revenue recognition should be based on the following criteria:

Provision of services

Revenue recognition for services rendered is performed under the percentage-of-completion method, according to which, revenue is recognized in the accounting periods in which the services are rendered. Under this method, revenue should be recognised by reference to the stage of completion of the transaction at the reporting date, provided that the costs incurred, or to be incurred, in respect of the transaction can be measured reliably. Revenue is recognised net of VAT and discounts.

Interest income

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or, a shorter period, where appropriate, to the net carrying amount of the financial asset or the financial liability.

Rental income

Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

Property, plant and equipement

Property, plant and equipment are recorded at actual cost less accumulated depreciation and accumulated impairment losses.

Where an item of fixed assets comprises several components having different useful lives, they are accounted for as separate items of fixed assets.

Depreciation is charged for all types of fixed assets, except land, on a straight-line basis over the estimated useful lives of assets. The residual value (the estimated cost of spare parts, scrap and waste generated at the end of its useful life less the estimated costs of disposal) is considered to be zero due to its immateriality and insignificance at accrual of depreciation.

The Company applies the following useful lives for PP&E:

	Years
Buildings and constructions	25 to 50 years
Machinery and equipment	4 to 5 years
Vehicles	5 to 7 years
Other	4 to 10 years

Residual values, useful lives and methods of depreciation of fixed assets are reviewed and adjusted at the end of each financial year, if appropriate.

Property, plant and equipment or their major component formerly recognized are derecognized 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in other operating income or expenses.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to the loss in the period when such costs are incurred. The expenditures that have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard performance are capitalized as an additional cost of fixed assets.

Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset as a result of this arrangement from one party to another, even of that right is not explicitly specified in the arrangement.

Company as a lessee

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income. Contingent rent shall be charged as revenues in the periods in which it is received.

Intangible assets

Separately acquired intangible assets are stated at cost during their initial recognition. If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. After initial recognition, intangible assets shall be carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized except for capitalizing development costs and the related costs are stated in the profit or loss for the period when they are incurred.

Intangible assets have either a finite useful life or an indefinite useful life.

Intangible assets with finite lives are amortized over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets.

For the purposes of these financial statements the Company applies the following useful lives for various categories of intangible assets:

Intangible asset category	Useful life
Licenses	Depending on the maturity of legal right
Software	7 years
In-house intangible assets	7 years
Other intangible assets	7 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life of an intangible asset is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that the assets may be impaired. If any such indication exists or when an annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. The recoverable amount is the higher of an asset or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is assessed for an individual asset, except when such asset generates financial flows that not are largely independent from those generated by other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account (if any). If no such transactions can be identified, an appropriate valuation model is used. Such calculations are supported by valuation multipliers, free-floating stock quotes for subsidiaries and other available indicators of fair value.

Impairment losses from continuing operations (including impairment of inventories) are recognized in the statement of income within cost items consistent with the function of the impaired asset.

Previously recognized impairment losses can be restored only if there have been changes in the assumptions that were used to calculate the recoverable amount of an asset after recognition of the last impairment. The recovery is restricted in such a manner that the carrying amount of an asset cannot exceed its recoverable amount and also it cannot exceed the carrying amount net of amortization that would have been assessed if no impairment had been recognized in previous years. This cost recovery is recognized in the statement of income.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are initially recognized at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The purchase or sale of financial assets that must be delivered within a time frame set by the legislation or market convention (the so-called standardized or regular way trade) is recognized at the trade date, defined as the date at which the Company acquires the obligation to buy or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as described below:

Loans and accounts receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After the initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate less provision for impairment. The amortized cost is calculated by taking into account any purchase discount, premium, fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the statement of income. Impairment losses are recognized in the income statement as financial charges.

Receivables

Receivables are measured at amortized cost using the effective interest rate less provision for impairment, except for advances and other non-financial debt. The Company makes provisions for doubtful accounts receivable. The Company estimates the bad debt as follows: provision of 50% is made for receivables past due by 185 to 365 days, provision of 100% is made for receivables past due by more than 365 days.

De-recognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when

- ✓ the rights to the cash flows from the financial asset expire;

✓ the Company transfers to a third party the right to receive the cash flows of the asset or assumes a contractual obligation to pay them out to a third party, fully and without delay, and (a) transfers substantially all the risks and rewards of the ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of the financial asset, but transfers control over it.

Impairment of financial assets

At each reporting date, the Company assesses whether there is an objective indication that a financial asset or a group of financial assets are impaired. A financial assets or a group of financial assets must be considered impaired if there is an objective evidence of impairment resulting from one or more events occurred after the initial recognition.

Amortization commences once the facility is ready for commissioning, an asset is recognized (a loss event) that had an impact on the future cash flows from a financial asset or a group of financial assets that can be reliably estimated. Evidence of impairment can result from indications that a debtor or a group of debtors face financial difficulties, unable to pay or delay in the payment of interest or of principal amount of a loan, it becoming probable that the debtor will enter bankruptcy or other financial reorganization. In addition, such evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a financial instrument, in particular, such as the change in the amount of delayed payments or changes in economic context or conditions that correlate with debt defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and then collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognized in the statement of income. Loans together with the associated allowance are written off when there is no realistic prospect for future recovery and all collateral has been realized are has been transferred to the Company. If, in a subsequent year, the amount of estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized or, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If in previous write-off is later recovered, the recovery is credited to finance costs in the statement of income.

The Company recalculated the discount on long-term financial assets taking into account monthly repayment in the period under audit. Therefore, the adjustments to the discount and discount amortization were made.

Financial liabilities

Financial liabilities that are within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company classifies its financial liabilities at the time of their initial recognition.

All financial liabilities are recognised initially at fair value; for loans and borrowings, directly attributable transaction costs are added.

Derecognition

A financial liability is derecognised in the statement of financial position when the obligation is discharged, cancelled or expired.

When 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 replacement or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Accounts payable

Accounts payable are accrued when a contractor fulfills its contractual obligations. The Company initially recognises accounts payable at fair value, except for advances received and tax liabilities. Subsequently, accounts payable are recognised at amortised cost using the effective interest rate method.

Loans

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method.
Gains and losses from such financial liabilities are recognised in profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process.

The amortised cost is calculated taking into account any purchase discount, premium, fees or costs that form an integral part of the effective interest rate. The effective interest rate amortisation is included as financing costs into the statement of profit and loss.

Derecognition

A financial liability is derecognised in the statement of financial position when the obligation is discharged, cancelled or expired. When 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 replacement or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting financial instruments

A financial asset and financial liability can be offset and the net balance reported in the statement of financial position, only if there is a legal right to offset the amounts recognised and there is the intention either to settle on a net basis, or to realise the asset and simultaneously settle the liability.

Prepayments

Prepayments are recognised in the financial statements at original cost less provision for impairment. Prepayment is classified as long-term, if the expected time period of obtaining respective goods or services exceeds one year, or if the prepayment relates to the asset, which will be accounted for as a long-term asset on initial recognition. Prepayment for the acquisition of an asset is included into its carrying amount where the Company obtains control over the asset and it is probable that the Company will obtain future economic benefits associated with the asset. Other prepayments are charged to profit or loss account upon the receipt of goods or services relating thereto. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying amount of the prepayment is written-off, and a respective impairment loss is recognised in profit or loss for the year.
Prepayments received are recorded at the actual amounts received from third parties.

Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost method. The cost of inventory includes the cost of acquisition and other direct costs. Net realisable value is the estimated selling price in the normal course of business less the costs of completion and selling expenses.

Cash and cash equivalents

In the statement of financial position, cash and cash equivalents include cash in bank, cash on hand and short-term deposits with remaining maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above net of outstanding bank overdrafts since they are considered to be an integral part of the Company's cash management.

Estimated liabilities

Estimated liabilities are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of its estimated liabilities to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to an estimated liability is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, estimated liabilities are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the estimated liability with the passage of time is recognised as financing costs.

Estimated liabilities for restructuring are recognised only provided that the Company has a constructive obligation, and a detailed formal plan specifies the business or part of the business concerned, the location and number of employees affected, detailed estimate of the associated costs and appropriate timeline and the employees affected have been notified of the plan's main features.

Employee benefits

In determining the amount of commitments for short-term employee benefits, discounting does not apply, and the related expenses are recognised as the services are provided by the employees. In respect of amounts expected to be paid under short-term cash bonuses or profit-sharing schemes, a liability is recognised where the Company has a legal or constructive obligation to pay the relevant amount resulting from the provision of services by employees in the past, and the amount of the obligation can be reliably estimated.

Income tax

Income tax expenses comprise current income tax and are recognised in profit or loss for the period except for the portion that relates to a business combination transaction or transactions recognised in equity or in other comprehensive income. Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities, determined for financial reporting purposes, and their tax base. The Company management does not recognise deferred tax, since under the existing tax laws, in case of educational activities, in determining the taxable base, the amount of the corporate income tax payable to the budget is reduced by 100%, provided that revenues from educational activities, including income in the form of donated property received and interests earned on deposits, account for at least 90% of the total annual income.

Current income tax comprises tax amount which is expected to be paid or refunded in respect of the taxable profit or tax loss for the year, and which is calculated on the basis of tax rates effective at the balance sheet date.

In determining the amount of current income tax, the Company takes into account the influence of uncertain tax positions and the possibility of imposing fines and penalties for late payment of the tax. Based on the results of its assessment of a number of factors, as well as interpretation of the Kazakhstan tax laws, the management of the Company believes that the tax liabilities for the tax period, which may be inspected by the tax authorities, were reported in full. This assessment is based on estimates and assumptions and can involve a number of professional judgments regarding the impact of future events. In the course of time, the Company can get new information, which can make the Company to change its judgments regarding the adequacy of existing tax liabilities. Such changes in the amount of tax liabilities will affect the tax amount for the period in which such judgments were changed.

Pension obligations

The Company has no additional pension plans other than participation in the public pension system of the Republic of Kazakhstan that requires contributions from an employee calculated as a percentage of the total salary. According to the laws of the Republic of Kazakhstan, pension contributions are the responsibility of employees and the Company has neither current nor future obligations to pay such payments to its employees upon their retirement.

Contingent assets and liabilities

Contingent assets are not recognised in the financial statements. If it is virtually possible to obtain revenue, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the probability of an outflow of resources embodying economic benefits is low.

Related parties

Related parties are the relationships in which one party has the ability to control or significantly influence the financial and operating decisions of the other party as defined in IFRS 24 *Related Party Disclosures*.

4. Significant accounting judgments and estimates

Preparation of the financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in material adjustments to the carrying amounts of assets or liabilities in future periods.

Below are the basic assumptions regarding future events, as well as other sources of uncertain estimates at the balance sheet date, that bear a significant risk of substantial adjustments to the carrying amounts of assets and liabilities during the next reporting year.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that can cause material adjustments to the carrying amounts of assets and liabilities within the next fiscal year, are described below. The Company based its assumptions and estimates on inputs that were available at the time of preparation of the financial statements. However, current circumstances and assumptions about the future can change due to market changes or circumstances that are beyond the Company's control. These changes are reflected in the assumptions as they occur.

Contractual obligations under operating lease - the Company as a lessor

The Company has entered into commercial lease contracts. The Company has determined, based on an evaluation of the terms and conditions of the arrangements (for instance, that the lease term is not for a major part of the remaining economic life of the commercial property), and the fair value of the respective asset that it retains all the significant risks and rewards of ownership of this property and so accounts for the contracts as operating leases.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less costs to sell is calculated based on the available information regarding binding commercial sales transactions of similar assets or observable market prices less additional costs incurred for the asset disposal. The calculation of value in use is based on discounted cash flows. The cash flows are withdrawn from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the assets' performance of the cash generating unit being tested for impairment. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model, as well as the expected inflows of cash and growth rates used for extrapolation purposes. The Company believes that there is no indication of impairment at the balance sheet date.

Taxes

Uncertainties exist with respect to the interpretation of complex tax laws and regulations, changes thereto, and the amount and timing of future taxable income. Given the wide range of international business transactions of the Company and the long-term nature and complexity of existing contractual agreements, the differences arising between the actual results and the assumptions made, or future changes to such assumptions could cause future adjustments to income tax gains or losses reported in the financial statements.

In the reporting period, income tax liabilities arose for the Company due to the fact that the Company has received significant foreign exchange gains from foreign currency deposits. In order to benefit from tax exemptions the Company management decided to hedge its risks against currency fluctuations by placing its other financial investment (deposit) in national currency, tenge. So, it will allow applying tax concessions in respect to the corporate income tax in future tax periods as provided for in the tax laws of Kazakhstan. Accordingly, the Company management, based on its assessments and judgments, does not recognise deferred income tax assets and liabilities.

The fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in measuring fair value. Judgments consider such inputs as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair values of financial instruments reported in the financial statements.

Capital management

The Company's policy is to maintain a strong capital base to maintain the confidence of shareholders, creditors and the market, and to ensure the future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

The Company monitors its capital using a leverage ratio, which is a net debt, divided by total capital plus net debt. Net debt includes loans, trade and other payables less cash and cash equivalents excluding discontinued operations. The Company's policy is to keep the leverage ratio lower than 40%. For the reporting year, this ratio amounted to 18.1% due to strengthened position of equity.

	2015	**2014**
Trade and other payables	1,236,850	1,263,454
Cash and cash equivalents	(199,751)	(155,734)
Net debt	**1,037,099**	**1,107,720**
Equity	4,690,653	2,766,804
Total equity and net debt	**5,727,752**	**3,874,524**
Financial leverage ratio	**18.1**	**28.6**

5. New and revised standards and interpretations

Below are the standards that came into effect at the balance sheet date, and were taken into account at the date of release of these financial statements. Management believes that the interpretations and amendments to those standards have not had a significant impact on the accounting policies, financial position or performance of the Company.

IFRS 3 *Business Combinations*

The amendments to this standard clarify that an obligation to pay contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity based on the definitions of IAS 32 *Financial Instruments: Presentation*. Further amendments to the Standard clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Respective changes were also made to IFRS 9, IAS 37 and IAS 39. This amendment is effective in respect to the periods beginning on or after 1 July 2014.

IFRS 8 *Operating Segments*

This standard was amended to require the disclosure of the judgments made by management in aggregating the operating segments. The disclosure includes a description of the segments which have been aggregated and economic indicators which have been assessed in determining that the aggregated segments have similar economic characteristics. In addition, the amendments require to make a reconciliation of segment assets with the entity's total assets in cases, where assets are reported. This amendment is effective in respect to the periods beginning on or after 1 July 2014.

IFRS 13 *Fair Value Measurement*

Subparagraphs B5.4.12 in IFRS 9 and AG79 in IAS 39 were removed when releasing IFRS13 as part of introducing amendments to this standard. In this regard, there were concerns that entities will not be able to measure short-term receivables and payables at the invoice amount in cases, where the impact of non-discounting is immaterial. The IASC Board has changed the basis for conclusions of IFRS 13 and explained that it did not intent to remove the possibility to measure short-term receivables and payables at invoice amount in such cases. Since the amendment has no effective date, it is considered that it has come into force as of its publication.

IAS 16 and 38

Both standards were amended to clarify how the gross carrying amount and accumulated depreciation shall be recorded where an entity uses the revaluation model. The carrying amount of the asset shall be restated to the revalued amount. The split between gross carrying amount and accumulated depreciation shall be recorded in one of the following ways:

- Either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- The accumulated depreciation is eliminated from the gross carrying amount of the asset.

This amendment is effective in respect to the periods beginning on or after 1 July 2014.

IAS 24 Related Party Disclosures

This standard was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (“management entity”).

The reporting entity is not required to disclose the amounts paid by the management entity to the employees and directors of the management entity but it is required to disclose the amounts charged to the reporting entity by the management entity for the services provided.

Annual improvements to IFRS, 2011 - 2013 cycle

IFRS 3 Business Combinations

This amendment changes the scope exception in respect to joint ventures under IFRS 3. In particular, it says that the exemption applies to all forms of joint arrangements defined in IFRS 11 *Joint Arrangements*. The amendment also clarifies that the scope exception only applies to the financial statements of the joint arrangement itself or the joint venture itself.

IFRS 13 *Fair Value Measurement*

The amendment to IFRS 13 clarifies that "the portfolio exception" (which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, if the company manages this group based on net amount of market or credit risk), applies to all contracts that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, including the ones that do not meet the definition of financial assets or liabilities contained in IAS 32 *Financial Instruments: Presentation*. This includes certain contracts to buy or sell non-financial items that may be executed on a net basis in the monetary form or with the use of other financial instruments.

IAS 40 *Investment Property*

The amendment says that a professional judgment is required to determine whether the acquisition of an investment property is the acquisition of an asset or group of assets or business combination as per IFRS 3 *Business Combinations*. The amendment also clarifies that IAS 40 and IFRS 3 are not mutually exclusive and the application of both standards can be required. Hence, a company acquiring an investment property must determine whether the property meets the recognition criteria of investment property as defined by IAS 40 and whether the transaction meets the recognition criteria of business acquisition as defined by IFRS 3.

Management believes that the application of these amendments to IFRS does not significantly affect the Company's financial statements.

Below are the standards that have been issued but have not yet entered into effect, and were not taken into account at the date of release of these financial statements. The Company intends to apply these standards as from the date of their coming into effect.

IFRS 9 *Financial Instruments*

At the beginning of 2014 the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 combines all three parts of the project of accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted. Except for hedge accounting, the standard applies retrospectively, but the presentation of comparative information is not required. Requirements for hedge accounting are mainly applied prospectively, with certain limited exceptions.

The Company plans to start applying this new standard from the required effective date. In 2015, the Company carried out an overall assessment of the impact of all three parts of IFRS 9. This preliminary assessment is based on the currently available information, and can be changed as a result of more detailed analysis or receipt of additional reliable and verifiable information.

IFRS 14 ***Regulatory Deferral Accounts***

IFRS 14 is an optional standard which permits rate-regulated entities to continue recognising regulatory deferral account balances in accordance with their previous generally accepted accounting policies (GAAP), upon their first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items in the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of information about the nature of rate regulation and associated risks, as well as about the impact of such regulation on the financial statements of an entity. IFRS 14 is effective for annual reporting periods beginning on or after 1 January 2016. As the Company already prepares statements in accordance with the IFRS, this standard is not applicable to its financial statements.

IFRS 15 ***Revenue from Contracts with Customers***

IFRS 15 was issued in May 2014 and envisages a 5-phase model that will apply to revenue from contracts with customers. According to IFRS 15, revenue is recognised in the amount of the consideration, which the Company expects to be entitled to receive in exchange for transferring goods or services to a customer.

The new standard will replace all existing IFRS requirements to revenue recognition. Once the IASB completes working on the amendments, which will postpone the effective date by one year, for the annual periods beginning on or after 1 January 2018, full retrospective application or the modified retrospective application would be required, with earlier application permitted. The Company intends to use the full retrospective application of the new standard, from the required effective date. In 2015, the Company evaluated preliminarily the consequences of applying IFRS 15, the results of which may be revised according to the results of the ongoing detailed analysis. In addition, the Company takes into account the clarifications issued by the IASB in the draft version of the document in July 2015, and will track changes in the future.

6. Revenue

For the period from 01 January to 31 December 2015 revenues were as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Tuition revenue	3,519,822	3,167,745
Additional courses	74,476	144,001
Library	8,508	11,134
Total	**3,602,806**	**3,322,880**

Revenue from core business arises in the ordinary course of business of the Company and includes: revenue from the providing of services of graduate and postgraduate education (as permitted by the relevant licenses for the right to educational activities), as well as additional education.

7. Cost of goods and services sold

Cost of goods and services sold:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Payroll and related taxes	(1,586,322)	(1,549,945)
Depreciation	(87,336)	(96,328)
Organisation of the conference	(3,797)	(3,472)
Goods and materials	(61,066)	(61,381)
Travel expenses	(31,558)	(29,058)
Utility expenses	(75,880)	(85,824)
Repair and maintenance	(17,151)	(4,468)
Communication services	(10,145)	(10,278)
Advertising	(705)	(180)
Consulting costs	-	(12,854)
Other expenses	(3,315)	(1,494)
Total	**(1,877,275)**	**(1,855,282)**

The increase in the item of payroll and related taxes is caused by annual indexation of employees' earnings. Reduced value of depreciation and amortisation of fixed assets and intangible assets is caused by the expiration of the useful lives of fixed assets. Such changes is specific for the expenditures described in Notes 8, 9.

8. General and administrative expenses

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Payroll and related taxes	(732,637)	(654,972)
Taxes	(66,547)	(73,825)
FA and IA depreciation and amortisation	(24,456)	(27,535)
Materials	(13,728)	(13,832)
Travel and entertainment costs	(27,069)	(18,163)
Consulting services	(11,746)	(11,144)
Recovery/(accrual) of Inventories provision	7,312	(9,281)
Bank services	(7,926)	(9,204)
Repairs and maintenance	(14,048)	(5,404)
Provision for doubtful debts (Note 19, 20)	1,195	(4,411)
Fines and penalties	(4)	(185)
Utility expenses	(1,954)	(469)
Communication services	(1,703)	(1,515)
Advertising services	(5,757)	(3,477)
Vehicle rent	(1,407)	(1,030)
Insurance	(1,702)	(3,069)
Other expenses	(5,092)	(5,086)
Total	**(907,269)**	**(842,602)**

9. Selling expenses

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Payroll and related taxes	(135,187)	(110,394)
Advertising costs	(16,278)	(24,829)
Arrangement of social events	(6,890)	(6,841)
Transportation and travel expenses	(14,629)	(10,154)
Materials	(7,056)	(9,018)
Taxes	(55)	(948)
Recruitment of students	(5,943)	(9,466)
Rent	(717)	(754)
Communication services	(20)	(37)
Repairs and maintenance	(60)	(79)
Utility expenses	(5,121)	(5,471)
Depreciation and amortization	(1,386)	(1,594)
Other expenses	(930)	(1,053)
Total	**(194,272)**	**(180,638)**

10. Other income / (expenses)

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Income from operating lease	46,251	36,804
Foreign exchange gains	1,887,191	30,649
Income from the assets donated	1,046	-
Income from currency exchange	30	-
Income from disposal of assets	133	-
Grants received	115,512	125,754
Other income	8,396	-
Total income	**2,058,559**	**193,207**
Costs of assets disposal	(217)	(942)
Foreign exchange losses	(31,025)	(14,586)
Expenses for currency exchange	(58,164)	(2,567)
Expenses under the special-purpose program	(98,987)	(58,807)

Other expenses	(143)	-
Total costs	**(188,536)**	**(76,902)**
Net Total	**1,870,023**	**116,305**

Other income/(expenses) are other items which meet the definition of income/expense; they can occur or not occur in the ordinary course of business of the Company.
The increase in other income in 2015 is caused by the new monetary policy of the government of Kazakhstan. In August 2015, the government of Kazakhstan decided not let the national currency float freely; thus the range of tenge rate fluctuations expanded. As a result, the Company received a positive effect from the revaluation of its assets, denominated in foreign currencies; gains amounted to 1,856,166 thousand tenge (net).
The grants received include special-purpose grants received from sponsors. Spending of special-purpose grants is reflected in the line of Expenses under the special-purpose program (scholarships granted to students, travel and other expenses).

11. Finance income

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Income from other financial investments (Note 23)	58,150	75,548
Amortisation of discount under the contract for additional electric capacity (Note 22)	3,284	1,005
Total	**61,434**	**76,553**

12. Income tax expense

According to Article 135-1 of the Tax Code of the Republic of Kazakhstan, the Company in its educational business activities has the right to reduce the amount of corporate income tax assessed by 100%, if income from the core activity accounts for no less than 90% of the total income. During the reporting period, foreign exchange gains (Note 10), exceeded the income from the core activity by more than 10%, so the Company has an obligation to pay the corporate income tax.

Rate of the tax applicable to the Company's income from non-core activities is 20%; this is the income tax rate for local companies.

Note to the Statement of comprehensive income:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Expenses for (economy) of deferred tax	-	-
Current income tax expenses	631,361	-
Total	631,361	-

Below is the reconciliation of income tax expense relating earnings before tax income, calculated using the statutory tax rate of 20% (2014: 0%), with the expenses for the current corporate income tax for 2015:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Profit/(loss) before taxation	2,555,210	637,216
Officially established income tax rate	20%	0%
Contingent income tax expense	511,042	-
Adjustments to the current tax of previous years	-	-
Tax effect of expenses that are not included in the taxable base	34,781	
Tax effect of income that is included in the taxable base	85,538	-
Expenses for income tax	631,361	-

13. Property, plant and equipment

Below are the changes in carrying amounts of fixed assets:

(In thousands of Kazakhstani Tenge)	Land	Buildings and structures	Machines and equipment	Vehicles	Others	Construction-in-progress	Total
Carrying amount							
As at January 1, 2014	98,443	1,953,721	513,147	35,283	620,545	-	3,221,139
Acquired	-	-	29,026	-	16,030	147,672	192,728
Transferred	-	21,056	29,447	(607)	(28,840)	(21,056)	-
Disposed	-	(14,130)	(16,330)	-	(4,731)	-	(35,191)
As at December 31, 2014	**98,443**	**1,960,647**	**555,290**	**34,676**	**603,004**	**126,616**	**3,378,676**
Acquired	-	-	24,790	-	15,575	103,774	144,139
Disposed	-	-	(22,590)	-	(2,880)	-	(25,4701)
As at December 31, 2015	**98,443**	**1,960,647**	**557,490**	**34,676**	**615,699**	**230,390**	**3,497,345**
Accumulated depreciation							
As at January 1, 2014	-	417,529	442,349	25,454	471,871		**1,357,203**
Accrued for the year	-	38,935	31,633	2,189	51,942	-	**124,699**
Reclassification	-	-	(23,440)	562	22,878	-	**-**
Disposed	-	(14,034)	(16,059)	-	(4,157)	-	**(34,250)**
As at December 31, 2014	**-**	**442,430**	**434,483**	**28,205**	**542,534**	**-**	**1,447,652**
Accrued for the year	-	39,244	27,202	1,860	44,163	-	**112,469**
Reclassification	-	-	46,880	(1,124)	(45,756)	-	**-**
Disposed	-	-	(19,628)		(2,742)	-	**(22,370)**
As at December 31, 2015	**-**	**481,674**	**488,937**	**28,941**	**538,199**	**-**	**1,537,751**
Book value							
As at December 31, 2015	**98,443**	**1,478,973**	**68,553**	**5,735**	**77,499**	**230,390**	**1,959,594**
As at December 31, 2014	**98,443**	**1,518,217**	**73,927**	**7,595**	**106,228**	**126,614**	**1,931,024**

During the reporting period, fixed assets depreciation allocated to the following items of expenditure:

(In thousands in Kazakhstani Tenge)	**2015**	**2014**
Cost of goods sold	87,336	96,322
General and administrative expenses	23,747	26,784
Selling expenses	1,386	1,592
Total	**112,469**	**124,699**

At the end of 2014 and 2015, the value of fully amortised, but not written-off fixed assets amounted to 795,809 thousand tenge and 690,092 thousand tenge, respectively.

The Company concluded a short-term rental contract for leasing a 1.7-hectare land plot located at the address: Algabas microdistrict, Alatau District, cadaster number: 20-321-032-251 until 4 March 2017. The transaction was registered in the justice bodies of Almaty city. The proper use of the land plot is construction of sports facilities. Upon expiration of the lease term the Company shall have the priority right to renegotiate the contract for a new term, but the Administration for Land Relations of the Almaty city reserves the right to terminate the lease contract ahead of time if the land plot is not being used for its intended designated purpose during two years.

The construction-in-progress includes capitalized repair works of the university's dormitory building owned by the Company. The capitalized repair works by contractors are as follows:

(In thousands of Kazakhstani Tenge)	Balance of incomplete repair as at 01/01/2015	Reports of Completion signed	Balance of incomplete repair as at 31/12/2015
NurZholStroi LLP	122,339	62,739	185,078
Forward & K LLP	-	17,966	17,966
Rauan-Stroi LLP	-	23,070	23,070
VOLKOVA Individual Entrepreneur	226	-	226
Valent LLP	1,591	-	1,591
Fortis LLP	482	-	482
RB LLP	1,978	-	1,978
	126,615	103,774	230,390

The Company has concluded contracts with the above-listed contractors for overhaul repair of the University Dormitory building, as per the construction and documentation (PSD). As at December 31, 2015 the overhaul repair works are complete. However, the inspection and technical overview of the building for determining of the nature of the works by complexity (operating expenses or capitalized expenses) have not yet been conducted. Management plans to have the nature of these expenses determined and, depending on the inspector's opinion, to re-classify these expenses: either for increasing the initial value of the fixed assets or as expenses for the period. Besides this the Company plans to continue overhaul repair works and to this purpose it has concluded a contract for supply of elevators equipment in October 2015 with HyundaiElevators LLP for 10,798.3 thousand tenge and paid a 100% advance of the contract amount (Note 15).

14. Intangible assets

As at 31 December, intangible assets were as follows:

(In thousands of Kazakhstani Tenge)	**Software**	**Other**	**Total**
Initial cost			
Balance as at January 1, 2014	2,722	44	2,766
Additions	4,933	-	4,933
Balance as at January 1, 2015	7,655	44	7,699
Additions	4,728	-	4,728
Disposals	(1,220)	(44)	(1,264)
As at December 31, 2015	11,163	-	11,163
Amortization and impairment			
Balance as at January 1, 2014	1,875	26	1,901
Amortization	712	6	718
Balance as at January 1, 2015	2,587	32	2,619
Amortization	772	7	779
Disposals	-	(39)	(39)
As at 31 December 2015	3,359	-	3,359
Net book value			
As at December 31, 2015	**7,804**	**-**	**7,804**
As at December 2014	**5,068**	**12**	**5,080**

Over the reporting period amortization for intangible assets was distributed as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Cost of sale	-	6
General and administrative expenses	779	751
Selling expenses	-	2
Total	**779**	**759**

15. Long-term advances

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Advances issued for purchase of fixed assets	10,818	44,270
Total	**10,818**	**44,270**

The Company concluded contracts for overhaul repair work of the dormitory building, as disclosed in detail in Note 13.

16. Cash and cash equivalents

Cash and cash equivalents include:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Cash on hand	1355	739
Cash in current bank accounts	198,396	154,995
Total	**199,751**	**155,734**

Cash and cash equivalents are denominated in the following currencies:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Tenge	184,815	138,549
US Dollar	1,539	15,940
Euro	13,397	1,240
British Pound	-	5
Total	**199,751**	**155,734**

17. Restricted cash

(In thousands of Kazakhstani Tenge)		**2015**	**2014**
Restricted deposits at Kazkommertsbank JSC	Moody's Investors Service: Standard & Poor's: B-/negative/C, kzBB-(15.10.15)	175	175
Restricted deposits at Bank CenterCredit JSC	Moody's Investors Service: B2/ negative (in national currency), B1.kz (09.03.16) Standard & Poor's: /B, kzBB+ (01.12.15)	175	910
Total		**350**	**1,180**

The Company has entered into escrow account agreements with Kazkommerzbank JSC and BankCenterCredit JSC that represent guarantee deposits for the hired expatriate employees placed in order to comply with legal requirements of the Republic of Kazakhstan related to the placing procedure and terms of guarantee and security deposits for foreign labour brought to the Republic of Kazakhstan. The Bank shall return the deposit in part or in full only upon written permission of an authorized governmental body.

18. Trade and other accounts receivable

As at December 31, trade receivables were as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Tuition fee receivable from students	173,208	234,985
Other accounts receivable	20,091	13,819
	193,299	248,804
Provision for doubtful debts	(123,400)	(123,673)
Total	**69,899**	**125,131**

Other accounts receivable includes students' debts for using library, accommodation and other services.

Credit quality analysis of trade receivables is given below:

		Overdue but not impaired		
	Total	**<180 days**	**180 -365 days**	**>365 days**
(In thousands of Kazakhstani Tenge)				
2015	69,899	69,899	-	-
2014	125,131	118,360	3,581	3,190

The conditions related to accounts receivable from related parties are set out in Note 29. Credit risks management procedures used by the Company are described in Note 31.

The change in provision for doubtful debts, trade and other receivables for the years ended December 31, 2015 and December 31, 2014 is presented as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
As at the beginning of the year	(123,673)	(91,280)
Accrued for the year	(43,041)	(32,676)
Reversed for the year	43,314	283
As at the end of the year	**(123,400)**	**(123,673)**

19. Other accounts receivable

As at December 31, other accounts receivable included the following:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Advances paid	33,405	42,943
Rent receivable	7,669	24,029
Prepaid expenses	4,367	3,040
Receivable from employees	3,660	6,366
Other receivables	22,474	24,147
	71,575	100,525
Provision for doubtful debts	(20,324)	(21,247)
Total	**51,251**	**79,278**

Other receivables include doubtful claims to suppliers for advances and other bad claims of previous periods for which a provision was created.

The change in provision for doubtful debts for the years ended December 31, 2015 and December 31, 2014 is presented as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
As at the beginning of the year	(21,247)	(49,229)
Accrued for the year	(4,390)	-
Reversed for the year	5,313	27,982
As at the end of the year	**(20,324)**	**(21,247)**

20. Inventory

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Raw and other materials	72,015	70,276
Goods	2,126	2,268
	74,141	**72,544**
Provision for inventory	(4,854)	(12,166)
Total	**69,287**	**60,378**

Over the reporting period the movement of inventory was as follows:

(In thousands of Kazakhstani Tenge)	**2015**
Balance as at 1 January	**72,544**
Purchased for the period	83,447
Written off for the period	(81,850)
Balance as at December 31	**74,141**

The change in provision for inventory is presented as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Balance as at 1 January	**12,166**	2,884
Accrued for the period (Note 8)	-	10,752
Restored for the period	(7,312)	(1,470)
Balance as at December 31	**4,854**	**12,166**

21. Current tax assets

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
VAT for non-resident	10,902	15,968
Other taxes	16,810	38,583
Total	**27,712**	**54,551**

Other taxes include advance CIT payments for non-residents, CIT of the interest amount withheld at source, property tax, vehicle tax, and other obligatory payments as per the tax law of Kazakhstan.

22. Financial assets

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Accounts receivable for additional electricity capacity, non-current portion	47,289	50,708
Accounts receivable for additional electricity capacity, current portion	3,419	3,419
Discount from contract on additional electricity capacity	(28,344)	(34,484)
Adjustment of the discount as per restatement	-	2,856
Total	**22,364**	**22,499**

Including:

(In thousands of Kazakhstani Tenge)	**2015**	**2013**
Financial assets, current	3,419	3,419
Financial assets, non-current	18,945	19,080
Total	**22,364**	**22,499**

Pursuant to the Order of the Chairman of the Agency for Regulation of Natural Monopolies of the Republic of Kazakhstan dated February 21, 2007 “On the approval of the Rules for compensating a transmission entity for the cost of expansion and upgrade of the public energy transportation network on a repayable basis”, an agreement on connecting additional electricity capacity dated October 10, 2007 for the amount of 68,370 thousand tenge was concluded between Almaty Zharyk Company JSC and the Company. This amount must be repaid by monthly equal installments of 284,875 tenge starting November 1, 2010 until October 10, 2030. The Company recognized the loan at amortized cost. In 2012, the effective interest rate of 14.9% was used to record fair value of the loan. In 2013, the management revised the discounting rate based on ‘financial prudence’ principle at 7.5%. As at 31 December 2015, financial assets amounted to 22,364 thousand tenge; non-current and current portions amounted to 18,945 thousand tenge and 3,419 thousand tenge, respectively.

23. Other financial investments

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Other current financial investments	4,509,313	1,876,084
Total	**4,509,313**	**1,876,084**

Other financial investments by currency:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Deposits in Kazakhstani tenge	262,787	1,444,471
Other current financial investments	4,246,526	431,613
Total	**4,509,313**	**1,876,084**

The table below details the movement of other financial investments for 2015:

	Period Validity of the Bank Deposit Agreement "*Nakopitelniy Plus*"				
(In thousands of Kazakhstani Tenge)	24.10.2014-24.10.2015	29.10.2015 - 29.10.2016	09.12.2014-09.12.2015	30.07.2015-30.07.2016	Total
Currency of the Agreement	USD	USD	KZT	KZT	
Interest rate	Up to 11.02.2015-1%, after - 1.5%	3%	Up to 11.02.2015-6,5%, after - 7.5%	10%	
Balance as at 31/12/2014	**1,444,471**	**-**	**431,613**	**-**	**1,876,084**
Contribution to deposit	1,096,915	3,484,346	500,000	465,624	5,546,886
Exchange difference	1,069,589	753,139			1,822,728
Net interest accrued	22,125	8,253	6,283	2,908	39,569
Transfer to bank account	(3,633,100)		(937,896)	(216,563)	(4,787,559)
Accrued interest for December 2015		10,818		787	11,604
Balance as at 31/12/2015	**-**	**4,256,557**	**-**	**252,756**	**4,509,313**

For all mentioned deposit accounts, the interest is accrued monthly provided that the Depositor maintains the minimum required balance.
Additional funds can be deposited and withdrawn from the deposit account provided that the minimum required balance is kept. As per the Kazak tax law, withholding tax of 15% at source applies to the interest. Interest is accrued 365 days per year and based on actual number of calendar days of a month. For the years ended 31 December 2015 and 31 December 2014, finance income on deposits amounted to 58,150 thousand tenge and 75,548 thousand tenge, accordingly (Note 11).

24. Trade and other accounts payable

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Payables to suppliers and contractors	18,471	35,009
Advances received	1,216,728	1,227,241
Salary accrued	1,651	1,204
Total	**1,236,850**	**1,263,454**

The conditions related to accounts payable to related parties are set out in Note 29. Credit risks management procedures used by the Company are described in Note 31.

25. Current provisions

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Provision for unused vacations	234,005	225,206
Accrued expenses	3,586	5,201
Other provisions	44,768	21,501
Total provisions	**282,359**	**251,908**

Other provisions include target use contributions and various types of charity payments to the University withheld from the employee's income as per the agreement of the parties. These funds shall be used at the choice of the Company and the employee for different purposes, besides this, the employee is entitled to demand these funds withheld from his/her salary back.

The changes in the provision for vacations for the years ended December 31, 2015 and December 31, 2014 were as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
As at the beginning of year	(225,206)	(274,694)
Accrued for the year (Notes 7,8,9)	(261,784)	(191,415)
Reversed for the year	252,985	240,903
As at the end of the year	**(234,005)**	**(225,206)**

26. Current tax liabilities

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Personal income tax	34,560	37,799
Corporate income tax	631,361	-
Value added tax	6,669	7,232
Social tax	27,521	16,217
Total current tax liabilities	**700,111**	**61,248**

27. Liabilities on other mandatory and voluntary payments

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Mandatory pension contributions	15,246	9,199
Mandatory social contributions	2,924	2,596
Total liabilities	**18,170**	**11,795**

28. Shareholder’s equity

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Share capital	537,146	537,146
Retained earnings	4,153,507	2,229,658
Total equity	**4,690,653**	**2,766,804**

As at December 31, 2015 the Company’s authorized share capital was as follows:

(In thousands of Kazakhstani Tenge)	Number of authorized shares (items)	Authorized share capital approved for issue	Purchased shares in Share capital	Issued share capital
Common shares with nominal value of 1,000 tenge	500,750	500, 750	500,750	500,750
Common shares with nominal value of 432 tenge	84,250	36,396	36,396	36,396
	585,000	**537,146**	**537,146**	**537,146**

Shareholders

	Number of common shares	Ratio, %
Legal Entity, Government Enterprise, the State Property and Privatization Committee of the Ministry of Finance of RK	234,012	40
Physical person: Chan Young Bang	350,988	60
	585,000	100

The Company has been re-registered as a joint stock company with share capital of 500,750 thousand tenge (par value of each share for the first issue of 500,750 ordinary shares is 1,000 tenge). The share capital of the Company was contributed in the form of a transfer to the reorganized state non-for-profit organization KIMEP of a property complex of the State Institution “Kazakhstan Institute of Management, Economics and Planning” under the President of the Republic of Kazakhstan as a result of the privatization based on Decree of the

President of the Republic of Kazakhstan No. 1178 dated August 28, 2003 "On Reorganization of Kazakhstan Institute of Management, Economics and Planning under the President of the Republic of Kazakhstan" and based on the Decree of the Government of the Republic of Kazakhstan No. 1148 dated November 14, 2003 "On Reorganization of Kazakhstan Institute of Management, Economics and Planning under the President of the Republic of Kazakhstan". The valuation of the property complex contributed to the share capital of the Company was conducted in accordance with legislation of the Republic of Kazakhstan on privatization and valuation activity. The value of the property complex was determined to be 403,800 thousand tenge based on profitability method. The remaining part of the share capital of the Company was contributed in the form of cash.

In accordance with the Shareholders' Agreement dated June 4, 2004 an additional 84,250 shares were to be issued by January 1, 2006. The exclusive right to purchase additional share issued was granted to Major Shareholder. If any further additional shares were issued after January 1, 2006 to support the Company's financial stability, priority to purchase these shares would also be given to the Major Shareholder as long as another shareholder, the State Property and Privatization Committee of the Ministry of Finance maintains a 40 per cent stake of total share capital of the Company. In 2005, an additional issue of 84,250 ordinary shares with a par value of 432 tenge was registered. As a result, the share capital has increased by 36,396 thousand tenge. The additional shares issued were purchased by the Major Shareholder for cash consideration.

In accordance with legislation of the Republic of Kazakhstan, non-for-profit organizations do not have the right to distribute dividends.

29. Related party disclosures

A related party is a legal entity related to the Company as well as a physical person or a close relative of the person related to the Company if this person:

- Has significant influence over the Company; or
- Is a member of the key management personnel of the Company.

Close family members of the physical person are those family members who as it is expected may influence or prove to be dependent on such physical person in their relations with the Company.

Key management personnel include those persons who are authorized and bear responsibility for planning, managing and controlling the Company activities, either directly or indirectly, including the Director (CEO) and the persons with position of similar status within the Company.

a) Transactions involving other related parties (companies related with family members of the key management personnel or the personnel themselves, related parties of the Company shareholders)

The below tables details transactions with related parties as well as related balances for 2015.

Related party	**Opening accounts receivable**	**Opening accounts payable**	**Total debits**	**Total credits**	**Closing accounts receivable**	**Closing accounts payable**
USKO International LLP (owned by the spouse of the Company's President)						
Sponsorship and grants	-	-			-	-
Advances paid (Note 18)	77	-			77	-
Advances received (Note 23)	-	194			-	194
Payment for services	-	-			-	
Closing debt	-	117	-	-	-	117
USKO Logistic International JSC (owned by the spouse of the Company's President)						
Advances received (Note 23)	-	144	-	-	-	144
Closing debt	-	144			-	144
USKO Mebel **LLP** (owned by the spouse of the Company's President)						
Advances paid	-	-	980	980	-	-

(Note 18)						
Payment for services (Note 23)	-	-	416	416	-	-
Closing debt	-	-			-	-
Ministry of Education of the Republic of Kazakhstan (related party of the shareholder – the Republic of Kazakhstan)						
Income for lease (Note 10)			18	18		-
Advances paid (Note 18)	-	3,964	6,540	8,069		5,493
Closing debt	-	3,964	-	-	-	3,964
Buran Boiler LLP (Member of the Board of Directors of the Company combines jobs)						
Advances received (Note 23)	-	1,043			-	1,043
Closing debt	-	1,043			-	1,043
JT International Korea Inc (related party of the Member of the Board of Directors)						
Advances received (Note 23)		596				596
Closing debt		596				596
JTI Kazakhstan (related party of the Member of the Board of Directors)						
Income from preparation courses (Note 6)	6,608		516	7,124	-	
Advances received (Note 23)		7,415	9,214	1,799		-
Closing debt		807				

The table below total amounts of the transactions concluded with related parties in 2014.

Related party	**Opening accounts receivable**	**Opening accounts payable**	**Total debits**	**Total credit s**	**Closing accounts receivable**	**Related party**
USKO International LLP						
Sponsorship and grants	-	-	419	419	-	-
Advances paid	77	-	-	-	77	-
Advances received	-	613	419	-	-	194
Payment for services	-	-	56	56	-	
Closing debt	-	**536**	**-**	-	**-**	**117**
USKO Logistic International JSC						
Advances received	-	144	-	-	-	144
Closing debt	**-**	**144**			**-**	**144**
USKO Mebel LLP						
Advances paid	-	-	649	-	-	-
Payment for services	-	-	-	649	-	-
Closing debt	**-**	**-**			**-**	**-**
Ministry of Education of Kazakhstan						
Advances paid	-	4,117	2,118	1,965	-	3,964
Closing debt	**-**	**4,117**	**-**	**-**	**-**	**3,964**
Buran Boiler LLP						
Advances received	-	439	-	604	-	1,043
Closing debt	**-**	**439**			**-**	**1,043**

b) Transactions with key personnel

The compensation of the key management personnel constituted the amounts as reflected within the personnel expenses in Note 8.

(In thousands of Kazakhstani Tenge)	2015	2014
Salary	101,857	90,328
Social tax contributions	16,749	11,950
	118,606	**102,278**

Salary includes all compensations and benefits payable to employees (as defined in IFRS 19 Employee Benefits). The compensation to the employees include all forms of compensation, paid or payable or provided by or on behalf of the Company for the services provided to the Company.
Salary for the reporting period by key management personnel:

Position	*(In thousands of Kazakhstani Tenge)*
Associate Vice President of Academic Affairs	16,046
Dean of the Law School	13,342
Provost and General Deputy to the President	16,155
Acting Dean of the College of Social Sciences	13,789
Associate Vice President for Financial Affairs and Budget	9,560
Dean of the Bang College of Business	20,127
President	12,838
	101,857

30. Commitments and contingencies

Operating environment

The Company operates in Kazakhstan, therefore the Company's business is affected by the economy and financial markets of Kazakhstan which show emerging market characteristics. The legal, tax and regulatory systems continue to evolve, however, they envisage a risk of varying interpretations of their requirements, which are also subject to frequent changes, which, along with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. These financial statements reflect Management's assessment of the impact of the Kazakh operating environment and the Company's financial position. The future business environment may differ from Management's assessment.

The economy of Kazakhstan is sensitive to global decline in business activities and slowdown in economic growth rates. The continuing global financial crisis has caused capital market volatility, significant deterioration in liquidity in the banking sector and more rigid loan terms in Kazakhstan. Although, Kazakh Government has introduced a number of stabilizing measures aimed at supporting liquidity and refinancing debts of Kazakh banks and companies, there is still uncertainty with regard to the access to capital and the cost of capital for the Company and its counterparties and it may affect the financial position of the Company, results of its operations and economic prospects.

Although management believes it is taking appropriate measures to support the sustainability of the Company’s business in the current circumstances, unpredictable further deterioration in the areas described above could negatively affect the Company’s results and financial position in a manner not currently determinable.

Taxation

The Company’s operations and financial position may be affected by Kazakhstan political developments, including the application of existing and future legislation and tax regulations. The currently applicable system of fines and penalties for violations identified, in accordance with the effective laws in Kazakhstan, is severe, the penalties include fines themselves, usually in the amount of 50% of the taxes additionally accrued and a penalty 2.5 times the refinancing rate established by the National Bank of Kazakhstan for each day of delay in the amount of the unpaid taxes. As a result, the amount of the penalty may exceed the amount of the basic tax. Fiscal periods remain open for review within five years, preceding the year of the review. Thus, the total amount of taxes, penalties and interest, if any, may be greater than the amount expensed in these statements.

The Company believes that its interpretation of the applicable law is correct and the likelihood that the Company's tax positions will be confirmed is fairly high.

Environmental protection

The Company is a subject of various environmental laws and regulations of the Republic of Kazakhstan. Although the management is confident that the Company complies with all requirements of such laws and regulations, there is no certainty that no contingent liabilities exist.

The management believes that such liabilities will have no significant effect on the financial position of the Company. Therefore, the accompanying financial statements do not contain provisions for contingent claims or fines from environmental authorities.

Certificate of insurance

The Company insures its risks in the following directions:

- ✓ liability insurance against third party bodily harm and third party environmental damage;
- ✓ property insurance;
- ✓ compulsory insurance of civil liability of vehicle owners;

Future operating lease commitments - the Company as a lessor

The Company has entered into commercial lease contracts for residential and educational facilities as well as other premises. The validity of these lease contracts is from one to three years. As at 31 December, the minimum rental charge receivable in future periods was as follows:

(In thousands of Kazakhstani Tenge)	**2015**	**2014**
Within one year	4,895	6,298
Over one year but no longer than five years	7,440	4,708
Total	**12,335**	**11,006**

Contractual liabilities for target use of land plots before the State

The Company owns a 50-hectare land plot in Baiserke village of the Ili District and holds a short-term lease for a 1.7 hectare land plot in Algabas microdistrict of the Alatau District. These land plots are under the threat of confiscation by the Akimat as not being used for their designated purpose. According to the land documents, in spite of the ownership rights, the target use of the land plot in Baiserke is construction and maintenance of educational complex. The 1.7 ha land plot in Algabas was provided by the state for using it for construction of sports facilities. Over the reporting period the Company did not conduct construction works on either of these land plots. No notifications or claims have been received from the State so far, however this does not rule out the risk of confiscation.

Legal proceedings

According to the Company management, there are no current legal proceedings or unresolved claims which may considerably affect operating results or financial position, and which were not accrued or expressed in these financial statements.

31. Financial instruments, financial risk management objectives and policies

The Company's main financial liabilities include trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to maintain its activities. The Company's assets are trade and other receivables, cash and short-term deposits, which arise directly in the course of its operations.

The Company is exposed to market risk, currency risk, and credit risk. The Company's senior management controls the management of these risks. The Company's activities related to financial risks are conducted in accordance with relevant policies and procedures. Financial risks are identified, evaluated and managed in accordance with the Company's risk management policy and objectives.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include four types of risk: interest rate risk, exchange rate risk, commodities price risk and other price risks, for example, equity price risk. Financial instruments exposed to market risk include credits and loans, deposits.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currency give rise to the foreign currency risk. The Company Management believes that assists and liabilities denominated in national currency prevail in the balance sheet and it has sufficient number of instruments for regulating currency fluctuations.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its operating activities (primarily from trade receivables).

Trade receivables

The Company operates by training individuals and legal entities. The main item group is the students. Payment statements that are maintained in electronic automated database (Intranet) contain information on the number of courses a student has registered to, cost of credits, payable amount, the amount paid and outstanding amount. Therefore, owing to the fact that the database is automated (links together the transactions of the Accounting Department and those of the Registrar’s Office), staff of the University Registrar’s Office can track students’ debts. In the case of delay in payments students are charged penalties for late payment. To reduce the risk in the case when student fails to repay the debt, the student and his/her guarantor (an individual or a legal entity that guarantees payment of tuition fee) sign debt repayment agreement that gives the university the right to file a lawsuit against the guarantor if the student defaults on payment.

Receivables are grouped into homogeneous groups and are constantly and collectively evaluated for impairment. As a result, the Company's risk of bad debts is insignificant.

Financial instruments and cash deposits

The Company manages its credit risk associated with cash balances in banks and other financial institutions in accordance with its internal policy. Surplus cash is transferred on a deposit account.

The below is the information on the existing trade receivables, balances on bank accounts, cash on hand and ratings availability.

Name	***Rating***	**Debt /balance as at December 31, 2015** *(In thousands of Kazakhstani Tenge)*
Accounts receivable:		
Trade and other receivables	No	69,899
	Total	**69,899**
Cash:		
Cash on hand	No	1,355
BankCenterCredit JSC	Moody's Investors Service: B2/negative (in national currency), B1.kz (09.03.16) Standard & Poor's: /B, kzBB+ (01.12.15)	198,396

Restricted deposits at Kazkommerzbank JSC	Standard & Poor's: B-/ negative /C, kzBB- (15.10.15)	175
Restricted deposits at Bank CenterCredit JSC	Moody's Investors Service: B2/ negative (in national currency), B1.kz (09.03.16) Standard & Poor's: /B, kzBB+ (01.12.15)	175
Deposits at Bank CenterCredit JSC (for 12 months)	Moody's Investors Service: B2/ negative (in national currency), B1.kz (09.03.16) Standard & Poor's: /B, kzBB+ (01.12.15)	4,509,313
Total cash		**4,709,415**
Total maximum exposure to credit risk		**4,708,060**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking dam age to the Company's reputation.

Normally the Company ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following table details the Company's contractual maturity for its financial assets and financial liabilities. The table was compiled on the basis of the undiscounted cash flows based on the earliest date that the payment may be demanded from the Company or when the Company expects to receive payment.

(In thousands of Kazakhstani Tenge)	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Financial assets:						
Cash and cash equivalents	199,751	-	-	-	-	**199,751**
Restricted cash	350	-	-	-	-	**350**
Trade accounts receivable	-	69,899	-	-	-	**69,899**
Financial assets	-	855	855	1,709	18,945	**22,364**
Other financial investments	-	-	-	4,509,313	-	**4,509,313**
	200,101	**70,754**	**855**	**4,511,022**	**18,945**	**4,801,677**
Trade and other payables	103,071	309,213	309,213	412,283	103,070	**1,236,850**
Short-term estimated liabilities					282,359	**282,359**
	103,071	**309,213**	**309,213**	**412,283**	**385,429**	**1,519,209**
Net position as at December 31, 2015	**97,030**	**(238,459)**	**(308,358)**	**4,098,739**	**(366,484)**	**3,282,468**

32. Subsequent events

On March 16, 2016 the Company's Management decided to convert cash placed at the deposit in BankCenterCredit JSC in the amount of 12.5 million US dollars to Kazakhstani tenge.

On March 30, 2016, Management reviewed the accounts receivable for education and decided to write off within the previously accrued provision for bad debts for the total amount of 59,647 million tenge.

33. Date of approval of financial statements

These financial statements were approved on April 11, 2016.