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JOINT STOCK COMPANY
KIMEP UNIVERSITY

Financial Statements
For the year ended December 31, 2012

JOINT STOCK COMPANY KIMEP UNIVERSITY

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Management is responsible for the preparation of the financial statements that present fairly the financial position of Joint Stock Company KIMEP University (hereinafter "KIMEP" or "Company") as at December 31, 2012, and the financial results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

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

Management is also responsible for:

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

The financial statements of the Company for the year ended December 31, 2012 were approved by management on April 26, 2013.

On behalf of the Company's management:

Dr. William Gerard Gissy
Vice President of Strategic Planning, Development and Research _____ **April 26, 2013**

Dr. Elia Manirasoa Ramamonjisoa
Acting Vice President of Finance _____ **April 26, 2013**

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of Joint Stock Company KIMEP University:

We have audited the accompanying financial statements of Joint Stock Company KIMEP University (the – "Company" or "KIMEP"), which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive loss, 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

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Basis for qualified opinion

1. As discussed in Notes 4, 5 and 20 to the accompanying financial statements, a significant portion of the share capital of KIMEP 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) determined 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. As 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. Thus, we were unable to confirm the valuation of the share capital for the amount of 403,800 thousand tenge, the related property, plant and equipment, and the related accumulated depreciation as at December 31, 2012 and 2011, and the depreciation for the years ended December 31, 2012 and 2011.
2. Further, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of unused vacation reserve of 87,653 thousand tenge included in the statement of financial position as at December 31, 2012 and about the related reversal of provision of 18,651 thousand tenge incurred for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion, the financial position of Joint Stock Company KIMEP University as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 in the financial statements which indicates that the Company has recurring losses from operations and operating cash outflows. These conditions along with other matters as set forth in note 3, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Dulat Taituleyev
Engagement Partner
Auditor's qualification
certificate No. МФ-0000095
dated August 27, 2012
Republic of Kazakhstan

Deloitte, LLP
State license on auditing of the Republic of Kazakhstan
No. 0000015, type MFU-2, issued by the Ministry of Finance
of the Republic of Kazakhstan dated September 13, 2006

Nurlan Bekenov
General Director
Deloitte, LLP

April 26, 2013

JOINT STOCK COMPANY KIMEP UNIVERSITY

STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands of tenge)

	Notes	2012	2011
REVENUE	6	3,007,334	3,107,339
COST OF SERVICES	7	(2,312,518)	(2,538,827)
GROSS PROFIT		694,816	568,512
General and administrative expenses	8	(852,916)	(854,407)
Selling expenses	9	(258,733)	(296,727)
Finance income	10	67,817	75,219
Foreign exchange loss		(1,433)	(2,970)
Other income	11	23,530	128,870
LOSS BEFORE TAXATION		(326,919)	(381,503)
INCOME TAX	12	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(326,919)	(381,503)

On behalf of the Company's management:

Dr. William Gerard Gissy
Vice President of Strategic Planning, Development and Research **April 26, 2013**

Dr. Elia Manirasoa Ramamonjisoa
Acting Vice President of Finance **April 26, 2013**

The notes on pages 8 to 28 form an integral part of these financial statements.

JOINT STOCK COMPANY KIMEP UNIVERSITY

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012
(in thousands of tenge)

	Notes	2012	2011
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	1,996,369	2,018,241
Intangible assets		1,657	4,159
Other non-current assets		66,694	50,261
Financial assets, non-current	14	19,539	23,221
		2,084,259	2,095,882
CURRENT ASSETS:			
Inventory	15	20,904	25,795
Trade accounts receivable	16	118,932	128,847
Financial assets, current	14	3,420	-
Current tax assets		3,882	13,490
Other accounts receivable and prepayments	17	73,713	61,753
Restricted cash	18	2,815	2,752
Other financial investments	19	901,258	1,325,988
Cash	18	306,570	103,573
		1,431,494	1,662,198
TOTAL ASSETS		3,515,753	3,758,080
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	20	537,146	537,146
Retained earnings		1,800,858	2,127,777
		2,338,004	2,664,923
CURRENT LIABILITIES:			
Advances received	21	931,055	823,656
Taxes payable	22	20,020	19,155
Trade and other accounts payable	23	62,651	48,451
Accrued liabilities	24	164,023	201,895
		1,177,749	1,093,157
TOTAL EQUITY AND LIABILITIES		3,515,753	3,758,080

On behalf of the Company's management:

Dr. William Gerard Gissy
Vice President of Strategic Planning, Development and Research **April 26, 2013**

Dr. Elia Manirasoa Ramamonjisoa
Acting Vice President of Finance **April 26, 2013**

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JOINT STOCK COMPANY KIMEP UNIVERSITY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands of tenge)

	Share capital	Retained earnings	Total equity
As at January 1, 2011	537,146	2,509,280	3,046,426
Net loss and total comprehensive loss for the year	-	(381,503)	(381,503)
As at December 31, 2011	537,146	2,127,777	2,664,923
Net loss and total comprehensive loss for the year	-	(326,919)	(326,919)
As at December 31, 2012	537,146	1,800,858	2,338,004

On behalf of the Company's management:

Dr. William Gerard Gissy
Vice President of Strategic Planning, Development and Research **April 26, 2012**

Dr. Elia Manirasoa Ramamonjisoa
Acting Vice President of Finance **April 26, 2012**

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JOINT STOCK COMPANY KIMEP UNIVERSITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(in thousands of tenge)

	Notes	2012	2011
OPERATING ACTIVITIES:			
Loss before taxation		(326,919)	(381,503)
Adjustments for:			
Depreciation and amortization expense	7, 8, 9	154,538	195,827
(Reversal)/accrual of allowance for doubtful debts	8	(48,312)	76,212
(Reversal)/accrual of provision for unused vacations	8	(18,651)	5,252
Foreign exchange loss		1,341	2,970
Finance income	10	(67,817)	(75,219)
Loss from disposal of property, plant and equipment and intangible assets	11	3,923	2,488
Reversal of provision for obsolete inventory	8, 15	(6,623)	(4,418)
Operating loss before working capital changes		(308,520)	(178,391)
Decrease in inventory		4,213	35,543
Decrease/(increase) in trade accounts receivable		6,017	(33,233)
Decrease/(increase) in current tax assets		9,608	(2,764)
Decrease/(increase) in other accounts receivable and prepayments		46,267	(17,701)
Increase/(decrease) in advances received		107,399	(91,841)
Increase/(decrease) in taxes payable		865	(13,473)
Increase/(decrease) in trade and other accounts payable		12,779	(36,016)
(Decrease)/increase in accrued liabilities		(19,221)	21,290
Net cash used in operating activities		(140,593)	(316,586)
INVESTING ACTIVITIES:			
Placement of financial investments		(900,000)	(746,845)
Proceeds from financial investments		1,325,988	849,687
Interest received		63,402	75,781
Change in restricted cash		(63)	3,215
Proceeds from financial assets		3,419	3,133
Purchase of property, plant and equipment		(149,248)	(89,148)
Net cash provided by investing activities		343,498	95,823
NET CHANGE IN CASH		202,905	(220,763)
Effect of changes in foreign exchange rates related to cash balances		92	(1,482)
CASH, at the beginning of the year	18	103,573	325,818
CASH, at the end of the year	18	306,570	103,573

On behalf of the Company's management:

Dr. William Gerard Gissy
Vice President of Strategic Planning, Development and Research **April 26, 2013**

Dr. Elia Manirasoa Ramamonjisoa
Acting Vice President of Finance **April 26, 2013**

The notes on pages 8 to 28 form an integral part of these financial statements.

1. NATURE OF THE BUSINESS

Joint Stock Company Kazakhstan Institute of Management, Economics and Strategic Research (hereinafter, the "Company" or "KIMEP") was founded as a state establishment of higher (post-graduate) education in accordance with Presidential Resolution # 580 "On the Establishment of the Kazakhstan Institute of Management, Economics and Strategic Research" ("Resolution # 580") dated January 14, 1992.

In February 2000, the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan transferred KIMEP to the President of KIMEP, Mr. Chan Young Bang ("The President" or "Major Shareholder"), under the trust management agreement for the period of three years. The agreement provided for the President's right to subsequently purchase shares of KIMEP under condition that the Company's activity is maintained; and as long as State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan maintains 40 per cent stake of total share capital of the Company. In accordance with the Decree of the President of the Republic of Kazakhstan "On KIMEP Reorganization" dated August 28, 2003 and the Resolution of the Government of the Republic of Kazakhstan dated November 14, 2003, KIMEP has been reorganized as a Joint Stock Company with a share capital of 500,750 thousand tenge (500,750 common stocks with a par value of 1,000 tenge each) (Note 20). The Company was registered at the Ministry of Justice of the Republic of Kazakhstan on July 7, 2004.

During 2005 an additional issue of 84,250 common shares with a par value of 432 tenge was registered. As a result, the share capital has increased by 36,396 thousand tenge (Note 20). The additional shares issued were purchased by the Major Shareholder for cash consideration.

On January 26, 2012 Joint Stock Company Kazakhstan Institute of Economics, Management and Strategic Research was renamed as Joint Stock Company KIMEP University.

The operating office of the Company is situated at the following address: 2 Abai Avenue, Almaty, 050010, Republic of Kazakhstan.

The Company is a not-for-profit organization, which provides educational services on a fee basis in the field of higher education on the basis of state license # 0000221. In addition, the Company generates revenue from services provided by the Executive Education Centers, the library, the dormitory and hotel, renting premises, etc.

As at December 31, 2012 and 2011, the Company had 989 and 867 (including full-time and part-time) employees, respectively.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period

The Company adopted the following new and revised Standards and Interpretations during the current year:

- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

In addition, the Company adopted the amendments to various other standards that were part of the annual initiative aimed at the general improvement of the effective IFRS. These amendments were related to certain expressions and issues regarding presentation of financial statements, and issues of recognition and appraisal. The improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive, but have had no effect on amounts reported.

The adoption of the above standards had no impact on the results of operations or financial position.

Standards and amendments thereto and Interpretations effective in the current year

At the date of authorization of these financial statements the following Interpretations and Standards were in issue but not yet effective:

	Effective for annual periods beginning on or after
IFRS 9 Financial instruments	January 1, 2015
IFRS 10 Consolidated Financial Statements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013
Amendments to IFRS 7 Disclosures – Transfers of Financial Assets	January 1, 2013
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	January 1, 2015
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	January 1, 2013
Amendments to IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IAS 19 (as revised in 2011) Employee Benefits	January 1, 2013

In May 2011 a package of five standards was issued (IFRS 10, IFRS 11, IFRS 12, IAS 27 (2012), and IAS 28 (2012)), in which the consolidations, joint arrangements, investments in associates and disclosure of information issues were considered. These five standards are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

Management of the Company anticipates that all of the above five standards will be adopted in the Company's financial statements for the period commencing January 1, 2013 and that the adoption of these standards will not have a material impact on the financial statements of the Company in the period of initial application.

Management of the Company anticipates that the adoption of all of the above other standards will not have a material impact on the financial statements of the Company in the period of initial application.

3. PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance

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

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out in Note 4 below.

Functional and presentation currency

The functional currency is the currency of general economic environment in which the Company operates. The financial statements are presented in Kazakhstani Tenge (hereinafter, "tenge"), which is the Company's functional currency and the presentation currency of the financial statements.

Going concern

These financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of the Company's assets and discharge of its liabilities in the normal course of business within the foreseeable future.

For the year ended December 31, 2012, the Company incurred a net loss of 326,919 thousand tenge (2011: net loss of 381,503 thousand tenge) and operating cash outflows of 140,593 thousand tenge (2011 cash outflow: 316,586 thousand tenge).

Management believes that the Company will be able to continue as a going concern for the foreseeable, as management has developed measures to increase the Company's profitability and the increase the level of student enrolments through including:

- delivering quality assured and accredited programs through attaining international accreditation for each program by 2014;
- ensuring a committed core faculty of international quality;
- revitalizing student recruitment both domestically and internationally;
- building a capital fundraising campaign, through engagement of corporations active in Central Asia.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction, which can be measured reliably, will flow to the Company. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue generated from rental activity is recognized on an accruals basis in accordance with the substance of the relevant agreement.

Expense recognition

Expense is recognized in profit or loss in the period in which it is incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Payroll expenses and payroll related deductions

Payroll expenses, pension fund and social insurance deductions, annual paid vacations and sick leaves, bonuses, non-monetary benefits are accrued as related services are provided by employees of the Company. The Company makes pension and retirement benefit payments specified by legislature of the Republic of Kazakhstan on behalf of its employee. Such expenses are recognized in profit or loss in the period in which they are incurred. As soon as employees are retired the Company ceases to incur any expenses and related liabilities as all subsequent payments to the retired employees are made by state or private accumulated pension funds.

In accordance with the legislative requirements of the Republic of Kazakhstan, in 2012 the Company paid 10% from each employee's wage, but no more than 130,793 tenge per month (2011: 119,992 tenge) into an employee pension fund. The Company has no other retirement benefit obligations.

The Company provides educational services and, accordingly, is exempt from income tax, as provided by the Tax Code of the Republic of Kazakhstan. The Company is also exempt from the value added tax ("VAT") for carrying out educational activities.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Property, plant and equipment

Property, plant and equipment are stated at deemed/historical cost less accumulated depreciation and accumulated impairment losses.

The Company did not perform an independent revaluation of its property, plant and equipment in accordance with International Financial Reporting Standards for the purpose of determination of their fair values (deemed cost) at the date of transition to IFRS (Note 13).

Depreciation is recognized so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged using the following useful lives:

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

An item of property, plant and equipment is 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible assets

Intangible assets comprise the software and are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method during the expected useful life of assets which is 7 years.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted-average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets of the Company include trade and other receivables, cash and financial investments.

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities of the Company include trade and other payables.

Derecognition of financial assets and liabilities

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

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Trade and other accounts receivable

Accounts receivable are initially measured at fair value. Subsequently accounts receivable are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term accounts receivable when the recognition of interest would be immaterial.

Accounts receivable are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of accounts receivable, the estimated future cash flows of the investment have been affected.

The amount of the impairment loss recognized is the difference between the carrying amount of accounts receivable and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of accounts receivable is reduced through the use of an allowance account and the impairment is recognized in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Prepaid expenses and advances paid

Prepaid expenses and advances paid to suppliers are measured at the amounts of consideration paid, less any impairment.

Prepaid expenses and advances paid are classified as long-term, if the estimated term of goods and services receipt exceeds one year or if prepaid expenses and advances paid relate to a non-current asset. The amounts of prepaid expenses and advances paid related to the purchased asset are included into the carrying amount of such an asset upon obtaining control over this asset by the Company and when future economic benefits derived by the Company from this asset are probable. If there are indicators exist that assets, goods or services will not be received, the carrying amount of prepaid expenses and advances paid is decreased and related impairment loss is recognized in profit or loss.

Cash

Cash include cash on hand and cash in bank accounts.

Other financial investments

Other financial investments include short-term deposits and long-term deposits. Short-term deposits are easily converted into identifiable cash amounts, with original maturity of more than three months or less then a year and are subject to an insignificant risk of a change in value. Long-term deposits with an original maturity date of more than a year are recorded in the statement of financial position as other non-current financial assets.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are accrued when a contractor fulfills its contractual obligations. Accounts payable and accrued liabilities, except for advances received, are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Advances received are measured at the amounts of proceeds from third parties.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described in Note 4, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The estimate of the useful life of an asset is dependent upon economic use, repair and maintenance programs, technological advancements and other business conditions. Management's estimate of the useful lives of property, plant and equipment reflects information available as at the date of these financial statements.

Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

The assessment of whether there is an indication of impairment is based on a number of factors, such as: change in the service potential of the assets as a result of a change in the demand for the services provided by the assets, technological obsolescence or physical damage of the assets, deviation of actual operating cash flows versus originally budgeted, future availability of financing from the shareholder for the operating needs and assets renewal and other changes in circumstances that indicate any impairment exists.

If any such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount of the asset. If the carrying amount exceeds the recoverable amount an impairment is recorded. The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that management believes reflects current market assessment of the time value of money and the risks specific to the assets. A change in the estimated recoverable amount could result in an impairment, or reversal of impairment, in future periods.

As at December 31, 2012 the management of the Company did not identify any indications of impairment of its assets. Accordingly, no impairment test is required.

At the date of transition to IFRS the Company involved an independent appraiser for valuation of the property complex contributed into the share capital of the Company. The valuation was performed in accordance with legislation of the Republic of Kazakhstan on privatization and valuation activity, but not in accordance with International Financial Reporting Standards for the purpose of determination of their fair values (deemed cost) at the date of transition to IFRS.

Allowance for impairment of receivables and advances paid, and provision for obsolete inventories

As discussed in Note 4 management's assessment of the allowance for impairment of receivables and advances paid, in addition to management's estimation of provision for obsolete inventories, requires management to use assumptions based on the best estimates of the Company's ability to collect receivables, receive the assets or services and sell the inventories. As a result of changes to general economic environment or other circumstances after the reporting date, management may draw conclusions which could be different to those made in preparing these financial statements.

6. REVENUE

	2012	2011
Tuition revenue	2,901,458	2,968,129
Additional courses	92,653	105,549
Library	13,223	18,090
Utilization of grants	-	15,571
Total	3,007,334	3,107,339

Tuition revenue is presented net of discounts given by the Company to students of 575,114 thousand tenge and 409,564 thousand tenge for the years 2012 and 2011, respectively.

7. COST OF SERVICES

	2012	2011
Payroll and related taxes	1,886,686	2,192,124
Depreciation and amortization	116,394	155,832
Business trip expenses	43,993	25,810
Materials and stationery	42,602	48,908
Other costs	222,843	116,153
Total	2,312,518	2,538,827

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
Payroll and related taxes	705,848	614,580
Depreciation and amortization	37,120	38,595
Materials	31,522	23,563
Consulting services	28,717	37,264
Travel and business trips	14,751	9,430
Repairs and maintenance	13,059	9,843
Bank services	10,434	10,389
Taxes other than corporate income tax	2,229	8,699
(Reversal)/allowance for doubtful debts (Notes 16, 17)	(48,312)	76,212
(Reversal)/accrual of provision for unused vacations (Note 24)	(18,651)	5,252
Reversal of provision for obsolete inventory (Note 15)	(6,623)	(4,418)
Other expenses	82,822	24,998
Total	852,916	854,407

9. SELLING EXPENSES

	2012	2011
Payroll and related taxes	148,700	146,845
Advertising and advertising materials	47,011	76,078
Travel and business trips	29,721	19,933
Arrangement of social activities	7,548	4,082
Materials	4,870	36,217
Depreciation and amortization	1,024	1,400
Other expenses	19,859	12,172
Total	258,733	296,727

10. FINANCE INCOME

	2012	2011
Income from other financial investments (Note 19)	64,660	72,037
Amortization of discount from contract on additional electricity capacity (Note 14)	3,157	3,182
Total	67,817	75,219

11. OTHER INCOME

	2012	2011
Rent income	43,616	40,188
Loss from disposal of property, plant and equipment	(3,923)	(2,488)
Return of corporate income tax	-	37,487
Other (expenses)/income	(16,163)	53,683
Total	23,530	128,870

12. INCOME TAX

The Company is not a corporate income tax ("CIT") payer under Article 121 of the Tax Code of the Republic of Kazakhstan. Under Article 232 of the Tax Code of the Republic of Kazakhstan educational services are also exempt from value added tax ("VAT").

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and construc-tions	Machinery and equip-ment	Vehicles	Other	Construc-tion in progress	Total
Cost							
At January 1, 2011	98,519	1,793,732	409,972	23,269	627,012	105,202	3,057,706
Additions	-	6,381	24,485	-	36,133	22,149	89,148
Transfers	-	123,988	574	-	4,975	(123,988)	5,549
Disposals	-	-	(1,709)	-	(3,407)	-	(5,116)
At December 31, 2011	98,519	1,924,101	433,322	23,269	664,713	3,363	3,147,287
Additions	-	20,768	65,497	13,020	27,138	375	126,798
Transfers	-	4,940	-	-	-	-	4,940
Disposals	(76)	-	(14,293)	-	(31,850)	(561)	(46,780)
At December 31, 2012	98,443	1,949,809	484,526	36,289	660,001	3,177	3,232,245
Accumulated depreciation							
At January 1, 2011	-	(319,761)	(318,935)	(17,233)	(281,527)	-	(937,456)
Charge for the year	-	(43,364)	(60,962)	(1,489)	(88,590)	-	(194,405)
Disposals	-	-	1,058	-	1,757	-	2,815
At December 31, 2011	-	(363,125)	(378,839)	(18,722)	(368,360)	-	(1,129,046)
Charge for the year	-	(16,625)	(35,338)	(3,809)	(96,276)	-	(152,048)
Disposals	-	-	14,142	-	31,076	-	45,218
At December 31, 2012	-	(379,750)	(400,035)	(22,531)	(433,560)	-	(1,235,876)
Net book value							
At December 31, 2012	98,443	1,570,059	84,491	13,758	226,441	3,177	1,996,369
At December 31, 2011	98,519	1,560,976	54,483	4,547	296,353	3,363	2,018,241

As at December 31, 2012 and 2011 property, plant and equipment mainly comprise buildings which have been contributed into the share capital of the Company by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan in 2004 (Note 20). This property, plant and equipment was valued by an independent appraiser, LLP Vita Firm, which was not a related party of the Company as at the date of transition to IFRS. The valuation was performed in accordance with legislation of the Republic of Kazakhstan on privatization and valuation activity, but not in accordance with International Financial Reporting Standards.

The cost of property, plant and equipment, fully depreciated, as at December 31, 2012 and 2011 was 520,787 thousand tenge and 337,673 thousand tenge, respectively.

14. FINANCIAL ASSETS

	December 31, 2012	December 31, 2011
Receivables for additional electricity capacity	61,248	64,667
Discount from contract on additional electricity capacity	(38,289)	(41,446)
Total	22,959	23,221

On October 19, 2007 the Company concluded agreement No. 379 with Almaty Zharyk Company JSC. In accordance with agreement terms the Company gave an interest free loan to Almaty Zharyk Company JSC in the amount of 68,370 thousand tenge for additional electricity capacity. This amount is being repaid by Almaty Zharyk Company JSC in monthly equal installments of 285 thousand tenge starting from November 1, 2010 till October 1, 2030. The Company recognized the loan at amortized cost using effective interest rate of 14.9%. As a result, as at December 31, 2012 and 2011 the Company recognized discount in the amount of 38,289 thousand tenge and 41,446 thousand tenge, respectively. The finance income from fair value adjustment for the years ended December 31, 2012 and 2011 amounted to 3,157 thousand tenge and 3,182 thousand tenge, respectively (Note 10). Out of 22,959 thousand tenge current portion of financial assets accounts for 3,420 thousand tenge as at December 31, 2012.

15. INVENTORY

	December 31, 2012	December 31, 2011
Stationery and household inventory	24,087	35,205
Other	77	473
	24,164	35,678
Provision for obsolete inventory	(3,260)	(9,883)
Total	20,904	25,795

The change in provision for obsolete and inventory for the years ended December 31 is presented below:

	2012	2011
As at the beginning of the year	(9,883)	(14,301)
Reversed for the year	6,623	4,418
As at the end of the year	(3,260)	(9,883)

16. TRADE ACCOUNTS RECEIVABLE

	December 31, 2012	December 31, 2011
Tuition fee receivable	167,630	147,349
Other receivables	3,395	53,475
	171,025	200,824
Allowance for doubtful debts	(52,093)	(71,977)
Total	118,932	128,847

The change in allowance for doubtful debts for the years ended December 31, is presented below:

	2012	2011
As at the beginning of the year	(71,977)	(37,190)
Reversed/(accrued) for the year	19,884	(34,787)
As at the end of the year	(52,093)	(71,977)

The average trade credit period provided to customers of the Company is 360 days. The Company has recognized an allowance for doubtful debts of 100% against all receivables (less VAT) over 1 year period because historical experience has been that receivables that are past due beyond this term are not recoverable.

As at December 31, 2012 and 2011 trade accounts receivable were denominated in tenge.

17. OTHER ACCOUNTS RECEIVABLE AND PREPAYMENTS

	December 31, 2012	December 31, 2011
Advances paid	42,617	85,732
Rent receivable	16,014	11,683
Prepayments	19,998	4,077
Receivables from employees	2,686	2,935
Other receivables	41,042	34,398
	122,357	138,825
Allowance for doubtful debts	(48,644)	(77,072)
Total	73,713	61,753

The change in allowance for doubtful debts for the years ended December 31, is presented below:

	2012	2011
As at the beginning of the year	(77,072)	(35,647)
Reversed/(accrued) for the year	28,428	(41,425)
As at the end of the year	(48,644)	(77,072)

As at December 31, 2012 and 2011 other accounts receivable were denominated in tenge.

18. CASH

	December 31, 2012	December 31, 2011
Cash in bank, in tenge	304,338	101,066
Cash on hand, in tenge	1,950	2,191
Cash in bank, in USD	256	112
Cash in bank, in EUR	26	78
Cash in bank, in GBP	-	126
Total	306,570	103,573

As at December 31, 2012 and 2011 restricted cash represents cash in JSK Bank CenterCredit in the amount of 2,815 thousand tenge and 2,752 thousand tenge, respectively, interest-free deposited for foreign employees in accordance with Kazakhstani labor legislation.

19. OTHER FINANCIAL INVESTMENTS

	December 31, 2012	December 31, 2011
Other financial investments, current	901,258	1,325,988
Total	901,258	1,325,988

Deposit agreement No. 2249381 was concluded on December 11, 2009 with Bank CenterCredit JSC, dated December 9, 2009 for the initial amount of 450,000 thousand tenge and interest rate of 6.7% per annum. The deposit agreement allows withdrawing and replenishing of funds at any time and matures on December 11, 2012. The interest is not paid but capitalized to principal until matured.

Deposit agreement No. 3154247 was concluded on December 20, 2012 with Bank CenterCredit JSC, dated December 20, 2012 for the initial amount of 900,000 thousand tenge and interest rate of 5% per annum. The deposit agreement allows withdrawing and replenishing of funds at any time and matures on December 20, 2013. The interest is not paid but capitalized to principal until matured.

As at December 31, 2012 and 2011 the outstanding balance with accumulated interest amounted to 901,258 thousand tenge and 1,325,988 thousand tenge, respectively.

As at December 31, 2012 and 2011 the other financial investments were denominated in tenge.

For the years ended December 31, 2012 and 2011 finance income on deposits amounted to 64,660 thousand tenge and 72,037 thousand tenge, respectively (Note 10).

20. SHARE CAPITAL

As at December 31, the Company's shareholders were as follows:

	2012		2011	
	Contribution	Share, %	Contribution	Share, %
Mr. Chan Young Bang	303,134	60%	303,134	60%
State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan	234,012	40%	234,012	40%
Total	537,146	100%	537,146	100%

As disclosed in Note 1, the Company has been re-registered as a Joint Stock Company with share capital of 500,750 thousand tenge (par value of share for 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 not-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 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 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 value of the property complex contributed to the share capital of the Company was valued by an independent appraiser in accordance with legislation of the Republic of Kazakhstan on privatization and valuation activity, but not in accordance with International Financial Reporting Standards for the purpose of determination of their fair values (deemed cost) at the date of transition to IFRS. The value of the property complex was determined to be 403,800 thousand tenge based on the 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 shares issued was granted to the 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. During 2005 an additional issue of 84,250 common 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 the legislation of the Republic of Kazakhstan concerning not-for-profit organizations, distribution of dividends is restricted.

21. ADVANCES RECEIVED

As at December 31, 2012 and 2011 advances received in the amount of 931,055 thousand tenge and 823,656 thousand tenge, respectively, consisted of amounts prepaid by students as well as prepayments transferred by third parties for tuition, stipendiums, library and dormitory.

22. TAXES PAYABLE

	December 31, 2012	December 31, 2011
Social tax	15,011	15,423
Value added tax	3,033	-
Personal income tax	1,399	3,726
Other taxes	577	6
Total	20,020	19,155

23. TRADE AND OTHER ACCOUNTS PAYABLE

	December 31, 2012	December 31, 2011
Trade accounts payable to third parties	51,779	37,237
Other payables	10,872	11,214
Total	62,651	48,451

As at December 31, 2012 and 2011 accounts payable were denominated in tenge.

24. ACCRUED LIABILITIES

	December 31, 2012	December 31, 2011
Unused vacation reserve	87,653	106,304
Library deposit	50,739	51,331
Pension fund payments	9,878	11,996
Tax and other penalties	2,890	2,953
Accrued wages	379	20,675
Other reserves	12,484	8,636
Total	164,023	201,895

As at December 31, 2012 and 2011 library deposits consist of deposits collected from students for use of the fee-based library services. These deposits, net of fees for the library services received, are paid back to students once they clear all the debt to the Company's library.

25. RELATED PARTY TRANSACTIONS

Related parties of the Company include shareholders and key management personnel, and affiliates under common ownership. USKO International, within the framework of these financial statements, is also considered as a related party due to the fact that the spouse of the Majority Shareholder is the President of USKO International. In the ordinary course of business, the Company undertakes a number of transactions with related parties.

Transactions with related parties for the years ended December 31, 2012 and 2011 as well as related balances as at December 31, 2012 and 2011 were as follows:

Entities	Description of transaction	Sale/(purchase) for the year ended December 31, 2012	Sale/(purchase) for the year ended December 31, 2011	Accounts receivable, advances paid/ (accounts payable, advances received) as at December 31, 2012	Accounts receivable, advances paid/ (accounts payable, advances received) as at December 31, 2011
USKO International LLP	Construction works, sponsorship of tuition fee	657	(29,870)	3,039	945
Buran Boiler LLP	Purchase of inventory, sponsorship of tuition fee	1,627	(180)	1,688	483
Educational Fund of Dr. Bang	Purchase of books	4,659	-	(4,213)	-
Ministry of Education of the RK	Sponsorship of tuition fees	3,656	-	(3,656)	-

For the years ended December 31, 2012 and 2011 the compensation to the key personnel of the Company was 72,687 thousand tenge and 98,178 thousand tenge, respectively. The compensation of the key personnel is determined by the Board of Trustees.

26. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world.

Legal issues

The Company has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Company. Management believes that the resolution of all business matters will not have a material impact on its financial position or results of operations.

27. RISK MANAGEMENT POLICIES

Capital risk management

The Company manages its capital inadequacy risk to obtain assurance that the Company will be able to continue its operations as a going concern by maximizing profit through the optimization of the equity balance. The Company's overall strategy remains unchanged from 2011.

The capital structure of the Company consists of equity of the Company (comprising share capital as detailed in Note 20 and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4.

Categories of financial instruments

As at December 31, 2012 and 2011 financial instruments included:

	December 31, 2012	December 31, 2011
Financial assets		
Other financial investments (Note 19)	901,258	1,325,988
Trade accounts receivable (Note 16)	118,932	128,847
Other receivables (Note 17)	41,042	34,398
Financial assets (Note 14)	22,959	23,221
Rent receivable (Note 17)	16,014	11,683
Restricted cash (Note 18)	2,815	2,752
Cash (Note 18)	306,570	103,573
Financial liabilities		
Trade and other accounts payable (Note 23)	(62,651)	(48,451)

Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk, liquidity risk.

Market risk

Market risk connected with risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see "Foreign currency risk management" below). The Company does not additionally enter into any derivative financial instrument agreements to manage its exposure to interest rate and foreign currency risk as management believes that existing mitigation measures are efficient for their minimization.

Currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. At the same time the Company has assets and liabilities denominated in foreign currencies.

As at December 31, 2012 and 2011 the carrying amount of the Company's assets denominated in foreign currencies include:

	Assets	
	December 31, 2012	**December 31, 2011**
USD	256	112
EUR	26	78
GBP	-	126

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase/decrease in tenge against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of possible changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 5% change in foreign currency rates. The sensitivity analysis includes a) cash well as b) other financial investments. The table below details changes in the value of assets when the tenge appreciates by 10% against the relevant currency. A positive value indicates an increase in profit for the period and a negative value indicates a decrease in profit. For a 10% weakening of the tenge against the relevant currency, there would be an equal and opposite impact on the profit.

	USD impact	
	2012	**2011**
Financial assets	26	12

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a business policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigations the risk of financial loss from defaults. The Company's exposure and the creditworthiness of its counterparties are controlled constantly.

Credit risk is mainly linked to accounts receivable (Notes 16 and 17). The Company does not expect that any counterparties will be unable to repay their liabilities, except for those counterparties for which the Company has created provision for doubtful debts. Carrying amount of financial assets recognized in financial statements of the Company less impairment allowance reflects the maximal extent of Company' credit risk.

Liquidity risk management

The Company has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages its liquidity risk by monitoring projected and actual cash flows and comparing maturity dates of assets and liabilities.

Liquidity risk table

The following table details the Company's contractual maturity for its non-derivative financial liabilities. The table was compiled on the basis of the undiscounted cash flows of financial assets and liabilities based on the earliest date that a) the Company expects receipt of payment and b) payment may be demanded from the Company.

2012	Weighted average rate	Up to 1 year	1-5 years	Over 5 years	Total
Financial assets					
Other financial investments (Note 19)	5.00%	946,321	-	-	946,321
Trade accounts receivable (Note 16)	-	118,932	52,093	-	171,025
Financial assets (Note 14)	14.90%	3,420	13,673	44,155	61,248
Other receivables (Note 17)	-	41,042	-	-	41,042
Rent receivable (Note 17)	-	16,014	-	-	16,014
Restricted cash (Note 18)	-	2,815	-	-	2,815
Cash (Note 18)	-	306,570	-	-	306,570
Financial liabilities		-			
Trade and other accounts payable (Note 23)	-	(62,651)	-	-	(62,651)

2011	Weighted average rate	Up to 1 year	1-5 years	Over 5 years	Total
Financial assets					
Other financial investments (Note 19)	6.70%	1,411,374	-	-	1,411,374
Trade accounts receivable (Note 16)	-	128,847	-	71,977	200,824
Financial assets (Note 14)	14.90%	3,420	13,680	47,567	64,667
Other receivables (Note 17)	-	34,398	-	-	34,398
Rent receivable (Note 17)	-	11,683	-	-	11,683
Restricted cash (Note 18)	-	2,752	-	-	2,752
Cash (Note 18)	-	103,573	-	-	103,573
Financial liabilities					
Trade and other accounts payable (Note 23)	-	(48,451)	-	-	(48,451)

Information systems default risk

The risk that the information systems and databases could malfunction and/or be destroyed both intentionally and unintentionally due to number of reasons. The Company's Computer and Information System Center employs such systems as access control, firewall, backup, virus and hacking attack prevention, and takes other measures to mitigate risks of this type.