«BAYAN SULU»
JOINT-STOCK COMPANY
Financial Statement
For the Year Ended December 31, 2013

and Independent Auditors' Report

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«BAYAN SULU» JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

The following statement which shall be considered together with the description of duties of auditors contained in the Independent Auditors' Report made to divide responsibility of the independent auditors and the management in relation to financial statement of «BAYAN SULU» JSC(hereafter referred to as the "Company").

Management is responsible for the preparation of the financial statement that present fairly the financial position of the Company in all important aspects as of December 31, 2013 year, as well as the results of its operations, cash flows and changes in shareholders' capital for year ended December 31, 2013 year, in accordance with International Financial Reporting Standards ("IFRS").

In preparing financial statement, management is responsible for:

- Selecting of suitable accounting principles and its coherently use;
- Using of approvedestimates and calculation;
- Meeting the requirements of IFRS;
- Preparation of financial statement of assuming that the Company will continue its operations in foreseeable future except the cases when such assumption is improper.

As well as management is responsible for:

- Designing, inculcation and providing of effective and safe system of internal control in the Company;
- Maintaining system of accounting allow to prepare information of the financial position of the Company at any time with reasonable accuracy and ensure that the financial statement comply with IFRS requirements;
- Transaction of accounting according to the legislation of the Republic of Kazakhstan;
- Taking measures within its competence to safeguard the assets of the Company; and
- Preventing and detecting of fraud, mistakes and other irregularities.

The Management soundly supposes that the Company will continue its operations in the nearest future. Therefore, the financial statement of the Company is prepared in accordance with the principle of continuous activity.

Attached financial statement for the year ended December 31, 2013 was approved by the Administration of the Company dated April 22, 2014

On behalf of the Management «BAYAN SULU» JSC:

TraiberVitaliyAndreyevich
President of the Board - President

April 22, 2014

BashkatovaYuliyaAnatolyevna
Chief Accountant

April 22, 2014

Joint Stock Company
"ALMIR CONSULTING"
4 floor, Nurly-Tau 2 B, 19 Al-Farabi Street
Almaty, Republic of Kazakhstan phones: 8 (727) 3110118, 3110119, 3110120
fax: 8 (727) 3110118
mobile: +7 (701) 788 38 01
e-mail: almirconsulting@mail.ru

Товарищество с ограниченной ответственностью
«ALMIR CONSULTING»
Республика Казахстан, г. Алматы
Пр. Аль-Фараби 19, Бизнес Центр «Нурлы-Тау», корпус 2 Б, 4 этаж, оф. 403
телефоны: 8(727) 311 01 18, 311 01 19, 311 01 20
email: almirconsulting@mail.ru

«ALMIR CONSULTING» LLP, the state license for providing for audit activity on the territory of the Republic of Kazakhstan under No. 0000014 issued by the Ministry of Finances of the Republic of Kazakhstan dated November 27,1999 year.

"Approve"
the director of «ALMIR CONSULTING» LLP
the candidate of economic sciences, docent
Iskendirova B.K.

ALMIR CONSULTING

To the shareholders and the Board of Directors of «BAYAN SULU» JSC

INDEPENDENT AUDITORS' REPORT

We made audit of the attached financial statement of «BAYAN SULU» JSC(hereinafter referred to as the "Company") which is consisted of statement of financial position as of December 31, 2013 year, statement of income or loss and comprehensive income, statement of changes in capital, statement of cash flow for year ended on specified date, as well as short description of important elements of accounting policies and other explanatory notes.

Responsibility of the subject management for the present consolidated financial statement

The management of the Company is responsible for the preparation and impartial presentation of this financial statement, which was prepared in accordance with International Consolidated financial Reporting Standards ("IFRS"). This responsibility includes: designing, implementation and maintenance of internal control connected with preparation and proper representation of financial statement which does not include any falsifications because of improper actions or mistakes

Responsibility of the auditor

Our responsibility consists in opinion presentation about this financial statement based on our made audit. We made audit of financial statement of the Company in accordance with International Standards of Audit. The present standards obligate us to comply with ethical requirements, as well as to plan and perform the audit in the way to obtain reasonable assurance in the fact that financial statement is free from any mistakes.

The audit includes performing of procedures for receiving of audit evidences on the amounts and disclosures of the information in financial statement. The chosen procedures depend on the auditor's judgment, including estimation of the risks of important mistakes in the financial statement because of fraud actions or mistakes. In case of estimation of such risks in order to design of audit procedures which are correspond to circumstances, but not for the purpose of expressing an opinion about effectiveness of internal control of the Company, the auditor shall examine the internal controls connected with preparation and fair presentation of the financial statement of the Company.

We consider that audit evidences received by us are sufficient and proper ones for presentation of the basis for expression of our opinion.

Opinion

In our opinion, the financial statement presents fairly thefinancial position of«BAYAN SULU» JSCas of December 31, 2013 year, financial results of the activity and cash flows for the year then ended on abovementioned date in accordance with International Financial Reporting Standards.

Auditor
«ALMIR CONSULTING» LLP

Treguba I. Ye.

Auditor's qualification certificate
No. №0000464 dated November 14, 1998

April 22, 2014 Almaty city.

«BAYAN SULU» JSC
Statement of financial positionfor the year ended December 31, 2013

(thousand KZT)

	Notes	December 31, 2013	December 31, 2012
ASSETS			
Non-currentassets			
Propertyandequipment	5	7 820 657	7 209 840
Investment property	6	439 933	432 789
Intangibleassets	7	1 195 523	1 195 743
Receivables on the financial lease	8	-	248 284
Other non-currentassets	9	194 809	30 301
Total non-currentassets		**9 650 922**	**9 116 957**
Currentassets			
Reserves	10	3 332 772	4 131 480
Receivables on the main activity and other receivables	11	4 050 238	1 582 533
Receivables on the financial lease	9	-	312 295
Fixed deposit with original maturity more 3 months	13	-	678 330
Cash	12	800 892	786 770
Totalcurrentassets		**8 183 902**	**7 491 408**
TOTAL ASSETS		**17 834 824**	**16 608 365**
CAPITAL			
Shareholders capital	14	9 625 985	9 625 985
Retainedearnings		3 719 005	3 310 984
TOTAL CAPITAL		**13 344 990**	**12 936 969**
LIABILITIES			
Long-termliabilities			
Creditsandloans	15	1 082 313	757 773
Deferred tax liabilities	25	938 443	776 730
Liabilities on the employee benefits	16	85 520	81 058
Total long-term liabilities		**2 106 276**	**1 615 561**
Short-term liabilities			
Creditsandloans	15	1 316 721	1 323 815
Creditor payables on the main activity and other creditor payables	17	793 777	639 719
Indebtedness on the other taxes	18	273 060	92 301
Total short-term liabilities		**2 383 558**	**2 055 835**
TOTAL LIABILITIES		**4 489 834**	**3 671 396**
TOTAL LIABILITIES AND CAPITAL		**17 834 824**	**16 608 365**

Approved and signed on behalf of Management dated April 22, 2014

KraiberVitaliy Andreyevich
President of the Board - President

BashkatovaYuliyaAnatolyevna
Chief Accountant

Notes on pages from 10-50 are integral part of the present financial statement

«BAYAN SULU» JSC

Statement of incomes, losses and other comprehensive income, for the year ended December 31, 2013

(thousand KZT)

	Notes	2013	2012
Income	19	17 460 530	14 440 428
Cost of sales	20	(15 263 624)	(13 083 464)
GrossProfit		**2 196 906**	**1 356 964**
Other operating income	23	201 631	589 060
Expenses on realization of cost on the production	21	(760 255)	(604 604)
General and administrative expenses	22	(715 149)	(625 860)
Otheroperating expenses	23	(214 637)	(73 089)
Operating profit		**708 496**	**642 471**
Financialincome	24	-	168 523
Financial expenses	25	(138 419)	(38 678)
Profit before tax		**570 077**	**772 316**
Expenses on income tax	26	(162 056)	(136 422)
PROFIT FOR THE YEAR		**408 021**	**635 894**
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**408 021**	**635 894**
Total comprehensive income for the last owners of the Company		408 021	635 894
Earningspershare (KZT)	27	**9,14**	**14,24**

Approved and signed on behalf of the Management dated April 22, 2014

TraiberVitaliyAndreyevich
President of the Board - President

BashkatovaYuliyaAnatolyevna
Chief Accountant

Notes on pages from10-50 are integral part of the present financial statement

«BAYAN SULU» JSC
Statement about changes in the capital for the year ended December 31, 2013

(thousand KZT)

	Notes	Shareholderscapital	Retainedearnings	Total Capital
The balance as of December31, 2012		9 625 985	**3 310 984**	**12 936 969**
Incomefortheperiod		-	408 021	**408 021**
Totalcomprehensiveincome		-	408 021	**408 021**
The balance as of December 31, 2013	14	9 625 985	**3 719 005**	**13 344 990**
The balance as of December 31, 2011		9 625 985	**2 675 090**	**12 301 075**
Incomefortheperiod		-	635 894	**635 894**
Totalcomprehensiveincome		-	635 894	**635 894**
The balance as of December 31, 2012	14	9 625 985	**3 310 984**	**12 936 969**

Approved and signed on behalf of the Management dated April 22, 2014

TraiberVitaliyAndreyevich
President of the Board - President

BashkatovaYuliyaAnatolyevna
Chief Accountant

Notes on pages from10-50 are integral part of the present financial statement

«BAYAN SULU» JSC

Statement of cash flows for the year ended December 31, 2013 (direct method)

(thousand KZT)

	Notes	2013	2012
Cash flows from operating activities			
Cash inflow from operating activities			
Cash inflow from realization		15 650 139	14 417 353
Prepayment for the goods		1 775 009	147 850
Cash inflow on the indemnity of expenses on loans*		82 179	48 677
Cash inflow from interest on deposits		326	46 240
Cash payments from operating activities			
Cash paid to providers and contractors		(15 321 914)	(14 001 570)
Cash paid to employees		(1 132 678)	(986 090)
Taxpayment		(700 210)	(537 399)
Interest paid		(164 724)	(116 299)
Net cash from operating activities		**188 127**	**(981 238)**
Cashflows from investing activities:			
Purchase of property and equipment and intangible assets		(1 114 460)	(619 719)
Capitalization of interest on loans		(12 274)	(23 669)
Cash inflow from selling of property and equipment		3 095	450
Refund of cash on deposits		678 330	-
Net cash used in investing activities		**(445 309)**	**(642 938)**
Cash flows from financial activities:			
Cash inflow of credits and loans	15	2 753 647	2 492 169
Repayment of credits and loans	15	(2 482 343)	(3 143 917)
Net cash used in financial activities		**271 304**	**(651 748)**
Cash at the beginning of the period	12	786 770	3 062 694
Cash at the end of the period	12	**800 892**	**786 770**

*- Compensation of expenses of loans is a state subsidization of expenses on the remunerations within the confines of the project "Roadmap 2020" provided by the government fund "Damu". In 2012, it was all of the above, as well as subsidization provided by the Ministry of agricultural industry of the Republicof Kazakhstan.

Approved and signed on behalf of Management dated April 22, 2014

Fraiber Vitaliy Andreyevich
President of the Board - President

BashkatovaYuliyaAnatolyevna
Chief Accountant

Notes on pages from10-50 are integral part of the present financial statement

1. Introduction

Company was founded on September 30, 1993. The Company made re-registration and received certificate of state re-registration № 84-1937-AO on June 14, 2007. The Company is a joint-stock company within its shares and makes its activity on the territory of the Republic of Kazakhstan. Information about quantity of announced and distributed shares presented in Notes 14. The main shareholder of the Company was «KazFoodProducts» LLP with partnership share of 83.97% (2012: 88.93%) (hereinafter referred to as the "Holding company"). Last controlling parties of the Company are: BaimuratovYerlanUrazgeldinovich - 46%, SarsembayevAidarkhanKairatbekuly - 46%.

Main activity

The main activity of the Company is the production and wholesale of confectionery products, including exports to countries of near and far abroad, exports of products purchased from a related party, as well as the sale of other goods in the territory of the Republic of Kazakhstan, including flour, wheat, sugar and others.

Legal and actual address: 198 Borodin Street, Kostanai city, 110006, Republic of Kazakhstan.

The company has a branch office which is a separate structural organizational unit located out of place of its location and practicing all or part of its functions, including the function of representation. Branch is not a legal entity. It is endowed by the property of the Company and acts on the basis of the approved provisions. Branch maintains its accounting records make financial statement in accordance with established order, which provides to the company and local government bodies. Informationaboutthestructural organizational unit is presented below:

Name of branch	Full name of the Head of Company	Legal address	Date of registration	Quantity of employees
Almatybranch«Bayan Sulu» JSC	AbdulgazinovMarlen Alzhanovich	1 Suyunbai Street, Shamalgan, Karasai district, Almaty region.	December 2, 2005	2

Middle - accountable strength of the Company as of December 31, 2013, is 1 479 persons (December 31, 2013 is 1 460 persons)

1. Economic environment where Company practices its activity

Economy of the Republic of Kazakhstan displays certain characteristics of developing market. The tax, currency and customs legislation of the Republic of Kazakhstan continues to develop, subject to varying of interpretations (Notes 31).

Continued uncertainty and volatility in financial markets, especially in Europe, and other risks could have a negative influence on Kazakhstan's financial and corporate sector. Legal frame, tax system and law base continue to develop but are subject to varying interpretations and frequent changes which together with other legal and financial impediments contribute to the challenges faced by organizations operating in the Republic of Kazakhstan. The attached financial statement reflects management's assessment of the possible influence of the implementation of the financial and economic environment on the operations and financial position. Future economic environment and the regulatory environment may differ from current management expectations.

2. Short summary of principles of accounting policy

Basis of presentation of statement

The financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter - the "IAS") on the basis of rules of accounting on the initial cost except financial instruments accounted by fair value and investment property, shown on fair value with changes recognized in the profit and loss account.

The principles of accounting policies applied in the preparation of this financial statement are set out below. These principles have been consistently applied to all the periods presented, unless otherwise stated.

Principle of going concern and using of accrual method

Management has prepared this financial statement on a going concern basis. In making this judgment, management considered the Company's financial position, current intentions, profitability of operations and access to financial resources, as well as analyzed the impact of the economic situation on the future operations of the Company.

The financial statement, made on accrual basis inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay money in the future, and about the resources that represent cash to be received in the future.

Cash

Cash are items which are easily convertible to known amounts of cash and subject to insignificant changes in value. Cash includes Cash in cashbox, cash in bank accounts on demand and other short-term highly liquid investments with original maturities of under a contract not exceeding three months. Cash accounted for at amortized cost using the effective interest method. Balances Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances restricted from being exchanged or used to settle obligations in force for at least twelve months after the balance sheet date are included in non-current assets.

Financial instruments

Financial instruments - benchmark to the value

Financial instruments measured at fair value or amortized cost depending on their classification. Below is a description of the assessment methods.

Fair value– is the amount for which an asset could be exchanged, or by a liability settled at arm's length transaction between knowledgeable, willing parties acting on a voluntary basis. Fair value is the current bid price for financial assets and price for financial liabilities, quoted in an active market. For assets and liabilities with offsetting market risks, the Company may use mid-market prices to determine the fair value of the positions offsetting risk and apply to the net open position as appropriate bid or offer price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring transactions on market conditions.

Valuation techniques such as discounted cash flows, as well as models based on data from similar operations performed on market conditions or on the present value of the investees are used to determine the fair value of financial instruments that are not available in market pricing information. For calculations using these methods of evaluation may be necessary assumptions not supported by observable market data. Changing any such assumptions will result in significantly different profit, income, total assets and liabilities disclosed in the financial statements.

Initial cost is the sum of paid cash or cash equivalents, or the fair value of other resources presented for purchasing of the asset on the purchase date and includes expenditures connected with deal. Estimate at cost is used only with respect to investments in the capital instruments which do not have market quotations and which fair value could not be surelyestimated and with respect to derivative instruments which are attached to such capital instruments which do not have quotations on the market and are subject to redemption of such capital instruments

Expenditures connected with deal are additional costs that are directly connected with purchasing, issuance and disposal of financial instrument. Additional costs are expenses which we couldavoid if the deal the deal fell through. Expenditures connected with deal include benefits, commissions paid to the agents (including employees acting as selling agents) advisors, brokers and dealers, levies paying by regulatory agencies and securities exchanges, and transfer taxes and duties levied on the transfer of ownership. Transaction costs do not include debt premiums or discounts on debt liabilities, financing costs or internal administrative costs storage costs

Amortized cost is the initial cost of the asset less any principal repayments including accrued percent and for financial assets - net of any write-down for incurred impairment losses. Accrued percent includes amortization of deferred at initial recognition of transaction costs and any premium or discount to maturity amount using the effective interest method. Accrued percent income and accrued percent expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any) are not presented separately and are included in the carrying amount of the related items in the statement of financial position.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. Effective interest rate - is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or where appropriate, a shorter period.
Income is recognized on an effective interest basis for debt instruments other than financial assets designated as financial assets at fair value through profit or loss.

Initial recognition of financial instruments

Financial instruments are initially measured at fair value including expenditures connected with deal. The best evidence of fair value at initial recognition is the transaction price. Profit or loss on the initial recognition is only recorded if there is a difference between the fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique that is as basic data include only data from observable markets.

Purchase and sales of financial assets which delivery should be made at period given by the legislation or customs of business intercourse for this market (purchase and sales on the "standard conditions") shown on the date settlement of transaction namely the date that the Company commits to purchase or sell financial asset. All other purchases are recognized when the Company becomes a party to the contractual provisions of the instrument.

Following value of financial assets

Financial assets are classified on the following categories:

a) Loans and receivables; b) financial assets which are present for sale; c) financial assets that are unused until acquittance; d) financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss have two subcategories: a) assets designated as such upon initial recognition and b) assets classified as which are present for sale.

Credits andreceivables

Loans and Receivables are derivative financial assets which are not traded in an active market with fixed or determinable payments except those which the Company intends to sell in the near future.

Loans and Receivables include: Indebtedness receivables on the main activity and other receivables, receivables in finance lease, fixed deposit with original maturity more 3 months in the statement of financial position.
If the revision of the terms in respect of impaired financial assets renegotiated terms is significantly different from the previous ones, a new asset is recognized initially at fair value. Credits and loans are presented at amortized cost using the effective interest method

Cross-cancellation of debts

Financial assets and liabilities are the net amount in the balance when there is a legally enforceable right to offset and intention to realize the asset and settle the liability simultaneously.

Derecognition

Derecognition of financial assetsis derecognized when (a) the assets are redeemed or the rights to cash flows from the assets have expired (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a transfer herewith (i) alsotransferred substantially all the risks and rewards of ownership of the assets or (ii) neither transferred nor retained substantially all the risks and rewards of ownership of the assets, but not retaining control over the assets. Control is retained if the counterparty does not have the practical ability to sell the asset completely unrelated third party without additional restrictions on the sale.

Company does not recognize financial liabilities, where the contractual liabilities are discharged, canceled or expire.

Devaluation of financial assets shown on the depreciable amount

Losses from devaluation are recognized in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and the impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial asset that can be estimated reliably. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (regardless of its significance) it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The main factors that the Company takes into account when considering the financial asset about impairment is its overdue status and realisability of related collateral if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss:

- expiration of any following payment herewith untimely payment could not be explained by the operating delay of calculated system;
- counteragent tests important financial difficulties which is approved by the financial information about counteragent which is at the disposal of the Company;
- counteragentconsiders the possibility of declaration of bankruptcy or financial reorganization;
- there is negative changes of the payment status of the counteragent conditioned by the changes of nation or locative economic conditions influenced on the counteragent; or
- collateral value, if the Company has it, decreases as a result of deterioration of the situation on the market.

If the terms of an impaired financial asset carried at amortized cost are renegotiated as a result of negotiations or otherwise modified because of financial difficulties of the debtor impairment is measured using the original effective interest rate before the renegotiation. After that derecognised financial assets whose terms have been renegotiated and recognized the new asset at fair value but only, if the risks and benefits associated with the item will have changed considerably. This is usually confirmed by the significant difference of the original and the present value of expected new cash flows.

Impairment losses are always recognized through an allowance in such amount to bring the carrying value of the asset to the present value of expected cash flows (which exclude future credit losses that currently have not been incurred) discounted at the original effective interest rate of the asset. Calculation of the present value of expected cash flows of the financial asset, secured, the cash flows that may result from foreclosure on the collateral, less costs for obtaining and selling the collateral, whether the probability of foreclosure on the collateral.

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 (such as the debtor's credit rating) the previously recognized impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Assets, repayment of which is impossible, and in respect of which completed all the necessary procedures to complete or partial recovery and the final amount of the loss written off due formed on the provision for loan impairment. Subsequent recoveries of amounts previously written off are credited to impairment loss account in profit or loss for the year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (where necessary). Costs of minor repairs and maintenance are expensed as incurred and recorded as expenses in the current period. Cost of replacing major components of fixed assets is capitalized and the replaced part is retired.
At the end of each reporting period management determines impairment of fixed assets. If any indication exists, management estimates the recoverable amount which is determined as the higher of an asset's fair value less costs to sell and its value as a result of its use.
The carrying amount is reduced to recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the value in use of an asset or its fair value less costs to sell.
Profit and losses on disposals determined by comparing proceeds with carrying amount are recognized in profit or loss for the year(included in other operating income or expenses).

Amortization

Land and construction in progress is not depreciated. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives:

	Usefullife (years)
Buildings	10-50
Machinery and equipment	4-25
Vehicles	2-10
Other assets	2-15

The residual value of an asset is the estimated amount that the Company would receive currently in the disposal of the asset less the estimated costs of disposal, if the condition and age of the asset consistent with age and state that the asset will be at the end of its useful life. The residual value of an asset is nil if the Company intends to use the asset until the end of its physical life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The residual value (the estimated cost of spare parts, scrap and waste generated at the end of its useful life after deducting the expected costs of his retirement) due to immateriality and insignificance when calculating depreciation is reduced to nil.

Intangible assets

Intangible assets of the Company except for the brand have a definite useful life and primarily include capitalized computer software and licenses after recognition are recorded at cost.
Purchased computer software licenses, trade brands and other intangible assets are capitalized on the basis of the costs incurred on the purchase and introduction of software. Capitalized costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software (example, its service) are recorded as they are incurred. Capitalized computer software is amortized over the expected useful life which is fifteen years. Licenses for software programs have a limited useful life and are amortized straight-line method during their useful life which is 3-4 years. Brand has an unlimited useful life.

In case of devaluation balance cost of intangible assets is written down to the higher of the cost which can be received from their use or fair value less costs to sell.

Impairment of non-financial assets

For each date of the statement of financial position of the Company assesses whether there is any indication of possible impairment of the current value of fixed assets and intangible assets. If any such indication being evaluated for possible impairment of asset recovery. If it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent allocation basis can be determined, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which can be determined by a reasonable and consistent allocation basis.

Investment Property

The investment property relates Company's property , which is intended to earn rental income , or acquired for the purpose of capital gains over time, or to one or the other purpose and is not used by the Company . The composition of investment property includes construction in progress intended for future use as investment property.

Investment property is recognized initially at cost (with the inclusion of transaction costs) and subsequently it is recorded at fair value revised to reflect market conditions at the end of the reporting period. The fair value of investment property - is the amount for which you can exchange this property at arm's length transaction between knowledgeable, willing parties, acting on a voluntary basis. "Willing seller" is not a forced seller prepared to sell at any price.

The best indicator of fair value is current prices in an active market for similar properties, the same location and condition. In the absence of current prices in an active market for similar property, the Company uses the information from various sources including

- Current prices in an active market for properties having a different nature, condition or location, adjusted to reflect those differences;

- Recent prices of similar properties on less active markets, with adjustments to reflect changes in economic conditions since the date of transactions concluded at these prices; and

- Forecasts of discounted cash flows based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) external information including current market rents for similar properties in a similar location and condition, as well as on the basis of rates discount rate that reflects current market assessments of the uncertainty about the magnitude and timing of the cash flows.

Market value for the assessment of the investment assets of the Company is based on the reports of independent appraisers having appropriate professional qualifications and recent experience in valuation of property of similar type and location.

Earned rental income is recognized in profit or loss for the year as part of "Other operating incomes".

Gains or losses arising from changes in fair value of investment property are recognized in profit or loss for the year and disclosed separately. Gains or losses on disposals of investment property are calculated as the difference between the sales proceeds and the carrying amount.

If the company sells the property at fair value in the transaction carried out on market terms, the carrying amounts immediately before the sale is adjusted for the transaction price and the adjustment is recognized in profit or loss for the year in net income from the revaluation of investment property.

Subsequent expenditure is capitalized in the carrying amount of the asset only when it is probable that the Company will receive a cost associated with these future economic benefits, and the cost can be measured reliably. All other expenses for repairs and maintenance are recorded as expenses when incurred.

Operating lease

In cases where the Company is the lessee on the lease contract which does not include transfer from the lessor to the Company of substantially all the risks and profits made for proprietary rights, the total amount of lease payments are charged to profit or loss for the year (rental expense) using the straight-line method over the lease term. Lease term - a period for which the lessee has contracted to lease the asset and for which the contract can not be terminated plus the period for which the lessee has the right to extend the lease asset with or without further payment such when at the inception of the lease it is reasonable assurance that the tenant intends to exercise this right.

Receivables on the financial lease

In cases where the Company is the lessor on the lease contract which includes transfers to the lessee of all the risks and profits made for proprietary rights, leased assets are recorded as receivables on the financial lease and accounted for at the present value of future lease payments. Receivables on the financial lease is initially recognized at the time of its inception (namely, when the lease term begins) using a discount rate that is determined at the inception of the lease contract (namely, the date oflease contract or the date of commitment by the parties to basic terms of the lease depending on the order whichever is earlier).

The difference between the gross receivables and the present value represents unearned finance income. This income is recognized over the term of the lease using the net investment method (before tax) which reflects a constant periodic rate of return for each period. Additional costs to conclude the deal of finance lease included in the initial valuation of receivables and finance lease as a reduction of income recognized over the lease term. Finance income from lease is recognized in finance income in the profit or loss for the year.

Losses from devaluation are recognized in profit or loss when incurred as a result of one or more events ("events leading to loss") that occurred after the initial recognition of receivables from finance leases.

Taxation

Income tax comprises current and deferred taxes. Income tax is recognized in profit (or loss) except when it relates to items recognized directly in capital or other comprehensive income. In these cases, it is recognized in capital or other comprehensive income. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable and not deductible for tax purposes of the article. The current income tax expense is calculated in accordance with the laws of the Republic of Kazakhstan.
Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Calculation of the amount of deferred tax provided is based on the expected manner of realization or

settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that is probable that future taxable income, the expense of which may be covered by temporary differences, unused tax losses and credits. Deferred tax assets are reduced to the extent that the realization of the tax asset is no longer possible.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that will get the benefits of the implementation of the tax claim, sufficient for full or partial recovery of the asset.

In addition to income tax in the Republic of Kazakhstan there are a number of taxes and charges related to the operating performance of the Company. These taxes are included in Administrative expenses in the statement of comprehensive income for the reporting year.

Uncertain tax assets

The Company reassesses of the unallottedtax positions of the Company at the end of each reporting period. Liabilities are recognized for tax positions on profit which according to management value is likely to result in additional taxes being in the case of contesting of these positions by the tax authorities. Such value is based on the interpretation of tax laws that have been enacted or substantively enacted at the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on profit, recognized based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Reserves

Reserves are divided on: actual cost and net cost of realization. When stock in production and other retirement their value is produced on the weighted average cost method.

Cost price of finished goods and unfinished goods includes the cost of raw materials and payment for labourof workers and other direct expenses and also prorata share of manufacturing overheads (based on the normative using of productive capacity and normative work time of staff) and do not includeborrowing costs. Net cost of realization is accounting price of selling in the ordinary course of business, less estimated costs of completion and selling expenses.

Receivables on the main activity and other Receivables

Receivables on the main activity and other Receivables except prepayment on the taxes and advances of the providers, are accounted on the amortized cost, measured with using of effective interest method.

Prepayment

Prepayment is shown in the statement at the initial cost with the deduction of reserve under. Prepayment is classified as long-term if the expected term of receipt of goods or services exceeds one year or when the prepayment relates to asset which will be itself classified as non-current upon initial recognition. Sum of prepayment for asset purchasing is included in its balance cost at the receiving of control over this asset by the Company and presence of probabilities that future economic profits connected with it will be received by the Company.

Other prepayments are charged to profit or loss at the receiving of goods or services relating to it. If there is factor that the assets, goods or services relating to the prepayment will not be received, the balance cost of the prepayment shall be reduced and the corresponding loss from devaluation is recognized in profit or loss for the year.

Shareholder capital

Ordinary shares are classified as capital. Additional expenses directly related to the issue of new shares are shown in capital as decreasing of emission. The amount by which the fair value of consideration received over the par value of shares issued is recognized in capital as a share premium.

Ordinary share gives the shareholder the right to participate in the shareholders general meeting and have a right to vote at the decision of any issues discussed on the voting, the right on the receiving of dividends in the presence of the society 's net income.

Dividends

Dividends are recognized as liabilities and deducted from capital in the period in which they are declared and approved. Dividends declared after the balance sheet date but before the financial statements are reflected in the note "Events after the Balance Sheet Date".

Value-added tax

Value added tax related to income from realization fall due in the budget the earlier of two dates: (a) the date of receiving of the receivables from customers or (b) the date of delivery of goods or services to customers. VAT paid at the purchasing of goods and services usually should be repaid by way of reclaimable against VAT added from the income of realization on the receiving of invoice of seller. The tax authorities permit calculation of VAT on a net basis. VAT payable and VAT paid are shown in the statement of financial position in expanded form as assets and liabilities. At the creation of reserves under the devaluation of receivables loss of the devaluation is shown on the whole amount of debts including VAT.

Capitalization of expenses on loans

Expenses on loans are directly connected with purchasing, constructing and producing of the assetandwhich preparationfor its intended use or sale necessarily takes a substantial time (qualifying assets) is included in the cost of the asset if the start date for capitalization is on January 1, 2009 or more later date.

The date of the beginning of capitalization is when (a) The Company shall bear the expenses associated with a qualifying asset; (b) it bear the expenses on loans; and (c) it takes actions which are necessary for preparingof the asset for its intended use or sale.

Capitalization of expenses on loans continues till dates when the assets are substantially ready for use or sale.

The Company capitalizes expenses on loanswhich could have been avoided if Company had not made capital expense on qualifying assets. Capitalizedexpenses on loansare calculated on the basis of average value of the financing of the Company (the weighted percent expenses are used to the expenses on qualifying assets), except in cases where funds are borrowed for the purchasing of qualifying asset. If this occurs, actual expenses are capitalized on this loan during the period less any investment income from the temporary investment of those borrowings.

State subsidies

Subsidies provided by the state are recognized at their fair value if there is reasonable assurance that the subsidy will be received and the Company satisfies all the conditions for receiving of such subsidies. State subsidies for the cost outlay are recognized in profit or loss in the financial expenses for the period corresponding to the time of occurrence of the expenses which they have to compensate.

Receivables on the main activity and other receivables

Receivables on the main activity is accounted on the fact of execution of his/her contract liabilities by the counteragent and is accounted on the amortizedcost with using of effective interest method

Reserves of future expenses and payments

Reservesof future expenses and payments are presented as liabilities of non-financial character with uncertain timing or amount. They are charged if the company in consequence of event definition in the past has legally relevant or voluntarily assumed liabilities for which regulation it will be need drain of resources envisaging economic benefits and value ofliabilities can be valued in monetary terms with sufficient reliability

Recognition of income

Income from sale of goods is recognized when the risks and rewards associated with ownership on the goods normally on the moment of goods' delivery. If the company takes the responsibility to deliver the goods to a certain place, income is recognized when the goods are passed to the buyer at the destination. Income is recognized net of returns, discounts and VAT.

Sales of services are recognized in the accounting period in which the services are rendered based on the degree of completion of the specific transaction assessed in proportion to the actual service provided in the total services to be provided under the contract.

Revenues are measured at the fair value of the consideration received or receivable. If it is not possible to estimate reliably the fair value of goods received in a barter transaction the income is measured at the fair value of goods or services.

Expenses on the staff and connected with it deduction

In accordance with the legislation of the Republic of Kazakhstan the Company retains sums of pension contributions from the employee salary and accounts to the pension contributions. The Company does not have any pension arrangements except State pension program of the Republic of Kazakhstan which demand from the employer to make deductions calculated as a percentage of total wages
The Company makes contributions of social tax and social contributions for its employees in the budget of the Republic of Kazakhstan.
The Company has no obligationson pay post-retirement benefits or significant other compensated benefits requiring accrual.

Employee benefits

Wages, salaries, contributions to the pension fund of the Republic of Kazakhstan and social insurance funds paid annual leave and sick leave, bonuses and non-monetary benefits (such as health services and kindergarten services) are accrued in the year when the services that define types of remuneration were rendered by the employees of the Company.

The company offers long-term benefits to its employees before, during and after his retirement in accordance with the provisions of the Collective Agreement. Treaty in particular, provides for the payment of lump sum benefits upon retirement, bonuses for anniversary, funeral benefit the Company's employees and retirees and their close relatives. The right to receive of certain benefits generally available depending on the duration of work before retirement and the availability of the employee a minimum service period.

Accrual expected cost of non-recurring severance payment is carried out in the course of work of employees in the same manner as the pension plans established reward. Arising in the year actuarial gains and losses are recognized in profit and loss for the year. For this purpose, actuarial gains and losses include both the effect of changes in actuarial assumptions and the effects of past experience differences between the actuarial assumptions and actual data.

Other changes in net surplus or deficit is recognized in profit and loss for the year , including the ongoing costs of services, prior service costs and the impact of cuts or calculations.

The most significant assumptions used in accounting for pension obligations - the discount rate and the assumption that the level of mortality. The discount rate used to determine the net present value of future liabilities, and each year unwinding of the discount on such liabilities refers to profit or loss and other comprehensive income financial expenses. The assumption that the level of turnover is used to predict future stream of payments of remuneration which is then discounted to arrive at the net present value of the liabilities. Liabilities are measured on an annual basis by the companies themselves or by independent qualified actuaries.

Profit per share

Profit per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting year.

Foreign currency valuation

Company's functional currency is the currency of the primary economic environment in which the Company operates. Company's functional currency and presentation currency is the national currency of the Republic of Kazakhstan that is kazakhstanitenge (hereinafter referred to as "KZT").

Monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the reporting date. Positive and negative exchange rate differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities into the functional currency of the Company at the market rate at the end of the year are recognized in profit or loss for the year. Recalculation of the exchange rate at the end of the year does not apply to non-monetary items measured at historical cost. Non-monetary items measured at fair value in a foreign currency including equity investments are translated using the exchange rates that were in effect at the time of the determination of fair value.

Translation differences on non-monetary items measured at fair value in a foreign currency are recorded as part of the gain or loss on remeasurement to fair value.

As of December 31, 2013 the exchange rate used for translating balances in foreign currency was 154,06 KZT per 1 U.S. dollar (2012 : 150,74 KZT per 1$ U.S); 212,02 KZT per 1 Euro (2012 : 199,22 KZT per 1 Euro); 4,68 KZT per 1 Russian ruble (2012 : 4,96 KZT per 1 Russian ruble).

Non-monetary transactions

A portion of sales is done using offsets, barter or other non-cash settlements. Typically, these operations are carried out in the form of dissimilar goods or services with the end user (barter) in the form of netting or chain of non-monetary transactions involving several companies.

Purchase and sale transactions that are settled by mutual planned for barter or other non-cash settlements are recognized based on management's assessment of the fair value to be received or transmitted as a result of non-cash settlements. Fair value is determined based on market information.

In the normal course of business, the Company uses netting receivables under finance leases and operating leases and accounts payable for procurement of goods and raw materials from related parties.

Non-cash transactions are excluded from the statement of cash flows. Investing and financing activities as well as the final result of operating activities represent actual cash flows.

Contingent liabilities, contingent assets

Contingent liabilities a present obligation that arises from past events but is not recognized because the occurrence of an outflow of resources needs to settle the obligation is not probable or the amount of the obligation can not be measured with sufficient reliability.

Contingent liabilities are not recognized but are disclosed unless the possibility of an outflow of resources is remote.

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Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Statement on operating segments

Statement on operating segments is reported in accordance with the internal reporting provided to the company responsible for operating decision maker. Segments disclosure if its revenue, result or assets are ten percent or more of total revenues, total financial result or the total assets of all segments.

Disclosure of Related Parties

The Party is in connection with the Company, if that party directly or indirectly through one or more intermediaries, controls or is controlled by the Company to them, has a share in the Company, providing a significant impact on it in making financial and operating decisions.

Related party transactions - is a transfer of resources, services or obligations between related parties, regardless of whether the fee or not.

Events after the Balance Sheet Date

Events, both favorable and not favorable, that occur between the balance sheet date and the date of the financial statements, and which have or may have the influence on the financial condition, cash flows or results of Company's activity.

New and revised standards and interpretations

The company first applied some new standards and amendments to existing standards. The nature and impact of the new standards and amendments are described below:

- **Amendment to IFRS (IAS) 1** "Presentation of items of other comprehensive income" amends the groupment of items presented in other comprehensive income. Items that could be reclassified to profit or loss at some moment in the future should be presented separately from items that will never be reclassified. The amendments influence only on the presentation of information in the financial statements and do not measure financial position or results of Company activity. Besides in accordance with the amendments the name of the statement of comprehensive income to profit or loss and other comprehensive income was amended.

- **IFRS (IAS) 19, "Employee Benefits"** introduces significant amendments in the accounting of employee benefits, in particular, obviate the possibility of deferred confidences of amendments in the assets and obligations of the pension plan (so-called "corridor method"). Besides, the amendment limits the changes in net pension asset (obligations) recognized in profit or loss as the net profit (interest expense) and the cost of services. The amendment has not had the influence on the financial position or results of Company activity.

- **Amendment to IFRS (IFRS) 7** " Information disclosure - netting of financial assets and financial obligations" keep new requirements to the information release, and contact between financial assets and obligations that are accounted in the statement about financial position, or are the subject of General agreement about netting or similar agreements. The amendment has not had the influence on information disclosure in the financial statements.

- **IFRS (IFRS) 13 "Fair Value Measurement"** is ABC-standard establishing order for the fair value measurement and information release in the part of fair value measurement. The definition of fair value introducts in the standard as well as establishes rules for the fair value measurement and requirements to the information release in the part of fair value measurement. IFRS (IFRS) 13 has a broad of terms of influence and covers financial and non-financial instruments in respect of which other IFRS standards demand or assume the use of fair value measurement method and information release in the part of fair value measurement. Useless of the standard has not led to the more detailed information release in the financial statements, because the assets and obligations accounting at fair value were absent.

The following new standards, amendments to standards and interpretations effective in 2013, had no impact on the accounting policies, financial position or performance of the Company:

- **IFRS (IFRS) 10 "Consolidated Financial Statements" IFRS (IAS) 27 "Separate Financial Statements" IFRS (IFRS) 10** establishes a single control model that applies to all companies, including special purpose companies. IFRS (IFRS) 10 replaces those part of IFRS IAS) 27 "Consolidated and Separate Financial Statements" which included the requirements for consolidated financial statements. The standard also provides guidelines for questions that were studied in the Interpretation of SIC -12 "Consolidation - Special Purpose Companies". Standard introduces a new concept of control and a single consolidation model for all entities based on control, regardless of the nature of the investment.
- **IFRS (IFRS) 11 "Joint Arrangements"** replaces IFRS (IAS) 31 «Interest in Joint Ventures" and Interpretation of SIC 13 "Jointly controlled entities - non-monetary holding of members". Standard eliminates the opportunity of accountancy of jointly controlled entities by the method of proportionate consolidation. Instead of this, jointly controlled entities that meet the definition of joint ventures according to IFRS (IFRS) 11 are accounted for using the method of quota share.
- **IFRS (IAS) 12 "Information release about partners interest in other legal entities"** includes requirements to information release that are the partners interest of company in subsidiary companies of joint activity, associated and structured companies.
- **IFRS (IAS) 28 "Investments in associated ventures and joint ventures"** describes the use of the method of participating interest is not only in respect of investments in associated companies, but also in respect of investments in joint ventures.

Improvements to International Financial Reporting Standards (2009-2011)

- Amendment to IFRS (IAS) 1 "Explanation of requirements for comparative information" has been introduced to clarify that does not require explanatory notes to the third statement about financial position represented in the beginning of the previous period, if there were retrospective revision, amendments in the accounting policy or reclassification for the purpose of improving the presentation of the financial statements. Herewithexplanatorynotesare needed, in the case of the company makes the willing decision to represent the additional comparative reports. The amendment has not had the influence on the financial position or results of Company activity.

- Amendment to IFRS (IAS) 16 "Classification of auxiliary equipment" clarifies that the main spare parts and utilities equipment, satisfying the definition of fixed assets, are not reserves. The Company has no such spare parts and utilities equipment.

- Amendment to IFRS (IAS) 32 "Tax effect payments to holders of equity instruments" clarifies that certain tax consequences of distributions to owners should be included in the profit and loss report, which is always required in accordance with IFRS (IAS) 12. The amendment has not had the influence on the financial position or results of Company activity.

The following new standards, amendments to standards and interpretations are not yet effective for the financial year beginning 1 January 2013 and have not been early adopted by the Company:

• Amendment to IFRS (IAS) 32 - Cross-cancellation of debts financial assets and financial obligations (Effective for annual periods beginning on or after July 1, 2014)
• Amendment to IFRS (IAS) 36 – Devaluation of assets – opening of recoverable amount for non financial assets. (Effective for annual periods beginning on or after July 1, 2014)
• Amendment to IFRS (IAS) 39 – Novation of derivational morpheme and continuation of hedge accounting. (Effective for annual periods beginning on or after July 1, 2014)
• Amendment to IFRS (IFRS) 9 - Financial instruments: Classification and measurement. (Effective for annual periods beginning on or after July 1, 2014)
• Amendment to IFRS (IFRS) 7 and IFRS (IFRS) 9 – obligatory two enlistment and disclosure of junction. (Effective for annual periods beginning on or after July 1, 2014)

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• Amendment to IFRS (IFRS) 10, IFRS (IFRS) 12 and IFRS (IAS) 27 – Investment enterprises
(Effective for annual periods beginning on or after July 1, 2014)
Interpretation (IFRS) 10 - Aids (Effective for annual periods beginning on or after July 1, 2014)

Management is currently assessing the impact of the Company's new standards and amendments to existing standards on the financial statements and results of operations.

4. Important estimates and professional comments in the using of accounting policy

The Company makes estimates and assumptions that affecton the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying of the accounting policies the Company's management also makes judgments and estimates. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Reserves

The Company establishes an allowance for doubtful accounts Indebtedness. When estimating doubtful accountsis necessary to take into account previous and expected outcomes of the client. Changes in the economy, industry or specific customer conditions of activity may require adjustments to the allowance for doubtful Indebtedness, as recognized in the financial statements.

Intangible assets with indefinite useful lives.

The Company considers the trademark "Bayan Sulu" as an intangible asset with an indefinite useful. The reasons for this judgment are as follows:

- There is no legal conditions or requirements that limit tenure of the Company's right to use the trademark in its operations;

- Brand is an integral part of the confectionery segment and provides recognition of production companies in the vast market of Kazakhstan , Russia and CIS , actually providing confectionery company market - at the expense of established preferences of consumers who are familiar with this brand for many years;

- Does not have any conditions that lead to the fact that the Company may after a certain period to abandon the use of the trade mark or implement any third party or otherwise indicate deterioration of the brand and the possibility of suspension of benefits associated with its use.

Impairment of intangible assets

Confectionery segment includes all Company Property and equipment and intangible assets with indefinite useful lives (registered trademark). A segment is a basic unit that generates cash flows (hereinafter - "CGU") of the Company. Brand in accordance with the accounting policy of the Company tested for impairment annually.

Since Property and equipment and trademark represent a single set of assets belonging to the same CGU it is tested for impairment annually and its recoverable amount is determined based on value of the assets of the CGU. In the current year based on value in use used cash flow projections based on financial budget for the 5-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth ratescorresponding to the forecast overall inflation in the Republic of Kazakhstan. Growth rate does not exceed the long-term average growth rate for the business sector of the economy in which the cashgeneratingunitoperates.

Below are the assumptions on the basis of which was determined by the value in use and which is most sensitive to the recoverable amount.

(in terms of percentage points)

	December 31, 2013	December 31, 2012
Middle rate of price increases on the ready production	5%	4%
Rate of discounting before tax	16.9%	17.8%
Rates of growth of production according to budget on the 5 years - period	16%	13%

Management determines the estimated planned profit from the results of the previous period and their expectations for the market development including considering plans to increase production volumes in connection with access to new markets and increase product quality.
As a result of the test, impairment CGU confectionery segment as at 31 December 2013 and 31 December 2012 have been identified.
Application of IAS 36 requires the use of significant judgment by management regarding estimates and assumptions related to future cash flows and the discount rate. Taking into account the nature of the current global economic environment such assumptions and estimates, ultimately, have a high level of uncertainty associated with them. Accordingly, assumptions, significantly different from the assumptions used by management, can lead to different results.

The useful life of property and equipment

The estimated useful lives of property and equipment, net book value and depreciation methods are reviewed annually, taking into account the effects of changes in estimates on a prospective basis.

Impact assessment of deferred income tax

At each reporting date management assesses the future impact of deferred income tax by checking the book value of assets and liabilities shown in the financial statements with the appropriate tax base. Deferred tax assets and liabilities are measured at the tax rates applicable to the period in which the expected realization of assets and settlement of liabilities. Deferred tax assets are recognized to the extent it is probable that future taxable profit from which can be deducted temporary differences for tax purposes. Deferred tax assets are assessed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5. Property and equipment

(thousand KZT)

	Land	Buildings and facilities	Machineryan dequipment	Transportveh icles	Other fixed assets	Unfinishedc onstruction	Total
Cost as of January 1, 2012	35 097	1 517 920	7 177 972	222 434	267 825	223 799	9 445 047
Accumulateddepreciation	-	(119 965)	(2 114 603)	(94 800)	(126 082)	-	(2 455 450)
Balance as of January 1, 2012	**35 097**	**1 397 955**	**5 063 369**	**127 634**	**141 743**	**223 799**	**6 989 597**
Supply	-	6 526	6 313	-	4 225	773 926	790 990
Plowed back on borrowing costs	-	12 220	11 449	-	-	-	23 669
Transfer from one category to another	-	403 826	359 984	51 124	49 033	(863 967)	-
Disposal	-	-	-	(64)	-	-	(64)
Depreciation	-	(27 326)	(514 538)	(22 220)	(30 268)	-	(594 352)
Cost as of December 31, 2012	35 097	1 940 492	7 555 718	273 494	321 083	133 758	10 259 642
Accumulated depreciation	-	(147 291)	(2 629 141)	(117 020)	(156 350)	-	(3 049 802)
Balance as of December 31, 2012	**35 097**	**1 793 201**	**4 926 577**	**156 474**	**164 733**	**133 758**	**7 209 840**
Supply	-	107 272	804 989	52 427	26 602	1 122 223	2 113 513
Plowed back on borrowing costs	-	-	12 274	-	-	-	12 274
Transfer from one category to another	-	6 124	147 603	(80 132)	(66 950)	(883 837)	(877 192)
Disposal	-	-	(40 620)	(6 603)	(9 238)	-	(56 461)
Depreciation	-	(51 662)	(518 193)	(10 055)	(1 407)	-	(581 317)
Cost as of December 31, 2013	35 097	2 053 888	8 479 964	239 186	271 498	372 144	11 451 776
Accumulated depreciation	-	(198 953)	(3 147 334)	(127 075)	(157 757)	-	(3 631 119)
Balance as of December 31, 2013	**35 097**	**1 854 935**	**5 332 630**	**112 111**	**113 740**	**372 144**	**7 820 657**

As of December 31, 2013 unfinished construction represents construction of biscuit department №2 to the amount of 63 645 thousand KZT, construction of centre of bank service 7 663 thousand KZT, as well as equipment at the montage to the amount of 300 836 thousand KZT. After finishing of the work present assets will be in the category "buildings and constructions and "machinery and equipment"'

In 2013 percent expenses on loans from "BTA Bank" JSC were capitalized on the cost of corresponding object of property and equipment in the amount of 12 274 thousand KZT (2012: 23 669 thousand KZT). Capitalization ratewas 10,57 percent (2012: 10,3 percent)

As of December 31, 2013 property and equipment which total amount is 7 046 459 thousand KZT (2012: 6 493 271 thousand KZT) were presented in escrow for 3rd parties by way of provision on loans.

As of December 31, 2013 and 2012 amortized property and equipment in the amount of 548 136 thousand KZT and 351 224 thousand KZT in composed of property and equipment, agreeably

Property and equipment and intangible assetsentered in one Cash Generating Unit (confectionary segment) are periodically tested on the object of devaluation. As of December 31, 2013 and as of December 31, 2012 devaluation was not found.

Amortizationexpenses

			(thousand KZT)
	Notes	**2013**	**2012**
Costofsales	20	501 229	532 051
Generalandadministrativecosts	22	44 941	42 826
Costofsales	21	35 147	19 475
Total amortizationexpenses		**581 317**	**594 352**

6. Investmentproperty

	Notes	**December 31, 2013**	**(thousand KZT) December 31, 2012**
Fair value of investment property as of January 1		432 789	460 352
Supply		-	-
Expenses on future improvement		-	-
Profit/(loss) with the deduction ofovervalue on fair value	23	7 144	(27 563)
Investment property on fair value as of December 31		**439 933**	**432 789**

Valuation of investment property is produced annually on the December 31 on the fair value by the independent expert valuer who has corresponding professional qualification

Balance of investment property as of December 31, 2013 and December 31, 2012 is in accordance with the data of valuation made by independent valuer.

Loss from the overvalue on the fair value was made basically on the object Nonresidential premises in Almaty city with part of land lot (№ 20-315-020-271) on 5 763 thousand KZT in connection with changes of market trends on the present type of property.

Profitfromtheovervalue on the fair value was made basically on the object Nonresidential premises in Astana city on 8 760 thousand KZT in connection with changes of market trends on the present type of property.

As of December 31, 2013 investment property which total amount is 76 440 thousand KZT (2012: 76 440 thousand) were presented in escrow for 3rd parties by way of provision on loans (Notes 31)

7. Intangibleassets

(thousand KZT)

	Purchased licences on the software	Trademark	Total
Initial cost as of January 1, 2012	**3 419**	**1 194 690**	**1 198 109**
Accumulateddepreciation	(2 114)	-	**(2 114)**
Balance as of January 1, 2012	**1 305**	**1 194 690**	**1 195 995**
Supply	-	-	-
Amortizationexpenses	(252)	-	**(252)**
Initial cost as of December 31, 2012	**3 419**	**1 194 690**	**1 198 109**
Accumulateddepreciation	(2 366)	-	**(2 366)**
Balance as of December 31, 2012	**1 053**	**1 194 690**	**1 195 743**
Supply	-	-	
Accumulateddepreciation	(220)	-	**(220)**
Initial cost as of December 31, 2013	**3 419**	**1 194 690**	**1 198 109**
Accumulateddepreciation	(2 586)	-	**(2 586)**
BalanceasofDecember 31, 2013	**833**	**1 194 690**	**1 195 523**

Trademark "Bayan Sulu" does not have a certain service life period and is used as segment of confectionary production and it is the main segment of production of the Company.

The company carries out periodic re-registration of this trademark in accordance with the legislationof the Republic of Kazakhstan which gives it the right to use the trademark.

Trademark enters the confectionery segment and periodically is tested on the object of devaluation as part of the Cash Generating Unit. As of December 31, 2013 and as of December 31, 2012 devaluation was not found

8. Receivables on the financial lease

Since 2007 the company has operated its financial activity as lessor. Thecompanybasicallyrented out machinery and equipment to the related parties and third ones under contracts of mid-term and long - term financial lease.

Receivablesonthepayments of finance lease (total amount of investments in the lease) and their present cost as of December 31, 2012 arepresentedbelow:

(thousand KZ

	Repaymentperiodtill 1 year	Repayment period from 2 till 5 years	Repayment period above5 years	Total
Receivables on the financial leaseas of December 31, 2012	**438 477**	**376 537**	**376 538**	**1 191 5**
Unreceivedfinancial income	(126 182)	(323 076)	(181 715)	(630 9
Reserve under loss fromdevaluation	-	-	-	
Cost of receivables on the lease as of December 31, 2012	**312 295**	**53 461**	**194 823**	**560 5**

In May 2013 the Company and "Credit Partnership" Dostyk Finance" LLP reached agreement aboutdissolution of contract of financial leasing №166 dated March 14, 2011.

Thereafter the Company concluded the Contract about presented property is available for lease of "Credit Partnership "Dostyk Finance" LLP. As of December 31, 2013 the receivables on the financial lease is fully closed

9. Other non-current assets

		(thousand KZT)
	December 31, 2013	December 31, 2012
Advances paid for supply of property and equipment	194 779	30 271
Other	30	30
Total non-current assets	**194 809**	**30 301**

10. Reserves

		(thousand KZT)
	December 31, 2013	December 31, 2012
Raw and materials	2 061 727	1 982 095
Unfinishedproduction	30 924	25 064
Finishedproducts	659 522	363 607
Goodsforresale	347 168	1 596 582
Other	266 551	210 214
Reserve for devaluation	(33 120)	(46 082)
Total reserves	**3 332 772**	**4 131 480**

Goods for resale include reserves of syrup and first grade flour purchased for the purposes of further resale

11. Receivables on the main activities and other receivables

		(thousand KZT)
	December 31, 2013	**December 31, 2012**
Financialassets		
Receivables on the main activity	2 273 122	1 014 173
Other financial receivables	3 009	417 987
Minus: reserve for devaluation	(6 408)	(6 300)
Total financial assets composed of receivables and other receivables	**2 269 723**	**1 425 860**
Non-financialassets		
Other receivables	5 854	8 915
Prepayment	1 775 009	147 850
Minus: reserve for devaluation	(348)	(92)
Total financial assets composed of receivables and other receivables	**1 780 515**	**156 673**
Totalreceivables on the main activities and other receivables	**4 050 238**	**1 582 533**

Receivables on the main activities in the amount of 428 317 thousand KZT (2012: 220 707 thousand KZT) is shown in foreign exchange including 71percent in US dollars (2012: 51percent) and 29 percent in Russian rubles(2012: 49 percent)

Other financial receivables includes indebtedness on made invoices of recompense from cost of sales of the goods of related parties and indebtedness on the accounted percent, sum of accounted fines and penalties on the non-execution of contract conditions on the supply of raw material to the related parties and indebtedness on the accounted percent, on the deposits and indebtedness of counteragents on the contract of operating lease

Sum of prepayment is basically advances, paid to foreign suppliers of raw material and related parties on the supply of raw material and goods for resale

In the cost of prepayment includes letter of credit as of December 31, 2013 in the amount of 28 532 thousand KZT, issued to the suppliers on the delivery of raw and materials. The sum provided by the letter of credit stays untouchable for the Company tillexpire of validity of letter of credit or realization of payments to the suppliers.

The table below shows the change in reserve for impairment on devaluation of receivables on the main activity and other receivables:

(thousand KZT)

	2013		2012	
	Receivables on the main activity	Prepayment	Receivables on the main activity	Prepayment
Reserve for devaluation as of January 1	6 300	92	3 759	695
Additional sum of reserve	108	-	2 541	-
Redressment of reserve	-	256	-	(603)
Reserve for devaluation as of December 31	**6 408**	**348**	**6 300**	**92**

Below is an analysis of receivables on the main activity and other receivables on the term of occurrences:

(thousand KZT)

	2013		2012	
	Receivables on the main activity	Other financial receivables	Receivables on the main activity	Other financial receivables
Non overdue debt and non depreciated indebtedness of				
- Relatedparties	1 716 929	-	647 024	407 927
- Foreignbuyers	448 458	-	238 020	
- Major Companies of Kazakhstan	101 284	2 137	122 827	3 495
- Commercial banks on the accrued interest on the deposit	-	-	-	5 855
- Other debtor	43	872	2	710
Total non overdue debt and non depreciated sums	**2 266 714**	**3 009**	**1 007 873**	**417 987**
Overdue but not depreciated				
- Delayedpayment above 360 days	-	-	-	-
Total overdue but not depreciated	-	-	-	-
On the individual basis shown as depreciated (total amount)				
- Delayed payment from 30 till 90				

days	-	-	-	-
- Delayed payment from 181 till 360 days	6 408	-	161	-
- Delayed payment above 360 days	-	-	6 139	-
Totalindebtedness of the individual basis shown as depreciated	**6 408**	-	**6 300**	-
Minus: reserve for devaluation	**(6 408)**	-	**(6 300)**	-
Total	**2 266 714**	**3 009**	**1 007 873**	**417 987**

12. Cash

	December 31, 2013	**(thousand KZT) December 31, 2012**
Cashin cashbox	2 839	2 286
Cashon the current accounts before demand	798 053	588 501
Term deposit with original maturityless 3 months	-	195 983
Totalcash	**800 892**	**786 770**

Cash as of December 31, 2013 and December 31, 2012 are shown in following currencies:

	December 31, 2013	**(thousand KZT) December 31, 2012**
KZT	757 192	588 628
US dollars	66	195 984
Russianruble	43 605	1 990
Euro	29	168
Total cash	**800 892**	**786 770**

The table below presents an analysis of cash on credit quality as of December 31, 2013 and December 31, 2012:

		December 31, 2013		**(thousand KZT) December 31, 2012**	
	Fitchrating	**Balance of bank call accounts before demand**	**Termdeposits**	**Balance of bank call accounts before demand**	**Termdeposits**
Non overdue debt and non depreciated					
«AKBCreditCooperative» LLP	without rating	747 030	-	585 125	-
«Kazkommercbank» JSC	(stabile) B	574	-	3 323	195 983
«BTABank» JSC	(positive) CCC	50 414	-	-	-
«ATFBank» JSC	(stabile) B-	35	-	53	-
Total		**798 053**	-	**588 501**	**195 984**

	December 31, 2013(Fitch)	December 31, 2012(Fitch)
«AKBCreditCooperative» LLP	without rating	without rating
«Kazkommercbank» JSC	(stabile) B	(stabile) B -
«BTABank» JSC	(positive) CCC	(positive) C
«ATFBank» JSC	(stabile) B-	(stabile) BBB

The balance of cash in the amount of 747 030 thousand KZT as of December 31, 2013 (2012: 585 125 thousand KZT) represents cash on the account opened in «AKB Credit Cooperative» LLP which is a legal entity organized and acting in accordance with the law of the Republic of Kazakhstan dated March 28, 2003 № 400-II "About credit cooperative".

13. Deposits with original maturity above 3 months

	December 31, 2013	(thousand KZT) December 31, 2012
Term deposits with original maturity more 3 months (2013: 0,1%; 2012: 3,5%)	-	678 330
Total deposits	-	**678 330**

Term deposits are deposits with repayment period of more than three and less than twelve months. In October 2011, the Company opened a deposit in "Kazkommercbank" JSC totaling 7 500 000 million dollars with minimum balance of 60 percent in the amount of 4 500 000dollars and maturity of one year. Contractual interest rate is 0.1 percent per annum to be detachable at maturity. In October 2012, the Company cashed accumulated interest and deposit extended by one year to October 2013 on the same terms.
As of December 31, 2013 the deposit was completely closed.

The credit quality of "Kazkommercbank" is presented in Notes 12

14. Shareholderscapital

(thousand KZT)

	Quantity of shares in circulation, units	Commonshares	Total
As ofJanuary1, 2012	44 660 000	9 625 985	9 625 985
Issuednew shares	-	-	-
As ofDecember 31, 2012	44 660 000	9 625 985	9 625 985
Issuednew shares	-	-	-
As ofDecember 31, 2013	44 660 000	9 625 985	9 625 985

The total amount of authorized ordinary shares is 100 000000 shares (2012: 100000000 shares). Allissuedshares are fully paid. Each ordinary share carries one vote.
Placed shares in the amount of 33 333333 shares in 2010 paid by offsetting the balance of loans from the parent company in the amount of 5 000000 thousand KZT. Offeringpriceofshares acquired in accordance with shareholder pre-emption rights have been set by the Board of Directors of the Company and was 150 KZT per share. The rest of the outstanding shares in 2010 paid in cash the offering price was on average 586 KZT per share.
In accordance with the Law dated May13, 2003 № 415-11 «About Joint Stock Companies" the conception "nominal price" is not used and used the conception "placement price ". Placement price is set by the Board of

Directors of the Company and is the minimum price at which shares can be accommodated within a given placement.
During the year dividends were declared in connection with the AGM send undistributed profit in 2013 and 2012 on the development of production. Preferred shares were not issued.
In connection with the release of only one class of shares - ordinary all shareholders equal rights. Privileges restrictions associated with the appropriate kind and category of shares including restrictions on the distribution of dividends and the repayment value of the shares, no.
November 8, 2010 "Kazakhstan Stock Exchange" adopted new listing requirements according to which the Company shall disclose the carrying value of the share which is calculated as follows: total assets minus total intangible assets, total liabilities and preferred non-voting shares (equity) divided number of common shares outstanding at year-end , which is calculated as follows:

	December 31, 2013	December 31, 2012
Balance cost of one common share (KZT)	**272,0**	**262,9**

15. Creditsandloans

	December 31, 2013	(thousand KZT) December 31, 2012
Long-term credits and loans		
Creditsandloans	1 082 313	757 773
Total long-term credits and loans	**1 082 313**	**757 773**
Short-term credits and loans		
Creditsandloans	1 244 736	1 297 768
Accruedliabilitieson percents	71 985	26 047
Total short-term credits and loans	**1 316 721**	**1 323 815**
Total creditsandloans	**2 399 034**	**2 081 588**

Credits and loans as of December 31, 2013 and December 31, 2012 are shown in the following currencies:

	December 31, 2013	(thousand KZT) December 31, 2012
KZT	2 399 034	1 964 153
US dollars	-	117 435
Totalcash	**2 399 034**	**2 081 588**

«Kazkommercbank» JSC

The Company signed an agreement with "Kazkommercbank" JSC dated November 24, 2004 about opening of credit line in the amount of 300 000 thousand KZT with a maturity of up to 24 November 2006. In subsequent years the maturity of the credit line was extended to September 1, 2016 and the credit limit was increased to the sum of 6757 thousand U.S. dollars 1 860 thousand Euro and 997 043 thousand KZT. Principalandinterest-payable quarterly and semi-annual installments depending on the conditions of the supplementary agreements to every single tranche.
During 2013 the loan of "Kazkommercbank " was fully repaid.

«BTA Bank» JSC

In January 2013 the Company opened a new credit line of "BTA Bank" totaling 3 597975 thousand KZT. The purpose of opening this line of credit is to refinance (repayment) of loans in "Kazkommercbank " as well as working capital and acquisition of fixed assets. The interest rate on the loan was 11 percent. Principal and interest shall be payable semi-annual installments or at the end of funding depending on the accessory contracts. The credit line is open until 10 January 2019. The loan is secured by an investment property, fixed assets and deposits of the Company and its related parties.

The total amount of loans received from "BTA Bank" JSC as at December 31, 2013 is 2 327050 thousand KZT. During 2013 the Company repaid the principal and accrued interest in the amount of 426597 thousand KZT and 123900 thousand KZT, respectively.
Thecompanyretainedstate subsidies for financial compensation expenses on loans provided by "Entrepreneurship Development Fund" Damu " JSC. As of December 31, 2013 the aggregate liability of financial expenses on loans amounted to 69 134 thousand KZT.
As of December 31, 2013 and 2012, the carrying value of borrowings approximates their fair value.

16. Liabilitieson the employee benefit

The analysis of the present value of long-term liabilities on the employee benefit on types of expenses is below:

	December 31, 2013	(thousand KZT) December 31, 2012
Present value of liabilities for the payment of strike benefits with stated payment on the beginning of the year	**81 058**	**84 206**
Retirements of discount on the present value	4 465	4 883
Produced payment	(4 951)	(601)
Currentexpenses on payments	10 335	1 407
Actuarial losses	(5 387)	(8 837)
Present value of liabilities for the payment of strike benefits with stated payment on the end of the year	**85 520**	**81 058**

Amounts recognized in the statement about financial position and statement about profit or loss and other comprehensive income:

	Notes	December 31, 2013	(thousand KZT) December 31, 2012
Present value of liabilities for the payment of strike benefits with stated payment on the end of the year		85 520	81 058
Netamount of liabilities		**85 520**	**81 058**
Retirements of discount on the present value	24	4 465	4 883
Currentexpenses on payments		10 335	1 407
Actuarial losses		**(5 387)**	**(8 837)**
Loss/(expense) declared in the statement about profit or loss and other comprehensive income		**9 413**	**(2 547)**

	December 31, 2013	(thousand KZT) December 31, 2012
Cumulative amount of actuarial income and loss declared in the statement about profit or loss and other comprehensive income	**(1 427)**	**3 960**

Write-off of discount on present value reflected in financial expenses (Notes 25).
Current costs of payments and actuarial income / losses are recognized in cost of sales and general and administrative expenses (Notes 20 and 22), depending on the membership of employees on which to impose obligations to production or administrative units.

The main actuarial proposals on the balance sheet date is shown below:

	December 31, 2013	(thousand KZT) December 31, 2012
Rate of discounting as of December 31	5,84	6,88
Futuresalaryincreasing	10,70	10,60

Mortality rates used in the calculation of employee benefits on December 31, 2013 and 2012, based on official data of the Kazakhstan Actuarial Center.

17. Receivables on the main activity and other receivables

	December 31, 2013	(thousand KZT) December 31, 2012
Receivables on the main activities	599 040	453 707
Other receivables	494	494
Total financialliabilities	**599534**	**454 201**
Accrued employee benefits	77 944	73 156
Advances received	2 080	271
Accrued reserve on the unused vacation	81 920	85 601
Accrued reserve on finished products recall	28 253	22 628
Other receivables	4 046	3 862
Total non-financial liabilities	**194 243**	**185 518**
Totalliabilities	**793 777**	**639 719**

Payables by operating activities in the amount of 522126 thousand KZT(2012: 405645 thousand KZT) denominated in foreign currency, mainly 52 percent in U.S. dollars (2012: 33 percent), 30 percent in Euro (2012: 37 percent) and 18 percent in Russian rubles (2012: 31 percent).

18. Indebtednesson other taxes

	December 31, 2013	(thousand KZT) December 31, 2012
Valueaddedtax	241 624	60 915
Social tax and other taxes	31 436	31 386
Totalindebtedness on other taxes	**273060**	**92 301**

19. Income

	2013	(thousand KZT) 2012
Incomefrom sale of finished products	12 257 985	10 681 344
Income from sale of purchased goods	5 180 630	3 736 775

Other sales of goods and raw	21 915	22 309
Otherincome	**17 460 530**	**14 440 428**

20. Costofsales

	2013	(thousand KZT) 2012
Cost of salesof ready production	9 962 623	9 068 275
Cost of salesof purchased goods	5 284 343	4 000 519
Cost of salesof other goods and raw	16 658	14 670
Totalcostofsales	**15 263 624**	**13 083 464**

Below shows the cost of sales of ready goods on cost elements:

	Notes	2013	(thousand KZT) 2012
Materials		8 243 501	7 297 891
Salaryand connectedexpenses		1 023 252	893 451
Depreciationandamortisation	5	501 229	532 051
Communal and operatingcosts		290 524	243 789
Expenses on repairs of property and equipment		218 854	187 919
Expenses on development/(retrieving) of reserve on devaluation of raw and materials	10	(12 962)	(3 012)
Other		-	337
Finished products and unfinished production as of the beginning of the year	10	388 671	304 520
Finished products and unfinished production as of the end of the year	10	690 446	388 671
Changes in the rest of finished products and unfinished production		(301 775)	(84 151)
Totalcost of salesof finished products		**9 962 623**	**9 068 275**

21. Costofsales

	2013	(thousand KZT) 2012
Expensesoftransportation	477 745	388 852
Salary and related expenses	88 331	73 179
Publicityand marketingexpenses	54 842	34 074
Materials	37 695	32 812
Depreciationandamortisation	35 147	19 475
Other	66 495	56 212
Totalcostofsales	**760 255**	**604 604**

During several years, the Company is the general sponsor of BC "Tobol" Public Utility Company - basketball club of Kostanai city. Sum of sponsorship help provided by the Company BC "Tobol" Public Utility Company in 2013 is in the amounted of 5357 thousand KZT (2012: 5 357 thousand KZT) and was included in the article "Publicity and marketing expenses".

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22. Generalandadministrativecosts

		(thousand KZT)
	2013	**2012**
Salary and related expenses	301 091	273 102
Managementservice	30 000	72 982
Property tax and other taxes	44 619	43 027
Depreciationandamortisation	44 941	42 826
Bankservices	165 745	34 804
Communal and operatingcosts	16 552	32 505
Compensation on the credit on goods	45 357	31 653
travel expenses and expenses of representation	13 237	16 419
Pavementmaintenance	10 510	11 508
Materials	26 191	11 261
Otherexpenses	16 906	55 773
	715 149	**625 860**

The company is a member of the Corporate Fund "Our Town" (hereinafter referred to asthe "Fund") whose mission is to promote socio-economic development of Kostanai city and Kostanai region. The company has made donations to the objectives of the Fund. Amount of the charitable assistance given by the Company in 2013 amounted to 10000 thousand KZT (2012: 1 000 thousandKZT) and was included in the article «Other expenses».

Expenses for administrative services are the costs of the parent company to attract suppliers, including the conclusion of contracts, assistance in the organization of meetings and negotiations with contractors.

23. Otheroperatingincomes/expenses

			(thousand KZT)
	Notes	**2013**	**2012**
Income of forfeit and recompense received from realization of goods of related parties		97 609	494 623
Incomefromoperatinglease		90 060	67 648
Net income from exchange difference		-	19 367
Income from retirement of assets		-	7 422
Profit from overvalue on fair value of investment property		13 962	-
Totalotheroperatingincomes		**201 631**	**589 060**
Loss from overvalue on fair value of investment property	6	(6 818)	(27 563)
Net expense from exchange difference		(10 438)	-
Expensesfrom retirement of assets		(133 923)	-
Otherexpenses		(63 458)	(45 526)
Totalotheroperatingexpenses		**(214 637)**	**(73 089)**

24. Financialincome

			(thousand KZT)
	Notes	**2013**	**2012**

Percentincome on financial lease	-	100 229
Net income from exchange difference on credits and loans	-	24 563
Percent income from bank deposits	-	43 731
Totalfinancialincome	**-**	**168 523**

25. Financialexpenses

(thousand KZT)

	Notes	2013	2012
Accruedcompensation on loans		248 739	173 109
Compensation on deposits		5 471	-
Repayment of expenses compensation on loans		(120 256)	(139 314)
Loss from exchange difference on credits and loans		-	-
Long-term employee benefits: write-off of discount of discounted cost	16	4 465	4 883
Totalfinancialexpenses		**138 419**	**38 678**

Compensation of expenses for interest on loans received by the Company is two types of government grants:

- Within the framework of the project "Road map of business 2020", "Entrepreneurship Development Fund" Damu" JSC gives a subsidy of 70 - 100 percent of the interest rate established in the loan agreement. In 2013, the amount of subsidies amounted to 120256 thousand KZT (2012: 90637 thousand KZT);
- The program of subsidizing enterprises engaged in processing agricultural products ¬ economic Ministry of Agriculture of the Republic of Kazakhstan issued a subsidy of 80 percent of the amount paid interest on loans (since September 2011 the amount of compensation was changed to 56,6 percent of the amount paid remuneration). In 2013, this type of subsidy was not refunds on loans (2012: 48677 thousand KZT).

26.Expenses on income tax

Expenseson income taxinclude the following components:

(thousand KZT)

	2013	2012
Current incometax	343	1 401
Deferredincometax	161 713	135 021
Total expenses on income tax	**162 056**	**136 422**

Current income tax is 343 thousand KZT (2012: 1 401) in connection with main tax deductions on the property and equipment and investment preferences is related to deductions in the amount of whole cost of the assets in the last year, in which they are added or purchased on condition of compliance with the requirements of the Tax Code of the Republic of Kazakhstan for classifying investment. The amount of such residues in the reporting period was significant, due to the current capital program of modernization of the Company.

Reconciliation of cost value on income tax *to the amount of profits and losses, multiplied by the applicable rate of taxation:*

(thousand KZT)

	2013	2012
Incomebeforetax	**570 077**	**772 316**

Estimated tax liability on stated rate (20%)	114 015	154 463
Tax effect of nondeductible expenses and untaxed income	(113 672)	(153 062)
Deferredincometax	161 713	135 021
Total expenses on income tax	**162 056**	**136 422**

Analysis of Deferred taxation on type of temporary difference

Differences between IFRS and tax legislation of the Republic of Kazakhstan give rise to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the basis for calculating of income tax. Detailed below tax effect of the movement on these temporary differences is recorded at the rate of 20 percent (2012: 20 percent)

(thousand KZT)

	January1,2013	**Referred on the account of profir or loss**	**December31,2013**
Tax effect of deductible temporal difference			
Reserve of future expenses	(46 464)	16 409	(62 873)
Investmentproperty	(23 659)	1 429	(22 230)
Losses of previous years	(7 769)	7 769	-
Gross book value on the deferredtax	**(77 892)**	**(7 212)**	**(85 104)**
Tax effect of deductible temporal difference			
Propertyandequipment	854 622	168 925	1 023 547
grossliabilities on the deferred tax	**854 622**	**168 925**	**1 023 547**
Minus of credit with assets on the deferred tax	(77 892)	(7 212)	(85 104)
Declared liabilities on the deferred tax	**776 730**	**161 713**	**938 443**

Deferred tax obligations on property and equipment arise in connection with an active capital program and modernization program undertaken by the Company in the past few years. A significant difference between the accounting and Tax base of fixed assets resulting from the application of investment Tax preferences for which the Company carries on Tax deductions fully acquired the entire amount / input of fixed assets

As at 31 December 2013 is assumed that most of the deferred asset Tax be repaid after more than twelve months.

27. Earnings per share

Basic earnings per share for the fiscal year is determined by dividing the Company's profit for the period, intended for distribution to the holders of ordinary shares by the weighted average number of its common shares outstanding during the period.

	December 31, 2013thousand KZT	**December 31, 2012 thousand KZT**
Net profit	**408 021**	**635 894**
weighted quantity of ordinary shares (units)	44 660 000	44 660 000
Profitfor 1 share (KZT)	**9,14**	**14,24**

28. Statement on operating segments

Beginning from January 1, 2010 the Company makes report in accordance with IFRS 8 "Operating Segments". Operating segments - are components that engage in business activities that may earn profit or providing incur expenses, whose operating results are regularly reviewed by the responsible operating decision maker and for which there is a separate financial information is available. Responsible for operating decision maker is the person or group of persons who allocates resources and assesses the performance of the company. Functions CODM responsible for making operating decisions the leader of the parent company. In order to make operating decisions and resource allocation The Company uses financial information based on the financial statements.

Description of products and services which source of income

Structure of the company is organized on the basis of 2 presented operating segments:

- **Segment1** – production and realization confectionery;
- **Segment 2** – realization of goods of related parties(flour, corn, other).

Factors that management used to identify the reportable segments

Company's segments are strategic business units focused on different clients. They are managed separately because each business unit requires its own marketing strategy and your level of service. Financial information by segment, verifiable head of the parent company, includes the results of continuing operations of the Company.

Value of profit and loss, assets and liabilities of operating segments

In the report, operating segments are the same way as they are displayed in the internal reporting provided to the head of the parent company for making operating decisions. They do not depend on each other and not aggregated. Property and equipment and other information by operating segment related disclosures in these financial statements.
Head of the parent company responsible for operating decision maker assesses the performance of each segment based on gross profit.

Value of profit and loss, assets and liabilities of reportable segments

Information of reportable segments for the years ended December 31, 2013 and December 31, 2012 are presented in the table below:

(thousand KZT)

2013	**Segment1 Confectionery**	**Segment2 Saleofgoods**	**Total**
Incomefrom realizatuion to 3rd parties	12 257 985	5 202 545	**17 460 530**
Totalincomeof segment	**12 257 985**	**5 202 545**	**17 460 530**
Cost of sales to external clients	(9 962 623)	(5 301 001)	**(15 263 624)**
Gross Profit/ (Loss) of segment	**2 295 362**	**(98 456)**	**2 196 906**

2012	**Segment 1 Confectionery**	**Segment 2 Saleofgoods**	**Total**
Incomefrom realization to 3rd parties	10 681 344	3 759 084	**14 440 428**
Totalincomeofsegment	**10 681 344**	**3 759 084**	**14 440 428**
Cost of sales to external clients	(9 068 275)	(4 015 189)	**(13 083 464)**
Gross Profit/ (Loss) of segment	**1 613 069**	**(256 105)**	**1 356 964**

The Company's assets comprise assets of confectionery segment. Expenses for depreciation and amortization, interest expenses and interest income also refer only to this segment.

Analysis of income in section of product and service
Analysis of the Company's income is disclosed in Notes 19.

Analysis of revenue by geographical segments
Analysis of the Company's income by geographical segments is presented below:

		(thousand KZT)
	2013	**2012**
Republic of Kazakhstan	10 679 646	8 843 086
Russian Federation	3 362 356	2 703 167
Other Countries	3 418 528	2 894 175
Totalincome	**17 460 530**	**14 440 428**

Large clients

Sum of income from counterparties that represent more than 10 percent of the total income is presented below:

			(thousand KZT)
2013	**Segment 1 Confectionery**	**Segment 2 Saleofgoods**	**Total**
BayanSaudaLLP(Kazakhstan)	8 298 180	1 811 468	**10 109 648**
HabibRuman Co LTD (Turkmenistan)	-	1 206 969	**1 206 969**
Naziriyen LLC (Turkmenistan)	-	409 842	**409 842**
NuriDilshod LLC (Turkmenistan)	-	272 246	**272 246**
AgroFud LLC (Russia)	-	329 462	**329 462**
Kurboniyon LLC (Tadjikistan)	-	320 548	**320 548**
TotalIncomefor 2013	**8 298 180**	**4 350 535**	**12 648 715**

			(thousand KZT)
2012	**Segment 1 Confectionery**	**Segment 2 Saleofgoods**	**Total**
BayanSauda LLP (Kazakhstan)	7 654 294	498 571	**8 152 865**
HabibRuman C LTD (Turkmenistan)	-	943 092	**943 092**
Naziriyen LLC (Turkmenistan)	-	801 566	**801 567**
"Khlebtorg" LLP (Kazakhstan)	-	499 643	**499 643**
NuriDilshod LLC (Turkmenistan)	-	413 714	**413 714**
TotalIncomefor 2012	**7 654 294**	**3 156 587**	**10 810 881**

29. Management offinancialrisks

The Company is exposed to all currently available risks in the Republic of Kazakhstan associated with its activities. Management of risks of the company is in respect of financial risks (credit, market, currency risk, interest rate and liquidity risks). The main objective of financial risk management is to define risk limits and then ensure these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks. The Company does not use derivative financial instruments to hedge risks.

The accounting policy for financial instruments is applied to the following items:

	Notes	December31, 2013	(thousand KZT) December 31, 2012
Financialassets			
Receivables on the main activities (including reserve for devaluation)	11	2 266 714	1 007 873
Cash	12	800 892	786 770
Fixed deposit with original maturity more 3 months	13	-	678 330
Receivables on the financial lease	8	-	560 579
Other receivables	11	3 009	417 987
Totalfinancialassets		**3 070 615**	**3 451 539**
Financialliabilities			
Creditsandloans	15	2 399 034	2 081 588
Payables on the main activities	17	599 534	454 201
Totalfinancialliabilities		**2 998 568**	**2 535 789**

Creditrisk

Credit risk - the risk associated in particular with the possibility of failure of the commitments on the part of issuers and counterparties.
The Company is exposed by credit risk which is the risk where one party of the operationwith financial instrument will cause a financial loss for the other party by failing to discharge liabilities under the contract. Financial assets that expose the Company to credit risk are indicated in the table above. Despite the fact that the collection of receivables could be influenced by economic factors, management believes that there is no substantial risk of loss in excess of the allowance for impairment of receivables.

Cash is placed in financial institutions which at the time of deposit to have minimal risk of default (Notes 12). Term deposits have maturities under the contract less than three months. Analysis of cash and cash equivalents by credit quality based on Fitch's rating as of December 31, 2013 is disclosed in Notes 12.

Credit risk arising from residues of financial receivables and receivables under finance leases including analysis of the age of occurrence, are disclosed in Notes 8, 11.

Market risk

The Company is exposed to market risk arising from open positions in (a) currency (b) bearing assets and interest bearing interest Income liabilities which are exposed to general and specific market movements.

Sensitivity to market risk below is based on the change in one factor with all other variables remain constant. It is unlikely that this can happen in practice and changes in several factors may be correlated - for example, changes in interest rates and exchange rate changes.

Currency risk

Currency risk - the risk of beginning of expenses (losses) related to changes in foreign currency exchange rates in the exercise by the Company of its activities. Risk of expenses (loss) arises due to the revaluation of the Company's position on currencies in terms of value. Foreign exchange risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the actual or forecasted liabilities in the same currency.

Income from export sales are denominated mainly in U.S. dollars. Presented in foreign currency monetary assets and liabilities cause are exposured to currency risk.

The table below shows the total amount denominated in a currency assets and liabilities exposed to currency risk:

(thousand KZT)

	As of December 31, 2013		
	Monetaryfinancialassets	**Monetaryfinancialliabilities**	**Netbo**
US dollars	304 443	(270 087)	
Russianruble	167 526	(80 906)	
Euro	47	(159 935)	
	472 016	**(510 928)**	

	AsofDecember 31, 2012		
	Monetaryfinancialassets	**Monetaryfinancialliabilities**	**Netbo**
US dollars	993 777	(141 507)	
US dollars	109 088	(141 176)	
Euro	168	(125 094)	
	1 103 034	**(407 777)**	

The company has no formal measures to reduce exposure to currency risk operations.

The table shows the change in the financial result and equity due to possible changes in exchange rates used as at the balance sheet date, despite the fact that all other variables remain unchanged:

	Influence on profit orloss	
	AsofDecember 31, 2013	**AsofDecember 31, 2012**
Strengthening of the US dollar on 20% (2012: on 10%)	6 871	85 227
Weakening of the US dollar on 20% (2012: on 10%)	(6 871)	(85 227)
Strengthening of the russian ruble on 20% (2012: on 10%)	17 324	(3 209)
Weakening of the russian ruble on 20% (2012: on 10%)	(17 324)	3 209
Strengthening of theEuroon 20% (2012: on 10%)	(31 978)	(12 493)
Weakening of the Euro on 20% (2012: on 10%)	31 978	12 493

This exposure was calculated only on monetary financial assets and liabilities denominated in currencies other than the functional currency of the Company. Such a change of the financial result and equity due to possible changes in exchange rates can be explained mainly profit / losses on exchange differences on translation of loans denominated in U.S. dollars and Euros.

Interest rate risk

The Company takes on exposure to the effects of adverse fluctuations in market interest rates on its financial position and cash flows. Such fluctuations may increase the interest margin, but in case of unexpected changes in interest rates interest margin may decline and result in a loss. Company is exposed to the impact of changes in interest rates as a result of short-term loans and bank deposits. The Company had loans that were obtained at different rates and thus. The company was exposed to the impact of interest rate changes on cash flows. However as of December 31, 2013 all foreign currency loans were repaid.

The Company has no formal policy analysis and reduces their exposure to interest rate risk

Price risk

The company is not exposed to the effects of fluctuations in the market prices of financial instruments due to the lack of financial instruments measured at fair value.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its liabilities on payments when they fall due under normal and stress conditions. To limit this risk, management has arranged diversified funding sources in addition to the existing principal amount of bank deposits.

It also manages assets with liquidity in mind and daily monitoring of future cash flows and liquidity. This process includes an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Information below shows the contractual maturities of financial liabilities, interest payments, as of December 31, 2013:

	Before demand and less than1 month	**From 1 till 3 months**	**From 1 till 3 months**	**From 12 months. till 5 years**	**Above 5 years**	**Total**
Liabilities						
Loans including percents	107 221	906 096	303 404	1 082 313	-	**2 399 034**
Payables on the property and equipment (Notes 17)	554 496	44 544	-	-	-	**599 040**
Other payables(Notes 17)	494	-	-	-	-	**494**
Totalfuture payments, including future payments of the main sum and percents	**662 211**	**950 640**	**303 404**	**1 082 313**	-	**2 998 568**

The Information below shows the contractual maturities of financial liabilities, interest payments, as of December 31, 2012:

	Before demand and less than 1 month	**From 1 till 3 months**	**From 1 till 3 months**	**From 12 months. till 5 years**	**Above 5 years**	**Total**
Liabilities						
Loans including percents	182 895	98 106	1 055 666	832 500	-	**2 169 167**
Payables on the property and equipment (Notes 17)	432 804	20 903	-	-	-	**453 707**
Other payables (Notes17)	494		-	-	-	**494**
Total future payments, including future payments of the main sum and percents	**616 193**	**119 009**	**1 055 666**	**832 500**	-	**2 623 369**

30. Management of capital

The task of the Company's capital management is to maintain the Company's ability to continue its activities in accordance with the going concern principle providing Income for shareholders and benefits for other

stakeholders in maintaining an optimal capital structure to reduce the cost of capital as well as maintaining compliance with the listing requirements of the official list of JSC " Kazakhstan Stock Exchange ".
Company monitors capital on the basis of the ratio of debt to equity. The Company's strategy is to achieve the optimal ratio of debt to equity. This ratio is defined as net debt divided by the total capital. Net debt is defined as total borrowings (including "Indebtedness payables from operating activities", as reflected in Notes 17) less cash and cash equivalents. Total capital is defined as "equity" in the statement of financial position plus net debt.
On August 12, 1998 the Company's common shares were included in the official list of the Exchange on the "B" category since September 10, 2008 was transferred to the third category of the list.
On November 9, 2009 in connection with the merger of the main trading platforms and exchanges special trading floor region financial center of Almaty city took effect combined list of securities in which the Company's common shares were taken into account in the third category.
June 2, 2010 the company has received opinion on the possibility of transfer of ordinary shares from the third to the second category of the official list of the Exchange. Thus, to meet the listing requirements for the second category the Company monitors capital on the basis of the constituent ratio of equity and capital. At the same time private capital can not be less than the initial capital, and should be equivalent to at least one hundred seventy-one thousand- monthly estimates according to financial statements for the last date confirmed the audit report capital.
The main objective of the Company 's capital management is to ensure a strong credit rating and healthy capital ratios in order to support its business and maximize participants.
The Company manages its capital structure and its changes in response to changes in economic conditions. For the years ended December 31, 2013 and 2012 no changes in the objects, policies and processes for managing capital.

31. Conditional and contract liabilities

Judgment proceedings

From time to time in the course of business, the judiciary received claims against the Company. As of the reporting date, the Company was not involved as a defendant in litigation, respectively reserve for losses on judgment proceedings not formed.

Tax legislation

Tax and customs legislation of Kazakhstan is subject of varying interpretations and frequent changes. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

Tax Kazakh authorities may be taking more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged.

As the result may be assessed significant additional Tax, fines and penalties. Tax periods remain open to review by the authorities in Tax payment within five calendar years preceding the year of review. In some cases, checks may cover longer periods.

Tax Kazakh legislation does not contain definitive guidance Tax issues. Sometimes applied interpretation of such uncertain tax issues leading to lower overall rates tax Company. As noted above, in connection with the recent developments in administrative and judicial practice such an interpretation Tax positions may come under scrutiny. The consequences of such checks by Tax bodies can not be estimated with sufficient reliability; however, they may be significant to the financial position and or the Company as a whole.

The Company's management believes that the relevant legislation is interpreted them correctly, and that position was adopted in part Tax currency and customs legislation will be successfully defended in the event of any dispute.

Due to the possibility of challenge Tax Company policies, including the tangent of transfer pricing legislation, management believes that the position of the Company will be successfully defended and notes that the potential fine can not be estimated reliably. Accordingly, on December 31, 2013 no provision for potential liabilities Tax in these financial statements has not been accrued (2012: provisions accrued was not).

Transfer pricing

In accordance with the law on transfer pricing international operations are subject to government control. This law requires local companies to maintain and if necessary to provide economic justification and method for determining the prices used in international operations including the availability of documentation to support prices and price differentials.

Price differentials may not apply to international transactions with companies registered in offshore zone. In case of rejection of the transaction price from the market price Tax authorities have the right to correct Tax base and impose additional amount Tax, penalties and interest penalties.

Transfer pricing law in some areas does not contain a detailed and clear guidance in terms of how its rules should be applied in practice (eg, form and content of documentation evidencing the discount) and the definition Tax Company's obligations in the context of transfer pricing provisions require interpretation of the law transfer pricing.

Management believes that the Company used in 2013 and prior years and the prices match the market level and it is implemented internal control procedures to meet the new requirements of the legislation on transfer pricing.

The company carries out transactions subject to state control of transfer pricing. Sales to foreign customers of the Company based on market prices on the principles of "arm's length".

Political and economic situation in Kazakhstan

Despite the fact that in recent years there has been improvement in the economic situation in the Republic of Kazakhstan the economy continues to show signs of an emerging market. These characteristics include, but are not limited to the existence of the national currency which has no free conversion outside the country, and a low level of liquidity in the securities market. In addition the agricultural sector is impacted by political, legislative, fiscal and regulatory developments in Kazakhstan. Prospects for future economic stability of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government as well as the development of the legal and political systems.

Financial position and future operations of the Company may be adversely affected as a result of continuing economic problems specific to developing countries, management is unable to predict any degree or duration of the economic difficulties or to assess the impact that may occur on these financial statements.

Insurance policies

The Company practices insurance of its risks on the following directions:

- Insurance of civil responsibility for the damnification to the life and health of 3rd parties and for the damnification to the environment;
- Insurance of property;
- Obligatoryinsurance of civil responsibility of owners of transport;
- Obligatory insurance of civil responsibility of owners of the objects of activity which are in the danger to impair to the 3rd parties;
- Obligatoryecological insurance.

Liabilities on capital investment

As of December 31, 2013 the Company had contractual liabilities for acquisition of property and equipment totaling 632493 thousand KZT (2012: 506636).

Adherence to loan covenants

The Company has no significant restrictive obligations related to loans and borrowings, failure of which could lead to negative consequences for the Company, including an increase in the cost of borrowings, declaration of default, demands by the credit institution for early repayment of the loan amount, and Other negative consequences.

Hypothecated assets and assets limited in use

Below presents the Company's assets pledged as collateral

			(thousand KZT)
	Notes	**December 31, 2013**	**December 31, 2012**
Propertyandequipment	5	7 046 459	6 493 271
Investmentproperty	6	76 440	76 440
Total		**7 122 899**	**6 569 711**

As of December 31, 2013 property and equipment, intangible assets and investment property total value of 7122899 thousand KZT (2011: 6 569711 thousand KZT) were pledged to third parties as collateral for loans.

32. Information about fair value of financial instruments and non-financial assets

Fair value and accounting classification of financial instruments

Fair value is the amount at which can be exchanged for a financial instrument in a current transaction between willing parties, other than in a forced sale or liquidation. The best evidence of fair value is the price quotations in an active market.

The estimated fair values of financial instruments have been determined by the Company using available market information (if available) and appropriate valuation methodologies. However, to interpret market data to determine the fair value of the judgment is necessarily required. Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. In determining the fair value of financial instruments used all available market information and professional judgment.

Financial assets carried at amortized cost

The fair value of instruments with floating rate instruments is normally their carrying value. The estimated fair value of fixed interest rate based on the discounted cash flows using current market interest rates of borrowings for new instruments and credit risk and Tax and maturity. The discount rate used depends on the credit risk of the counterparty.

The carrying amount of financial assets approximates their fair value due to their short-term (Notes 8,11,12 and 13).

Financial liabilities, carried at amortized cost

The fair value of other liabilities is determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity is based on the expected discounted cash flows using interest rates for new instruments with credit risk and Tax maturity. Fair value of liabilities repayable on demand or after a notice of redeemable («liabilities, redeemable on demand") is calculated as the amount payable on demand, discounted from the first date that could be required for the settlement of liabilities.

The carrying amount of financial liabilities approximates their fair value (Notes 15 and 17)

Fair value accounting and classification of non-financial assets

The Company determines the fair value of non-financial assets recorded in the statement of financial position using the following fair value hierarchy that reflects the significance of the input data used for the evaluation:

- Level1: (direct) market quotations of sister toolare used on the active market;
- Level 2: estimation techniques bases on the original information from the observedmarket, received directly (that is direct prices) or intermediately (information is based on prices).
  This category includes instruments valued conducted using quoted market prices of identical or Tax instruments in active markets; quoted market prices of identical or Tax instruments in markets that are considered less active, or using other valuation techniques where all the important data source directly or indirectly, can be obtained on the basis of market data observable in the market;
- Level 3: Evaluation methods, which use significant observable input data. This category includes all instruments where the valuation techniques include the initial parameters are not based on observable market data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments valued based on quoted prices held Tax instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table will analyze non-financial assets at fair value as of December 31, 2013 by the level in the fair value hierarchy.

	December 31, 2013 (thousand KZT) Quotation on the active market		
	(Level 1)	**(Level 2)**	**Total**
Non-financialassets			
Investmentproperty	-	439 933	**439 933**
Totalnon-financial assets shown on the fair value	-	**439 933**	**439 933**

The table will analyze non-financial assets at fair value as at December 31, 2012 by the level in the fair value hierarchy.

	December 31, 2012 thousand KZT Quotation on the active market		
	(Level1)	**(Level 2)**	**Total**
Non-financialassets			
Investmentproperty	-	432 789	**432 789**
Total non-financial assets shown on the fair value	-	**432 789**	**432 789**

33. Operations with related parties

Parties are considered to be related if they are under common control or one of them has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. In considering each possible related party into account the substance of the relationship, not merely the legal form.

Entities under common control are other subsidiaries «KazFoodProducts» LLP

The outstanding balances at December 31, 2013 and December 31, 2012, the transactions with related parties:

(thousand KZT)

December 31, 2013	Holdingcompany	Company under generalsupervision	Otherrelated parties	Keymanagementpersonnel	Total
Gross amount of receivables on the main activity	-	1 716 929	-	-	**1 716 929**
Receivables on the main activity and other receivables	-	-	-	1 545	**1 545**
Reserves of future expenses and payments	-	-	-	4 666	**4 666**

December 31, 2012	Holdingcompany	Company under generalsupervision	Otherrelated parties	Keymanagementpersonnel	Total
Gross amount of receivables on the main activity	-	228 624	-	-	**228 624**
Receivables on the main activity and other receivables	-	394 882	-	-	**394 882**
Receivables on the financial lease (effective interest rate: from 7% till 9,6%)	-	146 267	-	-	**146 267**
Receivables on the main activity and other receivables	-	-	-	1 224	**1 224**
Reserves of future expenses and payments	-	-	-	4 457	**4 457**

Other related parties are companies that are under the influence of the ultimate controlling party of the Company as disclosed in Notes 1. Receivables on the financial lease from related parties was not past due or impaired (Notes 8). Other financial assets were past due or impaired.

Below are articles income and expenses on transactions with related parties for the years ended December 31, 2013 and 2012:

(thousand KZT)

December 31, 2013

Company

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	Holdingcompany	under generalsupervision	Total
Incomefrom sales of goods	-	10 415 887	**10 415 887**
Incomefrom operatinglease	34 286	32 196	**66 482**
Otheroperatingincomes	-	30 997	**30 997**
Recompense of received from the realization of goods of related parties	-	55 707	**55 707**
Percentincome on the financial lease	-	10 202	**10 202**
Purchasing of raw and material	-	4 184 763	**4 184 763**

December 31, 2012

	Holdingcompany	Company under generalsupervision	Total
Income from sales of goods	-	8 175 683	**8 175 683**
Incomefromoperatinglease	34 286	33 522	**67 808**
Otheroperatingincomes	-	394 882	**394 882**
Recompense of received from the realization of goods of related parties	-	75 963	**75 963**
Percent income on the financial lease	-	23 805	**23 805**
Purchasing of raw and material	-	3 908 829	**3 908 829**
Managementservice	72 982	-	**72 982**

Income from sale of goods is presented implementation confectionery "Bayan Sauda" LLP is the main buyer of the Republic of Kazakhstan. Other operating incomes exhibited include fines and penalties for non-performance of contracts for the supply of raw materials from the JSC "AziyaAgroFud" JSC.
Below is information on key management personnel remuneration paid in 2013 and 2012:

	2013		2012	
	Expenses	Accruedliability	Expenses	Accruedliability
Short-termpayments:				
Salary	63 283	-	62 238	-
Short-termbonus payments	1 241	-	1 488	-
Otherlong-termpayments to the employees:				
Terminationbenefit	-	1 863	-	-
Payment at anniversary	-	15	-	40
	64 524	**1 878**	**63 726**	**40**

Short-term bonuses are payable in full within 12 months after the period in which the management of the service is rendered.

34. Important non-monetary transactions on operating financial activity.

In 2013 and 2012 within the framework of operations, the Company has implemented offsets between accounts Indebtedness financial and operating leases and accounts Indebtedness procurement of goods and raw materials from related parties totaling 174021 thousand KZT and KZT 192619 thousand KZT, respectively.

35. Subsequent Events.

In the period after the balance sheet date and before the financial statements are significant events occurred:

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February 11, 2014 KZT depreciated against the U.S. dollar and other major currencies. Exchange rate appreciated significantly against the U.S. dollar increased by 20% for 1 U.S. dollar before and after the devaluation of the KZT were 155KZT and 185 KZT respectively. Due to the fact that the company carries out its activities in the territory of the Republic of Kazakhstan exchange rate changes can affect the results of operations. However, in view of the fact that as of the date of the devaluation as well as on December 31, 2013 the Company had repaid all deposits and loans in foreign currency, the event did not have a negative impact on the financial position and results of operations.