Consolidated Interim Financial Statements
Explanatory notes

SAT & Company JSC

For the period from January 01 to March 31, 2011

Explanatory notes to consolidated interim financial statements for the period from January 01 to March 31, 2011.

General information

Organization and core activities

"SAT & Company" (hereinafter "Company") – joint-stock company in the meaning defined in the Civil Code of the Republic of Kazakhstan. Company legal address: Republic of Kazakhstan, Almaty, 050004, Tulebaeva 38. The Group consists of the Company and consolidated subsidiaries as described below.

The principal activities of the Company and its subsidiaries as of March 31, 2011 are as follows:

The Company/subsidiary	Principal activity
SAT & Company JSC	Investment activities Trading
Kazkyr Security LLP	Security services
ShalkiyaZinc N.V	Subsoil use
SAT Trade LLP	Trading activity
Astananephtechim LLP	Trading activity
Sat Petrochemicals LLP	Trading activity
Vostok Munay LLP	Trading activity
SAT & Co HOLDING A.S. Turkey	Trading activity
Jinchend SAT(Tianjin) Commercial&Trade Co. Ltd	Trading activity
SAT Komir Mining Company LLP	Coal mining and sale
Ertys Ferronickel Plant	Nickel ore exploration
CAICC	Metallurgical production, subsoil use

SAT & Company JSC was established in October 2001. Since 2006, it was restructured into Joint Stock Company.

Republic of Kazakhstan business environment

The Group operations are subject to economic, political and social risks inherent in doing business in Kazakhstan and abroad. These risks include matters arising from the policies of the government, economic conditions, the imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The attached consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and financial position of the Group. The future business environment could marginally differ from management's current assessment.

2. Basis of preparation

The given financial statements was prepared in accordance with International Financial Reporting Statements (interpretations IFRS and IFRIC), as issued by International Accounting Standards Board (IASB), including IAS 34 "Interim financial statement", including those parts of Kazakhstan legislation, which are applicable to companies, preparing its financial statements in accordance with IFRS.

According to management opinion, all correction necessary for true and not misleading financial position representing, the operating results and cash flows for 3 month of 2011 year, were included into this financial statements.

Improvement of IFRS

On May 2008 and April 2009, the Board of IFRS issued the first set of corrections to its standards, mainly, with aim of discrepancy and exact wording. Transitional regulations exist in relation to each standard. The application of the standards (with amendments), listed below has brought to changes in accounting policy, but didn't influence the financial position or the results of the Company operations.

The Company has adopted the following new or revised Standards and Interpretations:

Amendment to IAS 1 "Presentation of Financial Statements" – the given standard brings changes into references, used in relation to main reports. Requirement to include financial statements in the earliest comparative period into full set of financial statements in the case when a company applies retrospectively the accounting policy and prepares retrospective statement on items in its financial statements, or when the organization provides reclassification of the items in its financial statements. Besides this, there are requirements in relation to changes in equity capital, and also in profits and losses.

Amendment to IAS 7 "Cash flow statements" explains that expenses entailing to recognition of the asset may only be classified as cash flows from investments activity.

Amendment to IAS 16 "Fixed Assets": The change of concept "net cost of sale" to fair value less costs". The Company has changed respectively its accounting policy, which didn't bring to changes in the financial position.
Amendment to IAS 36 "Impairment of value": If discounted cash flow is used for assessment of fair value less costs then disclosure of additional information is required on discounting rate, and also the relative information the disclosure of which is required in use of discounting cash flows for assessment of "value in use" This amendment didn't influence the financial position of the Company in this reporting period.

The Company didn't apply the following IFRS and Interpretations IFRIC in view of the operations absence:

Amendment to IFRS 5 "Noncurrent assets, assigned for sale and terminated activity" explains that requirements in relation to disclosure of the information on noncurrent assets and disposal groups, classified as assigned for sale and also for terminated activities are described exclusively in IFRS 5. The requirements in relation to disclosure of the information, containing in other IFRS shall be applied only in cases when specially discussed for such noncurrent assets and terminated activity.

Amendment to IFRS 8 "Operating Segments". This standard establishes that assets and liabilities of the segment shall be reflected only in the case if these assets and liabilities are included in the assessment, used by executive body, responsible for adoption of operational decisions.

Amendment to IAS 1 "Presentation of financial statements": Assets and liabilities, classified as withholding for provision of trading operations in accordance with IAS 39 "Financial instruments: recognition and assessment" are not classified automatically in the report of financial position as short term.

IAS 18 "Revenue": The Board has included a guideline (supplementing the standard) to define if the Company is a principal or an agent.

Amendment to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance": According to the changes brought interest-free loans and loans provided with interest lower the market rate shall not be excluded from the sphere of requirement application on accruement of imputed interest. The imputed interest shall be accrued for loan, provided at rate lower the market.

Amendment to IAS 23 "Borrowing costs": The definition of the expenses on loans was revised with aim of uniting two types of items, which were considered the components of expenses on loans, into one – interest expenses, calculated with use of interest rate method according to IFRS 39.

Amendment to IAS 38 "Intangible assets": Expenses on advertisements and events on demand incentive are recognized in the expenses at the moment, when the Company has a right of access to the goods or receives the service.

Other amendments to the following standards, adopted in the result of the project "IFRS Improvement" have no impact on the accounting policy, financial position and the operating results of the Company:

IFRS 2 Share-based payments
IFRS 7 Financial Instruments: disclosure of information.
IAS 8 Accounting policy, changes into accounting information and mistakes
IAS 10 Events after the balance sheet date
IAS 19 Employee benefits.
IAS 27 Consolidated and separate financial statements"
IAS 28 Accounting of the investments in Associates
IAS 31 Participation in joint activity.
IAS 34 Interim financial statements
IAS 38 Intangible assets
IAS 39 Financial instruments: recognition and measurement.
IAS 40 Investment property
Interpretation IFRIC 9 "Reassessment of embedded derivates".
Interpretation IFRIC 16 "Hedging of net investment in a foreign operation"
Interpretation IFRIC 17 "Distribution of non-cash assets to Owners

Bases of Consolidation

These consolidated financial statements reflect the Group's financial position as at June30, 2010, and also financial performance of the Group for the year ended June 30, 2009 and 2010.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity in order to benefit from these activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date of actual transition of control to the date of its termination. The financial statements of the subsidiaries are prepared for the same reporting year as the Company's financial statements in accordance with consistent accounting policies. All intergroup accounts and transactions including unrealized gains on transactions in the Group are eliminated. Unrealized losses are eliminated as unrealized gains but they are eliminated only to the extent that there is no evidence of impairment.

Associates

Associates are the entities over which the Group has significant control, but not control over financial and operating policies. The Consolidated financial statements include the Group's share in the recognized incomes and expenses of the associated entities on the base of equity method from the acquisition date of the considerable influence and up to the date when the considerable influence ceases. When the Group share of losses in an associate exceeds its interest in the associate, the interest carrying amount is written off and the Group does not recognize the further losses, unless it has incurred obligations on behalf of the associate.

Transactions eliminated at consolidation

All inter group accounts and transactions, and also unrealized gains from inter group transactions are eliminated when preparing consolidated financial statements. Unrealized gains from transactions with associated entities and entities under joint control are eliminated in accordance with share of the Group in these entities. Unrealized gains from the transactions with associated entities are eliminated from investments into the associates. Unrealized losses are eliminated as unrealized gains but they are eliminated to the extent that there is no evidence of impairment.

Bases of measurement

These consolidated financial statements were prepared in accordance with historical cost principal.

Functional currency and presentation currency

National currency of Kazakhstan is Kazakhstan Tenge (hereinafter "tenge") which is the functional currency of the Company as well as the currency used to prepare these consolidated financial statements in accordance with IFRS. All financial information is presented in thousands of tenge.

Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions. Those judgments, estimates and assumptions affect the reported amounts of assets and liabilities, as well as disclosures on potential and contingent assets and liabilities. Actual results obtained in future could differ from those estimates.

Assumptions and estimates made on the basis thereof are regularly reviewed for the need of making changes. Changes in estimates are recognized in the reporting period in which they were revised and in all subsequent periods affected by those changes.

Summary of significant accounting policy

When preparing financial statements in accordance with IFRS primary accounting policies were applied. Those accounting policies were applied consistently.

Foreign currency transactions

Foreign currency transactions are translated into tenge at the exchange rates effective at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into tenge at the exchange rate effective at this reporting date. Non-monetary assets and liabilities denominated in foreign currency and carried at fair value are translated into tenge at the exchange rate effective at the date when fair value was determined. Gains and losses arising from translation are recognized in the income statement.

Intangible assets

Goodwill

In case a subsidiary or interest in a joint venture or an associate is acquired as well as in case of joint operations, the acquisition cost is distributed on assets and liabilities based on their fair value as at the acquisition date. Goodwill on acquisition is the excess of the acquisition cost over the fair value off the Group's share of the net identifiable assets of the acquired entity. Goodwill is recognized at cost less impairment losses. Goodwill is not amortized but is annually tested for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing which are expected to benefit from acquisition. Goodwill impairment losses are not recoverable.

Research and development

Costs for research and development performed with the purpose to receive new scientific and technical knowledge and experience are recognized in the consolidated income statement as expenses for the period.

Costs for research and development works in the course whereof the exploratory developments are applied for planning or engineering of production of new or considerably improved products and processes are capitalized if those products and processes are feasible from the technical or commercial points of view, and the Group possesses funds sufficient to complete those developments. Capitalized costs include the value of materials, direct labor costs and corresponding part of overheads. Other costs for research and development are charged to the consolidated income statement as expenses for the period. Capitalized costs for research and development are carried at cost less accumulated amortization and impairment losses.

Other intangible assets

Other intangible assets acquired by the Group and having a limited useful live are recognized at cost less accumulated depreciation and impairment losses. Expenses on internally generated goodwill and trademarks are included into the consolidated income statement as expenses for the period.

Amortization

Intangible assets except for goodwill are amortized using a straight line method over the useful lives starting from the date when those assets are ready for use. Useful live for intangible assets makes up 3-10 years.

Fixed assets

Owned assets

Fixed assets are shown at cost (or basic) cost less accumulated depreciation and impairment losses. The cost of self-made property includes property; plant and equipment include cost of materials, labor costs and respective manufacturing overheads. The cost of fixed assets main items as of as at 1 January 2005, IFRS transition date, was determined based on their fair value as at the specified date ("implied cost") according to IFRS 1.

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

Construction in progress

Construction costs are capitalized as a separate construction in progress asset in Property, plant and equipment. Upon completion of construction the items are transferred to the corresponding category of fixed assets. Items of construction in progress are not depreciated.

Repairs and maintenance

Expenses on replacement of the component of fixed assets item which is separately accounted for are capitalized, and the carrying amount of the component replaced is written off. Other subsequent costs are capitalized only in case they increase future economic benefits from the use of such fixed assets item. All other expenses including technical control costs and current repairs are recognized in the income statement as expenses for the period.

Subsequent expenses

Expenses on replacement of the component of fixed assets which is separately accounted for are capitalized in the value of the component being replaced. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures, including maintenance and capital repair costs, are recognized in the income statement as incurred expenses.

Depreciation

Fixed assets are depreciated on a straight-line basis to the Company's expenses throughout the estimated useful lives of separate assets. Depreciation starts with the acquisition date of the asset or, in respect to own construction, with the date when the asset was installed and ready for use.

Estimated useful lives of fixed assets:

Buildings and constructions	15-50 years
Machinery and equipment	4-25 years
Other	3-15 years

Amortization methods, expected useful lives and residue value of fixed assets are analyzed at each reporting date.

Investments

Long-term investments are recognized in the Company's financial statements at cost. The Company reviews investments for impairment in cases when events or changes in events indicate that the carrying amount may not be recoverable. When there are impairment indicators, the Company evaluates recoverable amount. Where carrying amount of the investment exceeds its recoverable amount, such investment is considered impaired and is written down to its recoverable amount.

Impairment

Carrying amount of long-term assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When there are impairment indicators the evaluation is carried out to determine whether the assets' carrying amount exceeds their recoverable amount or not. Such analysis is performed only in respect to each asset separately except for the assets which do not by themselves generate cash flows.

This being the case such analysis is made at the level of cash generating division. Where the carrying amount of a cash generating asset or division of assets exceeds its recoverable amount, a provision for recognition of the asset at the lower cost is formed. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

Recoverable amount is the higher of value in use and fair value of the asset less selling expenses. When estimating the asset's value in use, expected future cash flows are discounted to their current value at the rate before taxes which reflects current market quotations of time value of money and risks associated with this asset. Recoverable amount of the assets which do not generate cash inflows by themselves is determined as part of the recoverable amount of the unit generating cash inflows to which those assets belong. The Company units generating cash inflows are the smallest identifiable groups of assets generating cash independent of other assets or groups of assets.

Reversal of impairment loss

Impairment loss is subject to reversal in case if any changes take place in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent to which the carrying amount of the asset does not exceed the carrying amount which would have been determined less depreciation or amortization should the impairment loss has not been recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories' cost is based on average-weighted method and includes acquisition costs, production or processing costs and other expenses on bringing inventories to their location and appropriate condition. Cost of raw materials and consumables is the acquisition cost, while cost of finished products and construction in progress includes cost of production including the corresponding share of depreciation and overheads. Cost of construction in progress and finished products includes corresponding share of overheads calculated based on standard use of production capacities.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs for completion of works and selling costs.

Trade and other receivables

Trade and other receivables are recognized to the amount of the invoice issued (which is the fair value of funds receivable) less impairment provision for these receivables. Provision for impairment of receivable is formed when there is objective evidence that the Group will not recover all receivables on initial terms. Provision amount is the difference between initial carrying amount and recoverable amount which is the current value of expected cash flows discounted at initial effective interest rate for the financial instruments.

Cash and cash equivalent

Cash and cash equivalents include cash on hand and on bank accounts, short-term on-demand deposits or those with repayment period less than three months.

Borrowings

Borrowings are initially recognized at fair value of the funds received less transaction costs incurred in respect to those funds. Later on the borrowings are accounted for at depreciated cost using the effective interest rate method.

Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. If the effect of time value of money is significant, provisions are calculated by discounting future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, if appropriate, risks specific to the liability. Provision discount amortization is recognized as finance costs.

Revenues

Revenues are recognized to the extent that it is more likely that economic benefits will flow to the Company and the amount of revenue may be reliably estimated. Proceeds from goods sold are recognized in the income statement at the time when all material risks and benefits from such ownership are transferred to the buyer, usually after transfer of title for the goods.

Finance income

Finance income comprises interest income from investments and proceeds from exchanges difference. Interest income is recognized as it accrues using the effective interest rate.

Finance expenses

Finance expenses include interest expenses on borrowings, discount amortization on provisions and exchange difference losses. All interest expenses and other expenses incurred on borrowings are charged to expenses incurred as a component of net finance expenses.

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income statement except for the cases when it relates to items recognized directly to equity, in which cases it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the reporting year and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss as at the time of transaction.
- investments to subsidiaries if the period of temporary difference reversal may be controlled and it is likely that this temporary difference will not be repaid in the foreseeable future.

The amount of deferred tax is calculated 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 to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are set off where there is a legal right to set off current tax assets against current tax liabilities and where deferred taxes relate to the same taxable item and the same tax authority.

Dividends

Dividends are recognized as liabilities in the period in which they were approved by the shareholders.

Financial instruments

Recognition

Financial assets and liabilities are recognized by the Group in the balance sheet when it becomes a party to the contract for a certain instrument. Financial assets and liabilities are set off with the total amount being recognized in the balance sheet provided that there is a legal right thereto and intention to work using net revenue/expense method or a right to realize an asset simultaneously with settlement of a liability.

Assessment

Financial assets and liabilities are initially recognized at fair value which is the paid or involved consideration including expenses directly attributable to the transaction. Income or expenses are initially recognized in the income and loss statement.

Investments are classified by the Group based on the management intentions at their acquisition. Investments with fixed repayment periods and with fixed or determinable payments are classified as "held to maturity".

Investments available for sale are non-derivative financial assets which include investments held for sale though the period during which the management shall sell them is not determined. They are included into long-term assets if the management has no intention to sell investments within 12 months from the balance sheet date. In this case they are charged to current assets. Those assets are accounted for at fair value and non-realized changes in fair value are recognized directly in equity prior to disposal or sale.

Termination of financial assets recognition is provided in case when the Group loses its control on this assets contract right. This situation will take place, when the rights are implemented, transferred or lost its force. Termination of financial liabilities is provided in case of its repayment.

Termination of investments recognition, retained before its repayment, and also loans provided and accounts payable is recognized to the date of its transfer by Group.

Segmental information

The Group operates primarily in the territory of Kazakhstan and in the territory of Turkey, thus represents two geographic segments. Segment information is provided in respect to industry segments.

Segment is a separate component of the Group connected with the production of goods or services in a certain industry and exposed to risks and benefits other than those of other segments. Segment information is presented according to the primary industry segmentation adopted by the Group which is based on the management structure and internal reporting of the Group.

Performance of the segment, its assets and liabilities include items directly attributable to the segment as well as those which may reasonably be attributed to it. The Group operations are primarily connected with:

- Trade activity including sale of petrochemicals, coal ore and etc. In addition this segment includes other operations the output whereof does not form a separate segment, such as letting the assets on lease, sale of materials, etc
- Industrial production, including ferrosilicon manganese.
- Operations of the Head Office, including acquisition and sale of investment assets and securities.

The management monitors financial performance for each industry segment separately in order to make investment decisions and evaluate operating activity. The segments are evaluated based on operating income or losses. Financing and taxation are planned at the Group level.

Information on Report of Incomes and Expenses

Sales income

	1 q. 2011	1 q. 2010
Oil products sale	116 297	371 752
Metal sale	924186	139 582
Coal sale	530 852	130 155

Rental profits	62 044	4 732
Other	33712	112 184
Total	**1 667 051**	**758 405**

Profits by areas of selling

	1 q. 2011	1 q. 2010
Kazakhstan	1 081 970	616 407
Russia	555796	139 582
Other regions	29 285	2 416
Total	**1 667 051**	**758 405**

Cost selling

	1 q. 2011	1 q. 2010
Cost of oil products	115 001	71 952
Cost of metals	1 045 212	135 117
Other	354 369	96 272
Total	**1 514 582**	**303 341**

Selling expenses

	1 q. 2011	1 q. 2010
Transportation	226 385	55 463
Salaries	27 254	-
Processing and storing	6 028	3 197
Materials	11 698	233
Other	3 161	14 998
Total	**274 526**	**73 891**

Administrative costs

	1 q. 2011	1 q. 2010
Rental salaries	14 285	19 940
Salaries	214 811	152 375
Amortization and depreciation	89 476	40 628
Security costs	16 025	24 727
Business trip expenses	16 097	8 461

Sponsor and welfare aid	58 199	40213
Communication	11 310	29 430
Taxes other than income tax	41 919	21 464
Bank services	28 698	15 825
Fines and dues	7 809	951
Legal services, consulting and other	89 542	10 020
Other	39 436	15 340
Total	**627 607**	**379 374**

Other operation costs

	1 q. 2011	1 q. 2010
Expenses caused by retirement of fixed assets	16 060	10
Expenses caused by retirement of investments		98
Exchange loss	123 338	27 057
Other	135 761	77 409
Total	**275 159**	**104 574**

Other incomes

	1 q. 2011	1 q. 2010
Exchange income	209054	132 348
Income from realization of fixed assets	6581	-
Income from realization of investments		1 134
Other incomes	279 029	18 373
Total	**494 664**	**151 855**

Financing profits and expenses

Financing profits

	1 q. 2011	1 q. 2010
Securities compensation		417 316
Deposit compensation	2431	-
Total	**2 431**	**417 316**

Financing expenses

	1 q. 2011	1 q. 2010
Expenses at banking loan interest	68639	119 694
Coupon payment expenses	562 199	205 670
Total	**630 838**	**325 364**

Company share in profit (loss) of associated organizations and joint activity calculated at equity share method

	1 q. 2011	1 q. 2010
Share in financial result of associated companies	-89 214	-38 228
Total	**-89 214**	**-38 228**

Disclosure of financial position statement items

Short-term assets

Cash and cash equivalents

As of March 31, 2011 cash assets make up a sum of 2 526 752 thousands of tenge, all money are on the current accounts in banks and are not limited in use.

Financial assets, available for sale

Includes securities, retained for sale

	As of March 31, 2011	As of March 31, 2010
Securities for sale	6	1 411 854
Total	6	**1 411 854**

Investments

In the table below you can see the investments which are listed in separate accountability of SAT & Company JSC.

Type of investment	Opening balance	Debit	Credit	Closing balance
Securities portfolio, total	20 941 571	244 275	17 629	21 168 217
Including:				
Private securities	20 941 571	244 275	17 629	21 168 217
Other investments*	8 337 330	209	71 585	8 265 954
Total investment	**29 278 901**	**244 484**	**89 214**	**29 434 171**

In March of 2011, additional amount of ShalkiyaZinc N.V. shares were purchased for the total amount 244 275 thousands of tenge.

In February of 2011, "Aviacenter" JET LLP and OOO "Trading house SAT" in Russia, equity share is 209 thous tenge.

Cost of investments, coming into consolidation makes up a sum 21 172 920 thousands of tenge.

Cost of investments accounted by equity share method taking into account depreciation 3 789 452 thous tenge,

Cost of investments accounted by fair value cost 4 471 799 thous tenge

Depreciation of investments accounted by equity share method for amount 89 214 thous tenge is reflected.

Short-term trading and other account receivables

	As of March 31, 2010	As of March 31, 2010
Debts of customers and consumers	1906394	1 178 520
Short term debt of employees	117 394	1920
Rental debt	39 239	52 070
Other accounts receivables	3 795 217	3 726 639
Provision on doubtful demands	-1506 523	-683 397
Итого	**4 351 721**	**4 275 752**

Inventories

	As of March 31, 2011	As of March 31, 2010
Stock and materials	848 787	320 800
Construction in progress	238461	62
Finished productions	1358161	363
Goods	65701	325 885
Total	**2 511 110**	**647 110**

Other short-term assets

	As of March 31, 2010	As of March 31, 2010
VAT offset	1 626 327	970 502
Other current taxes	87 950	6 305
Short term advance payments	1 290 236	470 792
Costs of future periods	80 493	40 531
Other	315 974	12 870
Provision for doubtful debt	-202 264	-75 380

Total	**3 198 714**	**1 425 620**

Long-term assets

Financial assets, accounted by fair-value method

	As of March 31, 2011	As of March 31, 2010
Investments in China	4 471 799	4 471 639
Total	**4 471 799**	**4 471 639**

Long-term trading and other accounts receivables

	As of March 31, 2011	As of March 31, 2010
Long-term accounts receivables	548 270	961 820
Long term accounts receivables from personal	315 511	12 340
Other long term accounts receivables	92 355	463 944
Reserve		-53 102
Total	**956 136**	**1 385 002**

Investments accounted by equity share method

	As of March 31, 2011	As of March 31, 2010
Investments into associated companies	3 789 452	1 211 333
Total	**3 789 452**	**1 211 333**

Fixed Assets

	Mining assets	Land	Buildings and construction	Machinery and equipment	Transport vehicles, furniture, computers, and other office equipment	Construction in progress	Total
Initial value	1 423 730	70 030	2 561 909	5 032 097	418 622	9 289 578	18 795 966

Accumulated impairment and depreciation	- 643 951		- 539 900	- 3 627 339	- 152 036	- 126 564	- 5 089 790
Overrun of FA AC on acquired investments		1 835	22 919 921	3 933 224			26 854 980
Balance cost as of opening period	**779 779**	**71 865**	**24 941 930**	**5 337 982**	**266 586**	**9 163 014**	**40 561 156**
Receipts			241 937	46 845	39 652	1 016 268	1 344 702
Receipts after companies merging		-					-
Outflows			- 9 115	- 10 868	- 2 557	- 271 500	- 294 040
Depreciation expense			- 23 329	- 99 009	- 16 447		- 138 785
Retirement depreciation			1 382	4 353	- 460		5 275
Balance cost at closing period	**779 779**	**71 865**	**25 152 806**	**5 279 303**	**286 774**	**9 907 782**	**41 478 310**

As of March 31, 2010 fixed assets with balance cost 14 017 373 thous tenge serve as bank loan mortgage security.

Exploration and appraisal assets

	As of March 31, 2011	As of March 31, 2010
Exploration and appraisal assets	2 690 969	956 736
Amortization of exploration and appraisal assets	-51 544	
Loss from exploration and appraisal depreciation		
Balance cost at the end of period	**2 639 425**	**956 736**

Intangible assets

	As of March 31, 2011	As of March 31, 2010
Software	525 531	14 185
Licenses	29 509	647 246
Goodwill	8 600 361	12 307 201
Total	**9 155 401**	**12 968 632**

Other long-term assets

	As of March 31, 2011	As of March 31, 2010
Advances, paid for fixed assets	893 644	1 277 864
Advances, paid for other long term assets		
Other long-term assets	2 951 196	

Reserve	-127 463	
Total	**3 717 377**	**1 27 7864**

Liabilities

Loans

In these notes information on Group loan and credit is given.

	As of March 31, 2011	As of March 31, 2010
Short-term financial liabilities		
Current part of bank loans	7 659 986	1 472 993
Loans total	**7 659 986**	**1 472 993**

Short-term trading and other accounts payable

	As of March 31, 2011	As of March 31, 2010
Short-term payables to suppliers and subcontractors	3 388519	630 518
Short-term payable on lease	1645	81
Short –term rewards due and payable	741 499	458 162
Other accounts payable	966 650	115 624
Total	**5 098 313**	**1 204 385**

Current income tax liabilities

	As of March 31, 2011	As of March 31, 2010
Current income tax liabilities	**12 137**	**251**

Employee benefit

	As of March 31, 2011	As of March 31, 2010
Employee benefit	**173 225**	**52 617**

Other short term liabilities

	As of March 31, 2011	As of March 31, 2010
Short-term advances received	1 710 494	956117
Other short-term liabilities	2 159 348	161 336
Tax liabilities	161 889	1 063 623
Total	**4 031 731**	**2 181 076**

Long-term liabilities

Loans

	As of March 31, 2011	As of March 31, 2010
Long-term financial liabilities		
Bank loans	5 831 146	1 887 845
Total loans	**5 831 146**	**1 887 845**

Other long-term financial liabilities

Outstanding bonds

On January 3, 2008 Company issued 150 million of unsecured coupon bonds with par value 100 tenge. Bonds are due be rapid within seven years from issue date at par value. Remuneration payment is provided two times a year on January 3 and July 3. Remuneration rate for 7 coupon period, ending at July 03, 2011 is 9,8 % per annum. As of March 31, 2011 the bonds were distributed in amount of 112 439 817 pieces.
As of the date of bonds distribution, Company recognized discount. The discount is amortized by method of effective interest rate, which is defined at each date of coupon repayment.

	As of March 31, 2011	As of March 31, 2010
Bonds at par value	11 243 982	11 242 262
Discount	-1 524 327	1 730 287
Balance cost	**9 719 655**	**9 511 975**

Long-term trading and other accounts payable

	As of March 31, 2011	As of March 31, 2010
Other accounts payable	298 510	9648

Total	298 510	9 648

Deferred tax liabilities

	As of March 31, 2011	As of March 31, 2010
Deferred tax liabilities	6 074 328	48 049

Other long-term liabilities

	As of March 31, 2011	As of March 31, 2010
Long-term advances received		
Incomes of future periods		
Other long term liabilities		
Total	236 497	

Capital

The Company ownership capital as of reporting date is 39 106 067 thousands of tenge, which is divided into equity capital 17 409 943 and non-distributed profit 21 724 959 thousands of tenge.

The Company authorized capital is 17 409 943 thousands of tenge.

The general amount of ordinary shares declared for issue – 3 000 000 000 (three billions) pieces,

Privileged shares – 750 000 000 (seven hundred fifty millions) pieces;

Amount of distributed common shares as of reporting date 1 173 603 294 pieces,
Shares were not issued in the reporting period.
Amount of repurchased shares as of reporting date is 534 141 of ordinary shares for amount 28 835 thousand tenge.
In the reporting period shares were repurchased in amount of 167 411for amount of 2 814 thousand tenge.

Non-distributed profit makes up an amount of 21 724 959 thousands of tenge.

Balance cost of one ordinary share as of March 31, 2011

Assets as of 31.03.2011, total	79 037 161
Intangible assets	-9 155 401
Liabilities as of 31.03.2011	39 930 762
Balance of AC – privileged shares	-3 200 000
Net assets for ordinary shares	**26 750 998**
Amount of ordinary shares, thousands of tenge	1 173 603
Balance cost, tenge	**22,79**

The balance cost of one ordinary share is calculated as relation of net assets for ordinary shares to amount of ordinary shares to the date of the statement.

Net assets are calculated difference between assets and liabilities, minus Intangible assets and minus Authorized capital balance account – privileged shares.

Balance cost of one privileged share as of March 31, 2011

Amount of accrued dividends	-
AC accounts balance (privileged shares)	3 200 000
Debt component of privileged shares in liabilities	-
Amount of privileged shares	106 667
Balance cost, tenge	**30,000**

Balance cost of one privileged share is calculated as relation of Authorized capital balance account to privileged share taking into account the amount of accrued dividends and influence of liabilities on privileged shares to amount of privileged shares as of the date of the statement.

The Company shareholders

Shareholder, holding ten and more percents of Company distributed shares (minus shares, repurchased by Company) as of date of the statement.

- Rakishev Kenges Khamituly 50,46%
- "MAC ALIANS" LLP 22,96%

Profit per share

Profit per share is calculated by dividing the net profit by weighted average number of ordinary shares which are in circulation and placed by subscription before the date of accountability publishing. Profit per share is calculated taking into account the splitting of shares as of November 20 of 2008. The Company doesn't have potential ordinary shares with dilution effect.

	As of March 31, 2011	As of March 31, 2010
Net profit of company shareholders	-1 256 918	111 802
Average weighted number of ordinary shares in circulation in thousands of pieces	1 173 603	1 099 411
Profit per share attributed to the company shareholders (in tenge)	-1.07	0,10

Capital Management

Management of the Group follows the policy of capital level maintenance which is enough for ensuring the confidence of investors, creditors and market as a whole, and for keeping the business growth rate in the future. Group Management controls the indicator of profit rate of capital and seeks to maintain the balance between a higher profitability which is possible to be reached if having a higher borrowing level and advantages and security which ensure a stable position in the capital share. There have been no changes in the Group policy on capital management during the reporting periods.

Actions at Law

During the current activity Group from time to time becomes an object of judicial proceedings and claims. Managements believes that total liabilities, if such will appear, arising as a result of such proceedings and claims, will not represent a significant negative influence for financial position or results of activity of the Group.

As of March 31, 2011 the Group was not involved into any significant judicial proceedings including the arbitrage proceedings.

Sagitova Rumiya Shafkhatovna
Chief Financial Officer

Sharabok Nadezhda Ivanovna
Chief accountant