

INDEPENDENT AUDITOR'S REPORT

To Kazakhstan Stock Exchange Inc. Shareholders

19 March 2008

We have audited the accompanying consolidated financial statements of Kazakhstan Stock Exchange Inc., which comprise the balance sheet as of December 31, 2007, 2006 and 2005, the income statement, cash flow statement and statement of changes in equity for years ended as of the mentioned dates, and the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The management of Kazakhstan Stock Exchange Inc. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kazakhstan Stock Exchange Inc. as of December 31, 2007, 2006 and 2005

and of its financial performance and its cash flow for years, ended as of the mentioned dates, in accordance with International Financial Reporting Standards.

Auditor

BDO Kazakhstanaudit LLP

**Auditor's certificate of competence No 0000497,
issued by Kazakhstan Qualifications Commission on
Auditors' Certification on 18.01.2000.**

R.K. Taipova

This document was translated from Russian into English by Kazakhstan Stock Exchange Inc.

Partner BDO Kazakhstanaudit LLP



A. Koshlambaev

KAZAKHSTAN STOCK EXCHANGE INC.

WARNING

Mentioned below financial statements in English language has been translated by employees of Kazakhstan Stock Exchange Inc. for information purposes only. In case of any incompliance of this translation with the financial statements original version in Russian language the latter prevails.

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended
on December 31, 2007, 2006 and 2005

COPY IS TRUE



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ҚАЗАҚСТАН ҚОР БИРЖАСЫ
КАЗАХСТАНСКАЯ ФОНДОВАЯ БИРЖА
KAZAKHSTAN STOCK EXCHANGE

STATEMENT

concerning the responsibility for preparation of the consolidated financial statements for the years ended on December 31, 2007, 2006 and 2005

Kazakhstan Stock Exchange Inc. (hereinafter – the Exchange) management is responsible for preparation of the consolidated financial statements fairly presenting in all significant aspects the financial position of the Exchange as of December 31, 2007, 2006 and 2005 as well as results of its activities, cash flow and changes in equity for the years ended on these dates in accordance with the International Financial Reporting Standards (IFRS).

In preparation of the consolidated financial statements the management is responsible for:

- selecting and consistent applying of appropriate accounting policies
- making reasonable accounting estimates and judgments
- complying with IFRS requirements or disclosure of all material variances from IFRS in the notes to the consolidated financial statements
- preparation of the consolidated financial statements on the assumption that the Exchange will go on in the foreseeable future unless such assumption is false

The management is also responsible for:

- designing, implementing and maintaining effective and reliable internal control in the Exchange
- maintaining of accounting system relevant to at any time prepare the information regarding the Exchange's financial position with reasonable accuracy degree and to assure compliance of the consolidated financial statements to IFRS requirements
- keeping of accounting records in accordance with the legislation of the Republic of Kazakhstan
- taking measures within its competence to protect the Exchange's assets
- detecting and preventing fraud and other abuses

These consolidated financial statements of the Exchange for the years of 2007, 2006 and 2005 were approved on March 19, 2008 by the Exchange Board.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina

KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated BALANCE SHEET*

KZT'000

Items	Note	December 31, 2007**	December 31, 2006	December 31, 2005
ASSETS				
I. SHORT-TERM ASSETS				
Cash and cash equivalents	5	70,295	183,759	9,780
Restricted cash	6	142,656	1,295	1,363
Financial assets available for sale	11	7,964	11,024	–
Financial assets at fair value through profit or loss	11	114,050	–	–
Financial assets held to maturity	11	–	–	176,334
Trade and other receivables	7	52,698	117,244	42,397
Rental prepaid and other advances paid	8	152,607	2,292	9,424
Inventories	9	3,554	2,844	2,736
Corporate income tax prepayments		42,866	685	4,945
Other tax prepayments	10	3,885	1,561	1,216
Total short-term assets		590,575	320,704	248,195
II. LONG-TERM ASSETS				
Financial assets available for sale	11	513,869	524,477	27,814
Financial assets at fair value through profit or loss	11	62,181	58,039	44,068
Financial assets held to maturity	11	–	–	231,652
Investments in associates	12	86,612	60,584	64,039
Property, plant and equipment	13	173,621	81,554	64,150
Intangible assets	14	5,549	7,239	7,650
Deferred tax assets	17	4,227	170	3,064
Total long-term assets		846,059	732,063	442,437
TOTAL ASSETS		1,436,634	1,052,767	690,632
LIABILITIES AND EQUITY				
III. SHORT-TERM LIABILITIES				
Taxes payable	15	3,353	320	520
Corporate income tax payable		–	7,927	–
Trade and other payables	16	3,072	2,867	3,821
Liabilities to the Exchange members	6	142,656	1,295	1,363
Sub-rental prepaid and other advances received	16	55,535	38,913	17,237
Accrual liabilities	16	12,996	5,592	5,592
Total short-term liabilities		217,612	56,914	28,533

Items	Note	December 31, 2007**	December 31, 2006	December 31, 2005
IV. LONG-TERM LIABILITIES				
Deferred tax liabilities	17	17,841	4,395	65
Total long-term liabilities		17,841	4,395	65
V. EQUITY				
Share capital	18	165,020	160,252	111,113
Treasury stock	19	(2,567)	(2,934)	–
Reserves	11	(16,179)	–	–
Retained earnings		1,043,816	827,854	547,441
Minority interest		11,091	6,286	3,480
Total equity		1,201,181	991,458	662,034
TOTAL LIABILITIES AND EQUITY		1,436,634	1,052,767	690,632

* The consolidated balance sheet should be viewed together with notes to the consolidated financial statements, its integral part.

** Hereinafter in the consolidated balance sheet December 31 is understood as 24.00 of Almaty time on December 31 of the year.

These financial statements were approved and authorized for issue by the Exchange Board on March 19, 2008 and were signed on its behalf by:

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina

KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated INCOME STATEMENT*

KZT'000

Items	Note	2007	2006	2005
Revenue	22	841,320	734,418	497,223
Rent income		129,396	–	–
Other income		4,291	6,979	7,452
Net income from financial assets sold	22	2,654	4,070	6,586
Gain arising from a change in fair value of financial assets		4,632	14,044	4,068
Penalties, forfeits received		35,384	1,205	126
Total income		1,017,677	760,716	515,455
Salary expenses and provisions for vacations		(361,878)	(252,071)	(175,544)
Taxes		(71,608)	(35,956)	(25,630)
Amortization and depreciation		(20,867)	(16,093)	(23,231)
Travel and entertainment expenses		(13,324)	(9,158)	(5,139)
Expenses on communication and Internet		(13,221)	(5,009)	(2,724)
Inventory write-off		(22,550)	(14,533)	(12,590)
Expenses on S.W.I.F.T., membership fees, certification		(8,353)	(5,096)	(5,100)
Rent expenses		(200,346)	(4,813)	(4,245)
Net loss from property, plant and equipment sold		(2,811)	(2,331)	(4,019)
Other expenses	23	(42,368)	(27,506)	(24,578)
Total expenses		(757,326)	(372,566)	(282,800)
Operating income for the period		260,351	388,150	232,655
Interest income	24	30,392	28,882	20,816
Interest expense	24	(1,614)	(4,404)	(916)
Interest income for the period		28,778	24,478	19,900
Share of profits (loss) of associates		26,028	(3,455)	(961)
Income before tax		315,157	409,173	251,594
Corporate income tax expense	17	(93,861)	(125,834)	(77,398)
Net income for the period		221,296	283,339	174,196

Items	Note	2007	2006	2005
Income attributable to major shareholders		215,962	280,413	173,365
Minority interest		5,334	2,926	831
Earnings per share (basic and diluted)	21	494	707	595

* The consolidated income statement should be viewed together with notes to the consolidated financial statements, its integral part.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina

KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated STATEMENT OF CHANGES IN EQUITY*

KZT'000

	Share capital ¹	Treasury stock	Revaluation surplus ²	Retained earnings ³	Minority interest	Total
As of 31 December, 2004**	102,679			374,076	2,977	479,732
Issue of share capital	8,434	–	–	–	–	8,434
Net income for the period	–	–	–	173,365	831	174,196
Dividends	–	–	–	–	(328)	(328)
As of 31 December, 2005	111,113			547,441	3,480	662,034
Issue of share capital	49,139	–	–	–	–	49,139
Own shares additionally purchased in the reporting period	–	(2,934)	–	–	–	(2,934)
Net income for the period	–	–	–	280,413	2,926	283,339
Dividends	–	–	–	–	(120)	(120)
As of 31 December, 2006	160,252	(2,934)		827,854	6,286	991,458

	Share capital	Treasury stock	Revaluation surplus	Retained earnings	Minority interest	Total
Issue of share capital	4,768	–	–	–	–	4,768
Treasury shares sold	–	733	–	–	–	733
Own shares additionally purchased	–	(366)	–	–	–	(366)
Valuation loss of securities available for sale taken to equity	–	–	(16,179)	–	–	(16,179)
Net income for the period	–	–	–	215,962	5,334	221,296
Dividends	–	–	–	–	(529)	(529)
As of 31 December, 2007	165,020	(2,567)	(16,179)	1,043,816	11,091	1,201,181

* The consolidated statement of changes in equity should be viewed together with notes to the consolidated financial statements, its integral part.

** Hereinafter in the consolidated statement of changes in equity 31 December is understood as 24.00 of Almaty time on 31 December of the year.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina

¹ A share capital is the total cost of offered shares at their offering price.

² Revaluation surplus is the total size of financial assets carrying amount cost exceeding their market cost.

³ Retained earnings are the Group's accumulated income (Kazakhstan Stock Exchange Inc. and its subsidiaries).

KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated CASH FLOW STATEMENT*

KZT'000

Items	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	315,157	409,173	251,594
Adjustment of net income	(91,529)	(172,626)	(117,875)
including:			
amortization and depreciation	20,867	16,093	23,231
amortization gain arising from a change in fair value of financial assets	(4,632)	(14,044)	(4,068)
loss from property, plant and equipment sold	2,811	2,331	4,019
income from financial assets disposals	(2,654)	(4,070)	(6,586)
interest expenses	1,614	4,404	916
interest income	(30,392)	(28,882)	(20,816)
share of loss (profit) of associates	(26,028)	3,455	961
increase in inventories	(710)	(108)	(561)
increase in trade and other receivables, rental prepaid and other advances paid	(85,769)	(67,715)	(36,805)
increase (decrease) in sub-rental prepaid and other advances received	16,622	21,676	(2,817)
increase (decrease) in taxes payable	709	(545)	(61)
increase (decrease) in trade and other payables, accrual liabilities	7,609	(954)	(1,838)
increase (decrease) in liabilities to the Exchange members	141,361	(68)	1,363
corporate income tax paid	(132,937)	(104,199)	(74,813)
Net cash flows from operating activities	223,628	236,547	133,719
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE and intangible assets	(116,060)	(35,799)	(10,584)
Proceeds from PPE and intangible assets sold	2,004	953	16,721
Purchase of financial assets	(525,149)	(1,129,250)	(962,467)
Repayment of financial assets	407,083	1,034,505	778,946
Financial assets interest received	31,785	21,403	18,854
Transfer (inflow) of restricted cash	(141,361)	68	(1,363)
Net cash flows used in investing activities	(341,698)	(108,120)	(159,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	4,768	48,406	8,434
Purchase of treasury shares	(366)	(2,734)	–
Proceeds from treasury shares sold	733	–	–
Dividends paid to minority shareholders	(529)	(120)	(328)
Net cash flows from financing activities	4,606	45,552	8,106
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(113,464)	173,979	(18,068)

Items	2007	2006	2005
Cash and cash equivalents at the beginning of the year	183,759	9,780	27,848
Cash and cash equivalents at the end of the year	70,295	183,759	9,780

* The consolidated cash flow statement should be viewed together with notes to the consolidated financial statements, its integral part.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina

KAZAKHSTAN STOCK EXCHANGE INC.

NOTES

to the consolidated financial statements for the years ended on December 31, 2007, 2006 and 2005

Note 1.

BUSINESS DESCRIPTION AND CORPORATE INFORMATION

The Exchange was established on November 17, 1993 as a Closed Joint Stock Company (state registration certificate of an economic entity No.3980 issued by Alatau District administration of Almaty city on December 30, 1993) based on the previously existed under the National Bank of the Republic of the Republic of Kazakhstan Inter-bank Currency Transactions Centre (Currency Exchange).

At the moment, the Exchange operates under the State Re-registration Certificate of a legal entity No. 54214-1910-AO, issued by Almaty Department of Justice on January 7, 2004.

The Exchange operates on the securities market based on the license No. 0409200037, issued by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations of the Republic for activities on organization of trade in securities and other financial instruments on February 2, 2004.

In addition, the Exchange has license No. 3 issued by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations of the Republic of Kazakhstan for national and foreign currency transactions stipulated by the banking legislation of the Republic of Kazakhstan on February 20, 2006.

The Exchange executive body is located at: 291/3a, Dostyk Ave., Almaty city, 050020, Republic of Kazakhstan.

The Exchange and its subsidiaries (hereinafter – the Group) operate in one reporting business segment – provision of financial services including organizational support and maintenance of the trade in securities and other financial instruments through the direct trading using the Exchange trading system.

The table below contains the basic information on the Exchange subsidiaries, established in compliance with the legislation of the Republic of Kazakhstan.

Organization	Core activities	Exchange contribution to the Share Capital, KZT'000	Exchange interest in the Share Capital, %
Financial Markets Information Agency "IRBIS" LLP	Collection, processing and provision of the information on financial markets, provision of related to these issues services and production of the appropriate products	680	80.0
eTrade.kz LLP	Development, support and modification of the software for the Exchange needs and provision of other information technologies services to the Exchange and other persons	1.000	51.4

Additional information on the above subsidiaries is presented in Note 26 to the Exchange consolidated financial statements.

The table below provides basic information on the Exchange associated organization established in compliance with the legislation of the Republic of Kazakhstan, the Exchange investments to which are accounted for in the Exchange consolidated financial statements by the equity method.

Organization	Core activities	Exchange contribution to the Share Capital, KZT'000	Exchange interest in the Share Capital, %
RTRS LLP	Implementation of functions of the Exchange reserve trading and settlement center and Central Securities Depository JSC, and provision to the Exchange and Central Securities Depository JSC of other economic (auxiliary) services	65,000	50.0

The table below sets forth basic information of other entities whose shares belong to the Exchange.

Organization	Core activities	Expenses of the Exchange for acquisition of shares, KZT'000	The Exchange share in the total outstanding stock, %
Central Securities Depository JSC	Performs functions of the central depository determined by the Republic of Kazakhstan Law "On Securities Market"	18,800	38.7
Kyrgyz Stock Exchange CJSC (Kyrgyz Republic)	Financial activities	9,014	10.6

In compliance with the Law of the Republic of Kazakhstan "On Securities Market", Central Securities Depository JSC is a non-commercial organization, whose profits are not distributed among its shareholders. Kyrgyz Stock Exchange CJSC is also a non-commercial organization. Since the Exchange does not control these companies and their shares do not have market valuation, the Exchange investments into these companies are reflected in its consolidated financial statements by cost.

Note 2.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Below are the significant accounting policies applied for preparation of the consolidated financial statements. Unless otherwise stated these significant accounting policies have been consistently applied to all reporting years. The Group's financial year equals to a calendar year.

The accompanying consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) including interpretations of IFRS issued by the International Accounting Standards Board (IASB) as well as with the Kazakhstan laws applicable to the companies preparing their financial statements according to IFRS and IAS.

IFRS 7 "Financial Instruments: Disclosures" and a complementary amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures" (effective for accounting periods beginning on or after January 1, 2007) became effective in 2007 and were applied by the Group for the first time.

IFRS 7 introduces new requirements aimed at improving the disclosure of information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments (including specified minimum disclosures about credit risk, liquidity risk and market risk). Disclosure of risk exposure connected with the financial instruments is used by the key management of the Group.

IFRS 7 replaces the disclosure requirements in IAS 32 "Financial Instruments: Disclosure and Presentation". It is applicable to all entities that report under IFRS.

The stated amendment to IAS 1 introduces disclosures of an entity's capital.

The Group applies IFRS 7 and the amendment to IAS 1 to the financial assets and equity disclosures of the Group for the periods beginning January 1, 2007, 2006 and 2005 comparative information was also disclosed in accordance with the above changes of IFRS and IAS.

The below IFRS interpretation of the International Financial Reporting Interpretation Committee (IFRIC) became effective since 2007, but was not applied by the Group:

- IFRIC 11 to IFRS 2 "Group and Treasure Share Transactions" (effective for accounting periods beginning on or after March 1, 2007). IFRIC 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity settled. This applies regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. It also applies regardless of whether (a) the employee's rights to the entity's equity instruments were granted by the entity itself or by its shareholder(s); or (b) the share-based payment arrangement was settled by the entity itself or by its shareholder(s). IFRIC 11 was not applied by the Group as it had no treasury shares transactions in 2007. Presently the management of the Group estimates the affect of IFRIC 11 on the Group financial statements.

The below IFRS and IAS, amendments to IFRS and IAS and IFRIC interpretations have not become effective yet but may be applied by the Group for the accounting periods beginning on or after January 1, 2008:

- 1) IFRS 8 "Operating Segments" (applicable to the accounting periods beginning on or after January 1, 2009). This standard establishes disclosure requirement in regards of information concerning company's operating segments as well as goods and services provided by the company, geographical zones it operates in and its main customers. This standard replaces IAS 14 "Segment reporting". The Group intends to apply this standard to the reporting period beginning on January 1, 2009. Since this is a disclosure standard, it will have no impact on the results or net assets of the Group;
- 2) IAS 23 "Borrowing Costs" (revised) (effective for accounting periods beginning on or after January 1, 2009). The main change from the previous version is the removal of the requirement to immediately recognize as expenses borrowing costs that relate to qualifying assets (broadly being assets that take a substantial period of time to get ready for use or sale). The standard will have no impact on the results or net assets of the Group;
- 3) IFRIC 12 "Service Concession Arrangements" (applicable to the reporting periods beginning on or after January 1, 2008). The interpretation provides guidance for accounting by operators of service concession arrangements concluded between public and private companies. IFRIC 12 is not applicable to the Group's activity as it has no such arrangements;
- 4) IFRIC 13 "Customer Loyalty Programmes" (effective for accounting periods beginning on or after July 1, 2008). IFRIC 13 addresses sales transactions in which the entities grant their customers award credits that, subject to meeting any further qualifying conditions, the customers can redeem in future for free or discounted goods or services. IFRIC 13 is not relevant to the Group's operations due to absence of such arrangements;
- 5) IFRIC 14 to IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for accounting periods beginning on or after January 1, 2008). IFRIC 14 clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. The Group's management is currently assessing the impact of IFRIC 14 on the accounts;
- 6) Revised IFRS 3 "Business Combinations" and complementary Amendments to IAS 27 "Consolidated and Separate Financial Statements" (both effective for accounting periods beginning on or after July 1, 2009). The revised IFRS 3 and amendments to IAS 27 arise from a joint project of the Financial Accounting Standards Board (FASB) and the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the accounts;

- 7) Amendment to IFRS 2 "Share-based Payments: Vesting Conditions and Cancellations" (effective for accounting periods beginning on or after January 1, 2009). The Amendment to IFRS 2 is of particular relevance to companies that operate employee shares save schemes. This amendment is not relevant to the Group's operations due to absence of such arrangements.

Note 3.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. Assumptions 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. The results that will actually be reached in future may differ from these assumptions and estimates. Estimates and assumptions representing the risk of significant adjustments to be made to the carrying amount of assets and liabilities of the Group in the nearest financial year are stated below:

**Carrying amount
of property, plant
and equipment**

The Group monitors internal and external indicators of impairment concerning PPE. The management considered whether there are indicators of impairment in the Group's activity, particularly in respect to proceeds and income from operating activities and external estimates. Based on the estimate, the management came to conclusion that there was no impairment in respect to these assets during and after the years ended December 31, 2007, December 31, 2006, and December 31, 2005.

**Useful life
of property, plant
and equipment and
intangible assets**

Property, plant and equipment and intangible assets are amortized over the useful life determined by the Group management in regards of a certain unit or group of property, plant and equipment or intangible assets units based on the period within which such unit or group of units will generate income. Such estimates are reviewed for continuous compliance. Due to the long useful life of some units (group of units) of property, plant and equipment or intangible assets, the changes in estimates may result in significant changes in the carrying amount of these units (group of units).

**Fair value
of financial
instruments**

The Group determines the fair value of unlisted financial instruments based on the estimates using the present value or other methods of assessment. Such methods are subject to significant impact depending on the assumptions used, including discount rates and estimate of future cash flows. Where it is impossible to immediately establish the market value, the fair value is based on the estimates made by independent experts or according to market quotes for similar instruments. In this regard, the fair value received may not be proved through comparing to independent markets and in many cases it is not immediately realizable.

Income tax

The Group is a corporate income tax (CIT) payer in the Republic of Kazakhstan. To calculate the CIT amount a significant portion of judgment is required as in the ordinary course of business there are many transactions in respect to which it is difficult to estimate the final CIT amount. As a result the Group recognizes CIT liabilities based on the estimate whether the additional CIT and penalty amounts will be charged. Such tax liabilities are recognized when the Group believes that in spite of the fact that the Group substantiated the items of its tax return, some of them may be challenged by the tax authorities or may fail the tax inspection.

The Group believes that CIT liabilities calculated by it are adequate in all reporting periods based on evaluation of many factors, including the historic experience and interpretation of the tax legislation. Such evaluation is based on the estimates and assumptions and may include a number of complex judgments on future events. If the resulting CIT amount recognized in the accounts differs from CIT amount recognized by the tax authorities, such difference may influence CIT expense for the period in which such estimate was made.

Legal proceedings

According to IFRS the Group recognizes current liability as a result of past events or as a result of possibility of economic benefits alienation (when expenses associated with such transfer may be reliably evaluated). In case these criteria are not observed, a contingent liability may be disclosed in the notes to the financial statements. Accordingly settlement of a liability neither recognized in the financial statements nor disclosed in the notes thereto may have significant impact on the financial status of the Group. Application of this accounting principle to the legal proceedings requires the management of the Group to make decisions on different operational and legal issues beyond its control. The Group reviews unsettled legal proceedings each time when there are any changes in their process as well as at each balance sheet date with the purpose to estimate if there is a need for provisions to be made in the financial statements. The factors taken into account while making decisions on provision formation include the nature of suit, claim or penalty; potential damage amount in case of unfavourable outcome of the legal proceedings; progress of the legal proceedings (including the period subsequent to the date of the financial statement, but prior to their issue); opinions of legal consultants, previous experience of similar proceedings; and any decisions made by the Group's management in response to the suit, claim or penalty.

Note 4.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following principal accounting policies were applied in the preparation of these consolidated financial statements of the Group.

Consolidation

Subsidiaries of the Exchange are entities under its direct or indirect control. Control is where the Exchange has the power to govern, either directly or indirectly, the financial and operating policies of the entity with the purpose to obtain benefit from its activity. The financial statements of the subsidiaries are consolidated with those of the Exchange from the date of their acquisition (i.e. from the effective date of the control over subsidiaries) till the date of sale (i.e. till the date when the effective control over subsidiaries ceases).

The purchase method of accounting is used to include the financial statements of the subsidiaries into the consolidated financial statements. As of the date of acquisition the assets and liabilities of the corresponding subsidiary are measured at fair value. Minority interest is determined according to the corresponding share in fair value of the assets and liabilities recognized. All amounts, balances, gains and expenses arising from inter-company transactions are eliminated at consolidation.

Income and expenses

Fees and commissions are recognized on an accrual basis as the service is provided and the Group becomes entitled to the income. Gains from admission, membership and listing fees are recognized when the issuers become members of the Exchange and their securities are admitted to the official list thereof. Gains from monthly membership fees are recognized on a regular monthly basis as long as an issuer is a member of the Exchange. Gains from annual listing fees are recognized within 12-month period to which they relate.

Interest income and expense are recognized within the consolidated income statement on accrual basis and are calculated using effective interest method¹.

All indirect expenses, discounts and transaction costs are taken into account in interest income and expense calculation². These cash flows are integral in calculating of the income statement items.

Once a financial asset or group of homogeneous financial assets has been written down in full or in part as a result of impairment, interest income is thereafter recognized using the interest rate applied to discount future cash flows for the purposes of impairment losses measurement.

Interest income also includes interest income from investments in securities. Other interest incomes are recognized in the consolidated income statement upon completion of respective transactions.

Trading income includes realized gains and losses from disposal of assets and liabilities as well as fair value changes and exchange difference.

Dividends (interest on shares in the charter capital of other economic partnerships) are recognized when the Group has the right to receive them.

¹ Effective interest method is a method of a financial asset or financial liability (or a group of financial assets / financial liabilities) amortized cost calculation, and of allocating the interest income or interest expense over the relevant period. Effective interest rate is an interest rate that exactly discounts estimated future cash payments or receipts through its expected life of a financial asset or financial liability or, when appropriate, a shorter period to the net carrying amount of a financial instrument.

² Transaction costs are incremental costs that are directly attributable to the purchase or disposal of a financial asset or liability.

Foreign currency translation According to IAS 21 transactions entered into by the Group in a currency other than the currency of the primary economic environment in which it operates ("functional currency") are carried at the rates prevailing when the transactions occur. The Group's functional currency is Kazakhstan tenge. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the balance sheet date. Exchange differences arising on the retranslation of unsettled assets and liabilities are recognized immediately in the consolidated income statement. All financial information is presented in Kazakhstan tenge (KZT), all amount in the consolidated financial statements of the Exchange are presented in thousands tenge.

Below are exchange rates at the year end used by the Group in preparation of the consolidated financial statements.

	As of December 31, 2007 ³	As of December 31, 2006	As of December 31, 2005
KZT / 1 US Dollar (USD)	120.30	127.00	133.77
KZT / 1 Euro (EUR)	177.17	167.12	158.54
KZT / 1 Russian Rubble (RUB)	4.92	4.82	4.65
KZT / 1 Pound Sterling (GBP)	240.14	249.01	231.01

Financial assets The classification of financial assets at initial recognition depends on the purpose of acquisition and characteristics thereof. All financial assets are initially recognized at fair value and recorded on the trade date, being the date when the Group enters into a financial assets acquisition transaction.

Financial assets at fair value through profit or loss Financial assets are classified as measured at fair value through profit or loss if acquired for the purpose of short term speculative gains or is a part of a financial assets portfolio (where there is a probability of short term selling and profit-taking).

Financial assets at fair value through profit or loss include the Group's investments in the mutual funds and short-term government treasury obligations of the Republic of Kazakhstan (MEKKAM).

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet of the Exchange at fair value with changes in fair value recognized in the consolidated income statement in "Net proceeds from financial assets sold" or "gain arising from a change in fair value of financial assets" as appropriate.

Financial assets held to maturity Listed debt securities that are non-derivative with fixed or determinable payments and fixed maturities in respect of which the Group has the intention and ability to hold to maturity are classified as financial assets held to maturity.

After initial measurement at fair value, these are subsequently measured at amortized cost using the effective interest rate method, less any provision for impairment.

Amortization and depreciation of financial assets held to maturity is carried in "Interest income" in the consolidated income statement of the Exchange.

³ Hereinafter in the consolidated balance sheet December 31 is understood as 24.00 of Almaty time on December 31 of the year.

**Financial assets
available for sale**

Financial assets are designated as available for sale when they are held for an indefinite period of time and sold in response to market conditions changes or when there is a need to fulfil these financial assets liquidation requirements.

Besides, non-derivative financial assets not included in the above categories of "Financial assets at fair value through profit or loss" and "Financial assets held to maturity" are classified as available for sale and comprise government securities, corporate bonds and shares.

Financial assets available for sale are carried at fair value with changes in fair value recognized directly in equity as reserve. Upon sale, the amount held in the available for sale reserve associated with such assets is removed from the equity and recognized in the consolidated income statement in "Other operating income (loss)". Interest on corporate bonds classified as available for sale is calculated using the effective interest method and is recognized in "Interest income" in the consolidated income statement of the Exchange.

**Derecognition
of financial assets**

A financial asset (in whole or in part) is derecognized either:

- 1) when the Group has transferred substantially all the risks and rewards of ownership; or
- 2) when the Group has neither transferred nor retained substantially all the risks and rewards of ownership and when it no longer has control over the assets or a proportion of the assets; or
- 3) when the contractual right to receive cash flows has expired.

Any gain or loss on derecognition is taken to "Other operating income (loss)" in the consolidated income statement of the Exchange as appropriate.

**Impairment
of financial assets**

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined by publicly available information (for example market price of a financial asset) or by calculating the net present value of future anticipated cash flows. In estimating these cash flows, management makes judgments about counterparty's financial situation and the net realizable value of any underlying collateral.

Impairment losses on financial assets held to maturity measured at amortised cost using the effective interest rate method are calculated by comparing the carrying value of the asset with the present value of estimated future cash flows at the original effective interest rate. Losses are recognized in "Provisions for financial assets impairment losses" in the consolidated income statement and interest on the impaired asset continues to be recognized as part of the unwinding of the discount. See Note 30, Risk management policy, for criteria used to determine objective evidence of impairment.

If decrease in fair value of a financial asset available for sale is recognized directly the Group's equity and there are objective evidences of such asset impairment, accumulated loss in respect thereof recognized directly in equity should be excluded from equity and recognized as a loss for the period in spite of the fact that the asset itself was not written off the balance. The amount of loss attributable to such asset which is written-off and recognized in the consolidated income statement, represents a difference between an acquisition cost of such asset (except for any payments of its principal and amortisation) and a current fair value thereof (less this asset impairment loss previously reflected in the consolidated income statement).

If in a subsequent period a fair value of a debt instrument classified as a financial asset available for sale increases, and this increase can be objectively correlated with the event occurred after such asset impairment loss recognition in the consolidated income statement this loss shall be subject to recovery in the accounting, and the recovery amount – to recognition in the consolidated income statement.

Impairment loss attributable to an equity instrument classified as a financial asset available for sale and previously recognized in the consolidated income statement cannot be reversed.

Property, plant and equipment

Property, plant and equipment are carried at their acquisition cost (historical cost), which includes direct expenses immediately associated with the property, plant and equipment acquisition. Property, plant and equipment are further recognized at historical cost less accumulated depreciation and recognized impairment loss if any.

Expenses incurred on modernization and repair to extend the useful life of an asset or increase future economic benefits associated with it are included by the Group into the carrying amount of the property, plant and equipment item. Expenses on repair and maintenance not covered by this capitalization criterion are recognized in the consolidated income statement of the Exchange for the period in which they are incurred.

Property, plant and equipment depreciation is accounted for as operating expenses in the consolidated income statement for the purposes of writing off the depreciated cost within the estimated useful life of the asset using the straight line method. Where the components of any property, plant and equipment item have different useful lives, they are accounted for as individual property, plant and equipment items.

Depreciated value of each property, plant and equipment item is the estimated value which may be received by the Group at present in case of such item disposal after excluding the estimated expenses on disposal, if the assets achieved the age and condition expected at the end of the useful life.

Estimated value, useful life depreciation method of the property, plant and equipment are reviewed at the end of each financial year. The effect of any changes occurred after the last estimation is recognized as the change in accounting estimates of such assets.

Below are estimated useful lives of property, plant and equipment of the Group.

	Useful life, years	Annual depreciation rate, % per year
Machinery and equipment	8–10	10.0–12.5
Vehicles	9	11.0
Other	8–10	10.0–12.5

Income or loss arising from sale or disposal of the property, plant and equipment is determined as the difference between the gains from sale and the carrying amount, and is recognized in the consolidated income statement of the Exchange as "Net income (net loss) from property, plant and equipment disposal".

Intangible assets Intangible assets are recognized at acquisition cost (historical cost) less accumulated amortization and impairment losses. Intangible assets are amortized using the straight line method based on the estimated useful lives. Intangible assets amortization is accounted for in the consolidated income statement of the Group at the following rates.

	Annual amortization rate, % per year
Software	15.0
Other intangible assets	15.0

The Software group includes the "Automated Trading System" software which was estimated as an intangible asset with indefinite useful life. This software generates principal revenues of the Group.

Impairment of non-financial assets (except for inventory and deferred tax assets) Impairment tests on intangible assets with indefinite useful lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

If there is objective evidence that a non-financial asset may be impaired its recoverable amount should be revaluated. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the recoverable amount of cash-generating unit from the group of non-financial assets where such assets belongs (i.e. a unit which generate income) is used.

Non-financial assets impairment losses are included in the operating expenses in the consolidated income statement of the Group, unless they reverse gains previously recognized in the consolidated income statement. An impairment loss recognized for goodwill is not reversed.

Inventory Inventory is initially recognized at cost and further is measured at lower of cost and net realisable value using the weighted average method to determine the value of interchangeable items.

Cost of the inventory includes expenses incurred at acquisition of the inventory and for the purposes of bringing the inventory to their current condition and current location.

Net realisable value is the estimated selling price less all estimated expenses on works required for such sale and selling expenses.

Cash and cash equivalents Cash consists of cash in hand, residuals accounts in banks in the Republic of Kazakhstan and outside.

Trade receivables, advances and other current assets The Group's trade receivables are carried at cost less impairment losses with creation of provisions for doubtful debts.

Advances paid by the Group in consideration for goods, works and services received or their prepayments are recognized as other current assets and non-current assets carried at cost of formation.

Trade and other payables Trade and other short-term payables of the Group are recognized at cost of formation when occur.

Provisions	Provisions are recognised when the Group has a present legal or constructive (imputed) 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 such obligation can be reliably estimated, but its terms and amount are uncertain.
Share capital and treasury shares	The share (authorized) capital is carried by the Group as the total par value of common shares issued and paid. Treasury shares are subject to further sale.
Retirement benefits	The Group pays contributions into the retirement savings funds in accordance with the legislation of the Republic of Kazakhstan. These amounts are charged to expense as they occur. Payments to pension funds are withheld from the employees' salaries and included in the salaries payable in the consolidated income statement of the Exchange. The Exchange has no any other obligations on pension payments.
Income tax. Deferred tax	<p>Corporate income tax for the period comprises current and deferred tax and carried in the consolidated income statement of the Group unless it relates to the items recognized in equity; this being the case, tax is also recognized in equity.</p> <p>The amount of current tax is the estimated amount of corporate income tax assessed for the period and calculated based on the tax rates established or operating according to the legislation of the Republic of Kazakhstan by the balance sheet date as adjusted for tax debts of the preceding years.</p> <p>Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Temporary differences are not accounted for if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit; as well as differences relating to investments into subsidiaries if there is a probability that they will not be reversed in the foreseeable future. Deferred tax is determined using tax rates approved or operating at the balance sheet date based on the expected way of the related deferred tax asset realization or deferred tax liability settlement.</p> <p>Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.</p>

Note 5. CASH AND CASH EQUIVALENTS

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
In bank accounts in tenge	61,144	172,005	7,595
In foreign currencies in banks of the Republic of Kazakhstan	2,252	6,301	846
In foreign currencies in foreign banks	5,979	5,095	845
Total cash in accounts	69,375	183,401	9,286
Cash in hand	920	358	494
Total cash	920	358	494
TOTAL	70,295	183,759	9,780

Note 6. RESTRICTED CASH

The Group has cash in correspondence accounts in both foreign banks and banks of the Republic of Kazakhstan which is the funds of the Exchange Members held for currency trading in open bidding. This cash is accounted for by the Group as a current asset with respective recognition of current liabilities.

As of December 31, 2007, December 31, 2006 and December 31, 2005 the amount of such cash in currency accounts in foreign banks accordingly made up: USD770 thousand (KTZ92 631 thousand), USD10 thousand (KTZ1 270 thousand) and USD10 thousand (KTZ1 338 thousand); in tenge accounts, accordingly – KTZ50 025 thousand, KTZ25 thousand and KTZ25 thousand.

It should be noted that this item of the consolidated balance sheet also includes the guarantee deposit amounts made by the Stock Exchange Members – traders in forward financial instruments – based on the Exchange internal documents "Rules of trading and futures contracts settlements" and "Procedure of guarantee deposits and initial margin made by clearing members".

Correspondent account of the Exchange	Account currency	Account balance		Owner of the account balance
		in account currency	in thousands tenge	
As of December 31, 2007				
With the Monetary Operations Department of the National Bank of the Republic of Kazakhstan	KZT	20,000	20	Bank CenterCredit JSC
		5,000	5	Kazpost JSC
		50,000,000	50,000	Delta Bank JSC (former NEFTEBANK JSC)
In The Bank of New York, New York, USA	USD	5,000	601	Halyk Savings Bank of Kazakhstan JSC
		5,000	602	BTA Bank JSC (former Bank TuranAlem JSC)
		200,000	24,060	Delta Bank JSC (former NEFTEBANK JSC)
In CitiBank N.A., New York, USA	USD	500,000	60,150	SUBSIDIARY BANK KAZAKHSTAN ZIRAAT INTERNATIONAL BANK JSC
		60,000	7,218	Kazinvestbank JSC
TOTAL	X	X	142,656	

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2007, 2006 and 2005

As of December 31, 2006

With the Monetary Operations Department of the National Bank of Kazakhstan	KZT	20,000	20	Bank CenterCredit JSC
		5,000	5	Kazpost JSC
In The Bank of New York, New York, USA	USD	5,000	635	Halyk Savings Bank of Kazakhstan JSC
		5,000	635	BTA Bank JSC (former Bank TuranAlem JSC)
TOTAL	X	X	1,295	

As of December 31, 2005

With the Monetary Operations Department of the National Bank of Kazakhstan	KZT	20,000	20	Bank CenterCredit JSC
		5,000	5	Kazpost JSC
In The Bank of New York, New York, USA	USD	5,000	669	Halyk Savings Bank of Kazakhstan JSC
		5,000	669	BTA Bank JSC (former Bank TuranAlem JSC)
TOTAL	X	X	1,363	

Note 7. TRADE AND OTHER RECEIVABLES

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Listing fees	4,758	2,932	5,282
Penalties, forfeits	9,753	227	–
Membership fees	1,638	180	3,440
Commission fees	33,985	92,216	32,531
Remote access fees	214	21	165
Payment for S.W.I.F.T. operator functions	–	77	95
Receivables from information services and software development	2,335	1,206	698
Provisions for doubtful trade debtors	(3,524)	(909)	(963)
Net trade receivables	49,159	95,950	41,248
Loans to employees	–	–	85
Salary advances	1,343	744	491
Financial aid to associate (RTRS LLP)	–	20,000	–
Insurance premiums and other prepaid expenses	1,777	520	562
Employees' imprest amounts payable	419	30	11
Total other receivables	3,539	21,294	1,149
Total trade and other receivables	52,698	117,244	42,397

Flow of provision for doubtful debts is set below.

KZT'000

As of December 31, 2004	(963)
Changes in provision for doubtful trade debtors	–
As of December 31, 2005	(963)
Bad debts written off	1,038
Provisions for doubtful trade debtors formed	(984)
As of December 31, 2006	(909)
Bad debts written off	250
Provisions for doubtful trade debtors formed	(2,865)
As of December 31, 2007	(3,524)

Note 8.

RENTAL PREPAID AND OTHER ADVANCES PAID

In 2007 the Exchange concluded Office Rent Agreement, the office is located at 291/3a Dostyk avenue, Almaty city. Monthly rental makes up KZT34 437 thousand, rental includes monthly reimbursement of expenses on maintenance of the office – KZT5 121 thousand. The Exchange transferred a guarantee amount of KZT37 500 thousand as collateral under the Rent Agreement. Rental fees are paid in full in advance for three months of rent.

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Rental prepaid	140,685	–	–
Other advances paid	11,922	2,292	9,424
TOTAL	152,607	2,292	9,424

Note 9. INVENTORIES

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Gasoline	124	36	31
Materials (stationery, materials for office equipment and vehicles)	3,430	2,808	2,705
TOTAL	3,554	2,844	2,736

Note 10. OTHER TAX PREPAYMENTS

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Value added tax	2,971	911	203
Land tax	48	48	48
Social tax	163	61	113
Property tax	264	324	169
Transport tax	12	7	20
Other taxes and payments to budget	427	210	663
TOTAL	3,885	1,561	1,216

Note 11.

SHORT-TERM AND LONG-TERM FINANCIAL ASSETS

The Group's financial assets are carried as a portfolio of financial assets available for sale; a portfolio of financial assets at fair value through profit or loss; a portfolio of financial assets held to maturity.

Short-term financial assets include investments in securities and interest accrued thereon.

Long-term financial assets at fair value through profit or loss comprise contributions to the non-state mutual funds such as "BTA Dokhodnyi" and "Kaznacheistvo". The value of these stakes is determined by the appropriate management companies by reference to the net assets cost based on the fair value of the mutual funds' assets and liabilities.

The group "Shares" includes shares of Central Securities Depository JSC and Kyrgyz Stock Exchange CJSC for the total amount of KZT27 814 thousand. There are no quoted market prices for these equity instruments at the active market and their fair value cannot be reliably estimated, so these securities are recognized in the consolidated financial statements of the Exchange at cost.

The fair value of the portfolio of financial assets available for sale as of December 31, 2007 amounted to KZT486 274 thousand, including KZT414 725 thousand – long-term government securities available for sale, 71 330 – other long-term securities available for sale, 219 – other short-term debt securities available for sale. Cost of the given portfolio without revaluation is KZT502 453 thousand. The change of fair value reflected in financial assets revaluation provisions made 16 179 thousand tenge. In 2006 and 2005 were no significant difference between the fair value and the carrying amount, therefore no recognised change in reserves.

None of the above financial assets was impaired in 2007, 2006 and 2005.

SHORT-TERM FINANCIAL ASSETS

KZT'000

	Financial assets available for sale at the year end			Financial assets at fair value through profit or loss at the year end			Financial assets held to maturity at the year end			TOTAL		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Government securities	5,530	7,104	–	114,050	–	–	–	–	171,789	119,580	7,104	171,789
including:												
government securities	–	–	–	114,050	–	–	–	–	170,670	114,050	–	170,670
interest accrued	5,530	7,104	–	–	–	–	–	–	1,119	5,530	7,104	1,119
Other debt securities	2,434	3,920	–	–	–	–	–	–	4,545	2,434	3,920	4,545
including:												
other debt securities	219	243	–	–	–	–	–	–	–	219	243	–
interest accrued	2,215	3,677	–	–	–	–	–	–	4,545	2,215	3,677	4,545
Total	7,964	11,024	–	114,050	–	–	–	–	176,334	122,014	11,024	176,334
including:												
listed securities	2,434	3,920	–	–	–	–	–	–	4,545	2,434	3,920	4,545
unlisted securities	5,530	7,104	–	114,050	–	–	–	–	171,789	119,580	7,104	171,789

LONG-TERM FINANCIAL ASSETS

KZT'000

	Financial assets available for sale at the year end			Financial assets at fair value through profit or loss at the year end			Financial assets held to maturity at the year end			TOTAL		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Government securities	414,725	384,420	–	–	–	–	–	–	63,165	414,725	384,420	63,165
Shares	27,814	27,814	27,814	–	–	–	–	–	–	27,814	27,814	27,814
Other securities	71,330	112,243	–	62,181	58,039	44,068	–	–	168,487	133,511	170,282	212,555
Total	513,869	524,477	27,814	62,181	58,039	44,068	–	–	231,652	576,050	582,516	303,534
including:												
listed securities	71,330	112,243	–	–	–	–	–	–	168,487	71,330	112,243	168,487
unlisted securities	442,539	412,334	27,814	62,181	58,039	44,068	–	–	63,165	504,720	470,273	135,047

Note 12. INVESTMENTS IN ASSOCIATES

The Exchange is the participant of RTRS LLP with 50 % interest in its share capital and contribution to its share capital amounting to KZT65 000 thousand. The other participant of RTRS LLP is Central Securities Depository JSC. These investments of the Exchange are carried in the consolidated balance sheet as "Investments in associates".

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Investments recognized using equity method	86,612	60,584	64,039
TOTAL	86,612	60,584	64,039

Profit (loss) from the equity participation of the Exchange in RTRS LLP recognized in 2007, 2006, 2005 is reflected in the consolidated income statement of the Exchange for the amount of 26 028 thousand tenge, (3 455) thousand tenge and (961) thousand tenge accordingly.

Note 13.

PROPERTY, PLANT AND EQUIPMENT

The Group has a proprietary right for all its property, plant and equipment.

As of December 31, 2007, 2006 and 2005 there was no property, plant and equipment pledged as collateral for bank loans.

Changes in the property, plant and equipment value is set forth on the pages below.

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KZT'000

	Land	Machinery and equipment, transmission devices	Vehicles	Other property, plant and equipment	TOTAL
Historical cost					
As of December 31, 2004	16,639	197,087	20,095	38,499	272,320
Additions	–	5,473	2,792	2,319	10,584
Disposal	(16,639)	(64,752)	–	(2,769)	(84,160)
As of December 31, 2005	–	137,808	22,887	38,049	198,744
Additions	–	28,598	4,635	1,891	35,124
Disposal	–	(61,894)	(2,399)	(3,820)	(68,113)
As of December 31, 2006	–	104,512	25,123	36,120	165,755
Additions	–	46,921	39,513	29,603	116,037
Disposal	–	(8,514)	(5,215)	(15,070)	(28,799)
As of December 31, 2007	–	142,919	59,421	50,653	252,993
Accumulated depreciation					
As of December 31, 2004	–	144,763	5,400	26,127	176,290
Accrued depreciation change for year 2005	–	17,751	2,232	1,741	21,724
Accrued depreciation on property, plant and equipment disposal in 2005	–	(60,884)	–	(2,536)	(63,420)
As of December 31, 2005	–	101,630	7,632	25,332	134,594
Accrued depreciation change for year 2006	–	9,799	2,775	1,861	14,435
Accrued depreciation on property, plant and equipment disposal in 2006	–	(61,103)	(666)	(3,059)	(64,828)
As of December 31, 2006	–	50,326	9,741	24,134	84,201

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Accrued depreciation change for year 2007	–	12,765	4,173	2,242	19,180
Accrued depreciation on property, plant and equipment disposal in 2007	–	(6,762)	(3,236)	(14,011)	(24,009)
As of December 31, 2007	–	56,329	10,678	12,365	79,372
Carrying amount					
As of December 31, 2004	16,639	52,324	14,695	12,372	96,030
As of December 31, 2005	–	36,178	15,255	12,717	64,150
As of December 31, 2006	–	54,186	15,382	11,986	81,554
As of December 31, 2007	–	86,590	48,743	38,288	173,621

Note 14. INTANGIBLE ASSETS

As of December 31, 2007, December 31, 2006 and December 31, 2005 intangible assets of the Exchange is comprised of the "Automated Trading System" software without any definite useful life with the carrying amount of KZT2 935 thousand.

In 2007, 2006 and 2005 there were no impairment indicators of this intangible asset as it generates the Group's principal income.

KZT'000

	Software	Licenses	TOTAL
Historical cost			
As of December 31, 2004	8,813	4,182	12,995
As of December 31, 2005	8,813	4,182	12,995
Additions	–	1,247	1,247
Disposal	–	(50)	(50)
As of December 31, 2006	8,813	5,379	14,192
Disposal	–	(31)	(31)
As of December 31, 2007	8,813	5,348	14,161
Accumulated amortization			
As of December 31, 2004	2,498	1,341	3,839
Accrued amortization change for year 2005	881	625	1,506
As of December 31, 2005	3,379	1,966	5,345
Accrued amortization change for year 2006	882	776	1,658
Accrued amortization on intangible assets disposal in 2006	–	(50)	(50)
As of December 31, 2006	4,261	2,692	6,953
Accrued amortization change for year 2007	882	805	1,687
Accrued amortization on intangible assets disposal in 2007	–	(28)	(28)
As of December 31, 2007	5,143	3,469	8,612
Carrying amount			
As of December 31, 2004	6,315	2,841	9,156
As of December 31, 2005	5,434	2,216	7,650
As of December 31, 2006	4,552	2,687	7,239
As of December 31, 2007	3,670	1,879	5,549

Note 15. TAXES PAYABLE

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Value added tax	1,976	35	420
Social tax	489	28	84
Other taxes and payments to budget	888	257	16
TOTAL	3,353	320	520

Note 16. TRADE AND OTHER PAYABLES AND ACCRUAL LIABILITIES

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Trade payable	1,812	2,220	–
Other payables	1,260	647	3,821
Total trade and other payables	3,072	2,867	3,821
Sub-rental prepaid	14,977	–	–
Other advances received	40,558	38,913	17,237
Total sub-rental prepaid and other advances prepaid	55,535	38,913	17,237
Employees' vacations estimated liability	12,996	5,592	5,592
Total accrual liabilities	12,996	5,592	5,592

Employees' vacations estimated liability includes provisions for the Group employees' vacations and estimated social tax liabilities.

Note 17. DEFERRED TAX ASSETS AND LIABILITIES

KZT'000

	For 2007	For 2006	For 2005
Current corporate income tax expenses	84,471	118,611	79,367
Deferred corporate income tax (refund) expenses	9,390	7,223	(1,969)
Total corporate income tax expenses	93,861	125,834	77,398

Deferred corporate income tax reflects net tax effect of temporary differences between the carrying amount of assets and liabilities as recognized for accounting and tax purposes.

Tax effect of the main temporary differences resulting in deferred corporate income tax assets and liabilities as of December 31, 2007, December 31, 2006 and December 31, 2005 is set forth below:

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Deferred tax asset related to taxes payable	(147)	(1)	(26)
Deferred tax asset related to vacations provision	(3,899)	–	–
Deferred tax asset related to property, plant and equipment and intangible assets	(181)	(169)	(3,038)
Total deferred income tax assets	(4,227)	(170)	(3,064)
Deferred tax asset related to property, plant and equipment and intangible assets	11,358	4,395	65
Deferred tax liability related to profit/loss of the entities recognized using equity method	6,483	–	–
Total deferred income tax liabilities	17,841	4,395	65
Net deferred income tax liabilities (assets)	13,614	4,225	(2,999)

In the consolidated financial statements of the Exchange deferred corporate income tax assets and liabilities are presented separately as they arose in different legal entities (the Exchange and its subsidiaries) and may not be off set against each other.

Corporate income tax rate in the Republic of Kazakhstan in 2007, 2006 and 2005 was 30 %. Amount of corporate income tax charged for a year differs from the amount of tax calculated using corporate income tax rate to income before tax.

KZT'000

	For 2007	For 2006	For 2005
Income before tax	315,157	409,173	251,594
30 % tax on net income before tax	94,547	122,752	75,478
Adjustment for tax effect of expenses (income) which are not tax deductible	(686)	3,082	1,920
Corporate income tax expense	93,861	125,834	77,398

Note 18. SHARE CAPITAL

According to the Exchange Charter, the number of its authorised (common only) shares is 450. The issue of authorised shares is registered with the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on November 14, 2005 and entered in the State Register of Securities under number A1003.

Share (authorized) capital of the Exchange as of December 31, 2007 amounted to KZT165 020 thousand (on December 31, 2006 – KZT160 252 thousand and on December 31, 2005 – KZT111 113 thousand) and was generated through offering of 450 shares of the Exchange, given 7 shares of the Exchange re-purchased to the amount of KZT2 567 thousand.

Changes in the outstanding shares of the Exchange in 2005–2007 were as follows:

- 1) as of December 31, 2004, 280 out of 300 declared shares of the Exchange were placed. In 2005 the number of declared (common only) shares of the Exchange increased up to 450. During 2005, 23 shares of the Exchange were placed to the total amount of KZT8 434 thousand among 6 buyers;
- 2) as of December 31, 2005, 303 out of 450 declared shares of the Exchange were placed. During 2006 the Exchange placed 134 shares to the amount of KZT49 139 thousand among 30 buyers and re-purchased 8 shares to the total amount of KZT2 934 thousand from two entities;
- 3) as of December 31, 2006, 437 out of 450 declared shares of the Exchange were placed given 8 re-purchased own shares. During 2007, the Exchange placed 13 shares to the total amount of KZT4 768 thousand among 3 buyers, and sold to the same buyers 2 shares (out of previously re-purchased) to the total amount of KZT733 thousand and re-purchased one share at KZT366 thousand;
- 4) as of December 31, 2007, all 450 declared shares of the Exchange were placed given 7 treasury shares still available.

Below are changes in the Exchange share capital in 2007, 2006 and 2005.

	Number of outstanding shares	Authorized capital at the offering price
As of December 31, 2004	280	102,679
Increase in authorized capital in 2005 issue of shares	23	8,434
As of December 31, 2005	303	111,113
Increase in authorized capital in 2006 issue of shares	134	49,139
As of December 31, 2006	437	160,252
Increase in authorized capital in 2007 issue of shares	13	4,768
As of December 31, 2007	450	165,020

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2007, 2006 and 2005

As of December 31, 2007, the shareholders of the Exchange owning at least 2 and over percent from the total amount of the Exchange placed shares (less treasury shares) were as follows.

	Number of the Exchange shares	Stake in the total number of outstanding shares (less treasury shares), %
National Bank of the Republic of Kazakhstan	54	12.19
BANK CASPIAN JSC	24	5.42
SUBSIDIARY BANK KAZAKHSTAN ZIRAAT INTERNATIONAL BANK JSC	18	4.06
Bank CenterCredit JSC	12	2.71
Subsidiary Bank ABN AMRO Bank Kazakhstan JSC	12	2.71
VISOR Investment Solutions JSC	12	2.71
Asia Broker Services JSC	12	2.71

Note 19. TREASURY STOCK

In 2007, the Exchange re-purchased 1 own share at its offering price – KZT366 710 (the share so purchased was paid for in cash), and sold 2 treasury shares to the amount of KZT733 thousand at their offering price.

	Treasury shares	
	Units	KZT thousands
As of December 31, 2004	–	–
As of December 31, 2005	–	–
Shares purchased	8	2.934
As of December 31, 2006	8	2.934
Shares purchased	1	366
Treasury shares sold	(2)	(733)
As of December 31, 2007	7	2.567

In 2006, the Exchange re-purchased 8 own shares for KZT2 934 thousand at their offering price – KZT366 710 which were paid for in cash to the amount of KZT2 734 thousand, and the remaining part – through offset of receivables.

Note 20.

FAIR VALUE OF FINANCIAL ASSETS

Fair value of a financial asset is the amount for which it may be exchanged in the course of a current transaction between interested persons, except for a compulsory sale or liquidation. The best fair value confirmation is the price of the financial asset quoted on the active market. Estimated fair value of financial assets was calculated by the Group based on the available market information and appropriate estimation methods.

The Group management used all information available for determination of its financial assets fair value.

KZT'000

	As of December 31, 2007		As of December 31, 2006		As of December 31, 2005	
	BV*	FV**	BV*	FV**	BV*	FV**
Financial assets available for sale	521,833	494,019	535,501	507,687	27,814	n/a
including shares	27,814	n/a	27,814	n/a	27,814	n/a
Financial assets at fair value through profit or loss	176,231	176,231	58,039	58,039	44,068	44,068
Financial assets held to maturity	–	–	–	–	407,986	407,986
Investments in associates	86,612	86,612	60,584	60,584	64,039	64,039
Cash and cash equivalents	70,295	70,295	183,759	183,759	9,780	9,780
Restricted cash	142,656	142,656	1,295	1,295	1,363	1,363
Trade and other receivables	52,698	52,698	117,244	117,244	42,397	42,397
TOTAL	1,050,325	1,022,511	956,422	928,608	597,447	569,633

* Carrying amount ("Balance sheet value").

** Fair value.

Fair value of investments in shares cannot be reliably estimated as it does not seem possible to obtain market information or to apply any other estimation methods in regards of such financial assets.

Investments in associates are accounted under the equity method of owned by the Exchange proportional shares in RTRS LLP.

Fair value of cash and cash equivalents, restricted cash, trade and other receivables is carried at the amortized cost with due account for future cash flows. Their carrying amount is equated to the fair value.

Note 21.

EARNINGS PER SHARE (BASIC AND DILUTED)

The basic earnings per share for the reporting period are calculated by dividing the net income of the Exchange for the period attributable to equity holders by the weighted number of common shares in issue during the period.

Calculation of the basic and diluted earnings per share is based on the following data.

	KZT'000		
	For 2007	For 2006	For 2005
Net income for the year (KZT thousands)	215,962	280,413	173,365
Weighted average number of common shares (units)	437	396	291
Earnings per share (basic and diluted) (KZT thousands)	494	707	595

There were no potential shares of the Exchange during the period from January 1, 2005 to December 31, 2007.

Note 22. REVENUE

KZT'000

	For 2007	For 2006	For 2005
Membership fees	144,171	80,108	81,176
Listing fees	198,272	218,289	165,155
Commission fees	414,794	382,949	217,396
Remote access fees	15,208	10,141	8,367
S.W.I.F.T. operator functions implementation income	487	772	548
Informational services and software development	68,388	42,159	24,581
Total revenue from operating activities	841,320	734,418	497,223

KZT'000

	For 2007	For 2006	For 2005
Income (loss) from sale of financial assets available for sale	(450)	(18)	1,789
Income from sale of financial assets at fair value through profit or loss	3,104	4,088	4,797
Net revenue from financial assets sold	2,654	4,070	6,586

Note 23. OTHER EXPENSES

KZT'000

	For 2007	For 2006	For 2005
Utilities	2,714	2,521	1,580
Penalties, fines	27	70	98
Bank services	2,783	689	521
Insurance	1,555	1,091	1,184
Training, seminars, conferences	1,492	1,585	5,790
Advertising costs	649	34	11
Provision for doubtful receivables	2,850	984	–
Other expenses	29,655	20,094	15,340
Total other expenses	41,725	27,068	24,524
Net exchange losses	643	438	54
Total other expenses	42,368	27,506	24,578

Note 24. INTEREST INCOME AND EXPENSE

KZT'000

	For 2007	For 2006	For 2005
Government securities interest income	20,596	13,749	5,867
Other securities interest	9,796	15,133	14,949
Total interest income	30,392	28,882	20,816
Expenses on depreciation of bonuses / discounts on government securities	(898)		
Expenses on depreciation of bonuses / discounts on other debt securities	(716)	(4,404)	(916)
Interest expenses	(1,614)	(4,404)	(916)
Net interest income	28,778	24,478	19,900

Note 25. NON-CASH TRANSACTIONS

KZT'000

	For 2007	For 2006	For 2005
Revaluation of securities available for sale to fair value	16,179	–	–
Other non-cash transactions	1,667	3,155	2,259

Withholding tax related to interest received by the Exchange, sale and purchase of treasury shares at the expense of payables and receivables repayment and other non-cash operations includes other non-cash transactions.

Note 26.

**OTHER INFORMATION ON SUBSIDIARIES AND INVESTMENTS
IN ASSOCIATES**

Below are details concerning the most significant subsidiaries of the Exchange and their legal status.

**Financial Markets
Information Agency
"IRBIS" LLP**

This partnership was registered as an entity on August 28, 1998 with the share capital of KZT1 020 thousand. Its founders, along with the Exchange, were Almaty Financial Instruments Exchange CJSC, the Kazakhstan National Association of Securities Market Brokers and Dealers, the State Enterprise "The Republican Magazine "Kazakhstan Securities Market" at the NSC", the National Association of Professional Securities Market Participants, DANK LLP. The Exchange and all stated organisations possessed equal stakes in the share capital of this partnership.

By the participants general meeting decisions of June 25, 2003:

- Almaty Financial Instruments Exchange CJSC was excluded from the participants of this partnership in connection with its liquidation by joining to the Exchange;
- the Kazakhstan National Association of Securities Market Brokers and Dealers was excluded from the participants of this partnership based on the application of the state association with donation of its share in the share capital to the Exchange;
- the state enterprise Republican Magazine "Kazakhstan Securities Market" was excluded from the participants of this partnership based on the application thereof and in connection with failure to pay the interest of this partnership share capital;
- the National Association of Professional Securities Market Participants was excluded from the participants of this partnership based on the application thereof with donation of its stake to the share capital to the Exchange;
- DANK LLP was excluded from the participants of this partnership in connection with the liquidation thereof with transfer of its stake in the share capital to Kenes Service LLP;
- the share capital of this partnership was reduced by KZT170 thousand (by a share of the state enterprise Republican Magazine "Kazakhstan Securities Market" in the share capital of the stated partnership) to KZT850 thousand.

On February 5, 2004, this partnership was re-registered in connection with reduction of its share capital and change of the participants' structure. Now the Exchange owns 80 % stake in the paid share capital of this partnership. It is located at: 67, Aiteke bi Str., Almaty.

eTrade.kz LLP

This partnership was registered as an entity on July 12, 2002 with the share capital of 1,000 thousand tenge. The sole founder of this partnership was the Exchange.

On June 20, 2003, the Exchange Council made the decision on partial privatization of this partnership with preservation of 51 % stake of the Exchange in its share capital and providing to this partnership employees with options for the share capital stakes purchase (Minutes of the meeting of June 20, 2003 No. 14). This decision of the Exchange Council was approved by the decision of the annual shareholders' general meeting of the Exchange (Minutes of July 31, 2003 No. 6). By the decision of the participants' general meeting of this partnership of March 19, 2004, its employees were admitted to the participants' structure thereof, and its share capital increased to KZT1 945 thousand due to contributions of the new participants of this partnership.

On May 27, 2004, this partnership was re-registered in connection with increase in its share capital and change of the participants' structure. Now the Exchange owns 51.4 % stake in the paid share capital of this partnership. The partnership is located at: 67, Aiteke bi Str., Almaty.

RTRS LLP

This partnership was registered as an entity on April 5, 2005 with the charter capital of KZT65 000 thousand. The sole founder of this partnership was the Exchange.

On August 4, 2005, the Exchange Council permitted 50 % participation of Central Securities Depository JSC in this partnership at the expense of the relevant increase in the share capital of this partnership (Minutes of August 4, 2005 No. 28). By the decision of the participants' general meeting of this partnership of September 1, 2005 Central Securities Depository was admitted to the participants of this partnership with the relevant increase in the share capital of the partnership up to KZT130 000 thousand due to contribution of Central Securities Depository JSC.

On November 21, 2005 the partnership was re-registered in connection with increase in its share capital and change in the participants' structure, upon that the Exchange began to recognize investments in the share capital of this partnership using equity method. Now the Exchange owns 50 % share in the paid share capital of the partnership. The partnership is located at: 141, Kazybek bi Str., Almaty.

Note 27. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these consolidated financial statements parties shall be considered related if one of them controls the activities of the other, or remains under common control therewith, or renders significant influence on making of operational and financial decisions by the other party.

Below are details of the nature of relations with the related parties with which the Group carried out significant transactions during 2007, 2006 and 2005, or had significant debts as of December 31, 2007, December 31, 2006 and December 31, 2005.

Related party	Relations with the Group
Mr. Mameshtegi Saduakas Khalyksovetuly	Chairman of the Exchange Council (during 2005–2007)
Mr. Abdrazakov Yeldar Sovetovich	Member of the Exchange Council (from July 21, 2005)
Mr. Akhanov Serik Akhmetzhanovich	Member of the Exchange Council, Independent Director of the Exchange (from August 23, 2007)
Ms. Battalova Ayan Sovetovna	Member of the Exchange Council (from August 23, 2007)
Mr. Bektanov Kairat Karibayevich	Member of the Exchange Council (till August 23, 2007)
Ms. Bidaibekova Ainur Muratovna	Member of the Exchange Council (from August 23, 2007)
Mr. Damitov Kadyrzhan Kabdoshevich	Member of the Exchange Council, Independent Director of the Exchange (from August 23 till October 31, 2007)
Mr. Dzhantayev Timir Bulatovich	Member of the Exchange Council (from July 21, 2005 till August 23, 2007)
Mr. Joldasbekov Azamat Myrzadanovich	President of the Exchange (Head of the Executive Body), Member of the Exchange Council
Mr. Yelemesov Askar Raushanuly	Member of the Exchange Council (from March 5 till August 23, 2007)
Mr. Zhaksybek Dauren Adilbekuly	Member of the Exchange Council (from August 23, 2007)
Ms. Ivanova Irina Viktorovna	Member of the Exchange Council (from August 23, 2007)
Mr. Islamov Kintal Kintaliyevich	Member of the Exchange Council (from August 23, 2007)
Mr. Karabayev Dauren Saparaliyevich	Member of the Exchange Council (from August 23, 2007)
Ms. Karlash Lyubov Ivanovna	Member of the Exchange Council (till August 23, 2007)
Mr. Kim Lev Gennadiyevich	Member of the Exchange Council (from July 13, 2006)
Mr. Kyshpanakov Viktor Alekseyevich	Member of the Exchange Council (from July 21, 2005)
Mr. Niyazov Bakht Bulatovich	Member of the Exchange Council (from July 21, 2005)
Mr. Ospanov Aidar Idrisovich	Member of the Exchange Council (from July 21, 2005)
Mr. Sabitov Idel Marsiliyevich	The First Vice President of the Exchange (a member of the Executive Body) / General Director of eTrade.kz LLP (the Exchange's subsidiary)
Mr. Babenov Bolat Bazartayevich	Vice President of the Exchange (a member of the Executive Body)

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Mr. Tsalyuk Andrey Yuryevich	Vice President of the Exchange (a member of the Executive Body) (from October 12, 2007) / General Director of Financial Markets Information Agency "IRBIS" LLP
RTRS LLP	The Exchange has 50.0 % interest in the charter capital of this partnership
Central Securities Depository JSC	The Exchange is the major shareholder of this company (owns 38.7 % shares of this company in the total number of its outstanding shares)
Kyrgyz Stock Exchange CJSC	The Exchange is the major shareholder of this company (owns 10.6 % shares of this company in the total number of its outstanding shares)
BTA Bank JSC (former – Bank TuranAlem JSC)	This company was controlled by S.Kh.Mameshtegi – the Chairman of the Exchange Council
Centras Securities JSC	This company is controlled by Y.S.Abdrazakov – the Member of the Exchange Council
Kazakhstan Financiers Association LEA	This association is controlled by S.A. Akhanov – the Member of the Exchange Council, Independent Director of the Exchange
Investment Portfolio Management Company Compass JSC	This company is controlled by A.S. Battalova – the Member of the Exchange Council
BTA Bank JSC Subsidiary "TuranAlem Securities"	This company was controlled by K.K. Bektayev – the Member of the Exchange Council
Asia Broker Services JSC	This company is controlled by A.M. Bidaibekova – the Member of the Exchange Council
First Brokerage House JSC	This company is controlled by A.M. Bidaibekova – the Member of the Exchange Council
Management company Investment Resources JSC	This company was controlled by T.B.Dzhantayev – the Member of the Exchange Council
Tsesnabank JSC	This company is controlled by D.A.Zhaksybek – the Member of the Exchange Council
Astana-finance JSC	This company is controlled by K.K. Islamov – the Member of the Exchange Council
Halyk Saving Bank of Kazakhstan JSC	This company is controlled by D.S. Karabayev – the Member of the Exchange Council, and was controlled by A.R. Yelemesov – the Member of the Exchange Council
Bank CenterCredit JSC	This company was controlled by L.I. Karlash – the Member of the Exchange Council
BCC Invest JSC – Subsidiary of Bank CenterCredit JSC	This company is controlled by V.A. Kyshtpanakov – the Member of the Exchange Council
Financial Company REAL-INVEST.kz JSC	This company is controlled by B.B. Niyazov – the Member of the Exchange Council
SUN-Advertising LLP	This company is controlled by B.B. Niyazov – the Member of the Exchange Council
Golden Tau Group LLP	This company is controlled by B.B. Niyazov – the Member of the Exchange Council
Investment Financial House RESMI JSC (former – RG Securities JSC)	This company is controlled by A.I. Ospanov – the Member of the Exchange Council

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In 2007, 2006 and 2005 the Group carried out transactions with related parties such as provision of services, purchase of services and rent of premises. All such transactions were carried out at market prices and based on market terms. The table below describes such transactions.

KZT'000

	As of December 31, 2007	As of December 31, 2006	As of December 31, 2005
Short-term payables of the Group to related parties	2,122	1,886	2,142
including:			
Central Securities Depository JSC	223	221	117
BTA Bank JSC Subsidiary "TuranAlem Securities"	–	6	–
Tsesnabank JSC	–	119	331
Astana-finance JSC	224	–	1,202
Halyk Saving Bank of Kazakhstan JSC	1,655	1,520	–
Bank CenterCredit JSC	20	20	492
Short-term receivables of the Group from related parties	14,799	61,822	12,354
including:			
Central Securities Depository JSC	–	77	95
BTA Bank JSC (former – Bank TuranAlem JSC)	2,121	1,373	2,190
Centras Securities JSC	1,951	1,524	67
BTA Bank JSC Subsidiary "TuranAlem Securities"	7,622	48,878	7,914
Management company Investment Resources JSC	22	4	–
Tsesnabank JSC	1,149	–	–
Astana-finance JSC	–	3,202	–
Halyk Saving Bank of Kazakhstan JSC	–	–	1,002
Bank CenterCredit JSC	455	44	–
First Brokerage House JSC	125	2,408	204
BCC Invest JSC – Subsidiary of Bank CenterCredit JSC	1,165	4,173	–
Financial Company REAL-INVEST.kz JSC	189	139	133
Investment Financial House RESMI JSC (former – RG Securities JSC)	–	–	749

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KZT'000

Related party; type of goods, works, services	Services, goods provided to the Group		
	in 2007	in 2006	in 2005
Central Securities Depository JSC; financial services (execution and registration of transactions in securities)	3,544	1,626	26,462
BTA Bank JSC (former – Bank TuranAlem JSC); financial services (maintenance of the account)	–	60	2
Centras Securities JSC; financial investments in mutual investment fund shares	–	–	20,014
Kazakhstan Financiers Association LEA; membership fee	473	371	412
BTA Bank JSC Subsidiary "TuranAlem Securities"; market maker benefits	1	6	176
Asia Broker Services JSC; penalty paid	16	–	–
Halyk Saving Bank of Kazakhstan JSC; penalty paid	501	–	–
Halyk Saving Bank of Kazakhstan JSC; financial services (maintenance of the account)	–	–	4
SUN-Advertising LLP; stationery	660	–	–
TOTAL	5,195	2,063	47,070

KZT'000

Related party; type of goods, works, services	Services, goods provided by the Group		
	in 2007	in 2006	in 2005
Central Securities Depository JSC; financial services	555	887	891
Central Securities Depository JSC; provision of office premises on lease	51,938	–	–
BTA Bank JSC (former – Bank TuranAlem JSC); financial services	13,613	25,550	8,555
Centras Securities JSC; financial services	7,273	3,736	868
Investment Portfolio Management Company Compass JSC; financial services	236	60	161
BTA Bank JSC Subsidiary "TuranAlem Securities"; financial services	79,576	130,971	63,135
Asia Broker Services JSC; financial services	13,947	–	–
First Brokerage House JSC; financial services	5,914	5,134	2,224
Management company Investment Resources JSC	2,804	1,783	–
Tsesnabank JSC; financial services	7,896	8,107	4,488
Astana-finance JSC; financial services	26,879	14,506	1,069

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Halyk Saving Bank of Kazakhstan JSC; financial services; financial services	19,451	17,023	13,095
Bank CenterCredit JSC; financial services	16,020	10,421	18,283
BCC Invest JSC – Subsidiary of Bank CenterCredit JSC; financial services	15,768	10,067	11,875
Financial Company REAL-INVEST.kz JSC; financial services	2,942	8,336	5,416
Investment Financial House RESMI JSC (former – RG Securities JSC); financial services	11,774	6,552	11,249
TOTAL	276,586	243,133	141,309

Below is the information on the key management benefits of the Exchange:

KZT'000

	For 2007	For 2006	For 2005
Mr. Mameshtegi Saduakas Khalyksovetuly	1,108	430	–
Mr. Abdrazakov Yeldar Sovetovich	1,108	430	–
Mr. Akhanov Serik Akhmetzhanovich	469	–	–
Ms. Battalova Ayan Sovetovna	447	–	–
Mr. Bektanov Kairat Karibayevich	680	430	–
Ms. Bidaibekova Ainur Muratovna	479	–	–
Mr. Damitov Kadyrzhan Kabdoshevich	170	–	–
Mr. Dzhantayev Timir Bulatovich	680	430	–
Mr. Joldasbekov Azamat Myrzadanovich	31,071	33,371	19,918
Mr. Yelemesov Askar Raushanuly	494	–	–
Mr. Zhaksybek Dauren Adilbekuly	426	–	–
Ms. Ivanova Irina Viktorovna	426	–	–
Mr. Islamov Kintal Kintaliyevich	426	–	–
Mr. Karabayev Dauren Saparaliyevich	426	–	–
Mr. Karlash Lyubov Ivanovna	799	430	–
Mr. Kim Lev Gennadiyevich	1,108	430	–
Mr. Kyshpanakov Viktor Alekseyevich	1,758	802	121
Mr. Niyazov Bakht Bulatovich	1,108	430	–
Mr. Ospanov Aidar Idrisovich	1,209	439	–
Mr. Sabitov Idel Marsiliyevich	20,738	21,295	14,125
Mr. Babenov Bulat Bazartayevich	16,176	15,721	10,374
Mr. Tsalyuk Andrey Yuryevich	11,647	X	X
TOTAL	92,953	74,638	44,538

The total amount of the key management benefits comprises contractual salary, bonuses, vacation allowances, and other benefits. This amount is included in the structure of the operating expenses in the consolidated income statement of the Exchange.

Note 28.

SUBSEQUENT EVENTS

Events occurred after the approval of the Exchange consolidated financial statements as of December 31, 2007, December 31, 2006, December 31, 2005 do not influence its assets and liabilities, income and expense.

Note 29.

LEGAL PROCEEDINGS

During the period from December 11, 2007 till February 29, 2008, the Exchange participated action connected with the suit of the Pension Assets Investment Management Organization Bailyk Asset Management JSC (subsidiary of Eurasian Bank JSC) laid against the Exchange and RBNT SECURITIES JSC to appeal actions of the Kazakhstan Stock Exchange Inc. official and nullify the securities purchase and sale transactions.

The claimant demanded the following in the specified suit:

- to nullify and cancel transactions on disputable securities sale deals made by RBNT SECURITIES JSC on November 13, 2007 on the trading floor of Kazakhstan Stock Exchange Inc. with restitution;
- to nullify actions of Kazakhstan Stock Exchange Inc. aimed at organization and carrying out of trades and acknowledgement of the disputable transactions with RBNT SECURITIES JSC as well as actions connected with illegal refusal to suspend further transactions in disputable securities and consider this issue in the Arbitration Commission of Kazakhstan Stock Exchange Inc.

By the decision of the specialized Interdistrict Economic Court of February 29, 2008, the claim was dismissed. This decision became effective on April 16, 2008 based on the resolution of the Civil Chamber of Almaty Municipal Court of April 16, 2008 according to which the above decision was affirmed and the claimant's petition of appeal was dismissed.

Note 30.

RISK MANAGEMENT POLICY

In common with all other companies the Exchange is exposed to risks inherent to its activities. This note describes the Exchange objectives, policies and procedures for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented elsewhere in these financial statements.

The risk management policy is an integral part of the business planning, strategic planning and comprises the set of measures performed at all levels of management. These measures are based both on legislative and regulatory requirements and on the procedures developed by the Group.

The Group undertakes all necessary actions for revealing of various kinds of risks, their prevention, elimination, or minimization of their influence on the activities.

As the core activity of the Exchange is organizational and technical maintenance of trading in various financial instruments using the Automated Trading System, operational and technical risks are the most significant for the Exchange.

Risk management methods

For each type of risk the Group develops administrative methods aimed at its prevention and minimisation.

The management has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness, flexibility and return on capital employed.

The risk management policy is considered the important element of the Group's corporate culture and is brought to the notice of all employees of functional divisions. The Group maintains effective information interchange between the Exchange Council, Management Board and all functional divisions of the Group.

See more detailed information regarding this policy below.

Credit risk

Credit risk is the risk that the Group's counterparties will be unable to meet their obligations thereto. Credit risk arises principally from granting delays of payments in regards of both receivables and other transactions involving the balance sheet items.

Credit risk evaluation includes concentration by separate counterparties.

The basic credit risk of Group in terms of geography is attributable to the Kazakhstan markets.

The credit risk management policy of the Group is based on careful estimation of counterparties' credit status and minimization of receivables amount.

As owing to this policy a share of receivables in the Group's structure of assets is insignificant, the credit risk is estimated as extremely insignificant.

The table below represents the maximum risks exposure of the Group in regards of financial assets recognized in the balance sheet (see Note 20).

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	As of December 31, 2007		As of December 31, 2006		As of December 31, 2005	
	BV*	MR**	BV*	MR**	BV*	MR**
Financial assets available for sale	521,833	7,745	535,501	10,781	27,814	–
Financial assets at fair value through profit or loss	176,231	–	58,039	–	44,068	–
Financial assets held to maturity	–	–	–	–	407,986	5,664
Investments in associates	86,612	–	60,584	–	64,039	–
Cash and cash equivalents	70,295	–	183,759	–	9,780	–
Restricted cash	142,656	142,656	1,295	1,295	1,363	1,363
Trade and other receivables	52,698	52,698	117,244	117,244	42,397	42,397
TOTAL	1,050,325	203,099	956,422	129,320	597,447	49,424

* Carrying amount ("Balance sheet value").

** Maximum risk exposure.

In 2007 4.89 % (2006 – 17.45 %; 2005 – 1.42 %) of the Group's assets were represented by cash and cash equivalents. The Group considers the credit risk connected with these amounts to be low.

In the same period 9.93 % (2006 – 0.12 %; 2005 – 0.20 %) represent restricted cash. The Exchange considers these assets as subject to 100 % credit risk.

All available financial assets of the Group representing 54.62 % in 2007 (2006 – 62.13 %; 2005 – 78.75 %) of total assets are subject to the market risk. The Group considers the credit risk connected with these amounts to be low. The maximum exposure to the credit risk exists only with the interest accrued on financial assets which balance As of December 31, 2007, December 31, 2006, December 31, 2005 amounted to KZT7 745 thousand or 0.54 % of the total assets, KZT10 781 thousand or 1.02 %, and KZT5 664 thousand or 0.82 % accordingly.

Determent of payment in regards of receivables repayment was in 2007 3.67 % of total assets of the Group (in 2006 – 11.14 %; 2005 – 6.14 %). The credit risk connected with these amounts is estimated as highest possible – 100 %.

Debt securities impairment risk

The Group's debt securities were not subject to impairment in 2007, 2006 and 2005.

Assets and liability concentration risk

The Group monitors its assets concentration by countries (see table below) and industries.

The Group's exposures connected with the foreign currency are disclosed in the currency risk section below.

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	Kazakhstan	CIS countries	USA	European Union countries	TOTAL
As of December 31, 2007					
Assets					
Financial assets available for sale	512,819	9,014	–	–	521,833
Financial assets at fair value through profit or loss	176,231	–	–	–	176,231
Financial assets held to maturity	–	–	–	–	–
Investments in associates	86,612	–	–	–	86,612
Cash and cash equivalents	64,317	39	5,141	798	70,295
Restricted cash	50,025	–	92,631	–	142,656
Trade and other payables	52,698	–	–	–	52,698
Corporate income tax payments and other tax payments	46,751	–	–	–	46,751
Property, plant and equipment and intangible assets	179,170	–	–	–	179,170
TOTAL	1,168,623	9,053	97,772	798	1,276,246
Liabilities					
Trade and other payables	3,072	–	–	–	3,072
Liabilities to the Exchange members	50,025	–	92,631	–	142,656
Tax payable; corporate income tax payable	3,353	–	–	–	3,353
Accrual liabilities	12,996	–	–	–	12,996
TOTAL	69,446	–	92,631	–	162,077
Net balance sheet position	1,099,177	9,053	5,141	798	1,114,169
As of December 31, 2006					
Assets					
Financial assets available for sale	526,487	9,014	–	–	535,501
Financial assets at fair value through profit or loss	58,039	–	–	–	58,039
Financial assets held to maturity	–	–	–	–	–
Investments in associates	60,584	–	–	–	60,584

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	Kazakhstan	CIS countries	USA	European Union countries	TOTAL
Cash and cash equivalents	179,935	48	3,126	650	183,759
Restricted cash	25	–	1,270	–	1,295
Trade and other receivables	117,244	–	–	–	117,244
Corporate income tax payments and other tax payments	2,246	–	–	–	2,246
Property, plant and equipment and intangible assets	88,793	–	–	–	88,793
TOTAL	1,033,353	9,062	4,396	650	1,047,461
Liabilities					
Trade and other payables	2,867	–	–	–	2,867
Liabilities to the Exchange members	25	–	1,270	–	1,295
Tax payable; corporate income tax payable	8,247	–	–	–	8,247
Accrual liabilities	5,592	–	–	–	5,592
TOTAL	16,731	–	1,270	–	18,001
Net balance sheet position	1,016,622	9,062	3,126	650	1,029,460
As of December 31, 2005					
Assets					
Financial assets available for sale	18,800	9,014	–	–	27,814
Financial assets at fair value through profit or loss	44,068	–	–	–	44,068
Financial assets held to maturity	407,986	–	–	–	407,986
Investments in associates	64,039	–	–	–	64,039
Cash and cash equivalents	8,936	54	573	217	9,780
Restricted cash	25	–	1,338	–	1,363
Trade and other receivables	42,397	–	–	–	42,397
Corporate income tax payments and other tax payments	6,161	–	–	–	6,161
Property, plant and equipment and intangible assets	71,800	–	–	–	71,800
TOTAL	664,212	9,068	1,911	217	675,408

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	Kazakhstan	CIS countries	USA	European Union countries	TOTAL
Liabilities					
Trade and other payables	3,821	–	–	–	3,821
Liabilities to the Exchange members	25	–	1,338	–	1,363
Tax payable; corporate income tax payable	520	–	–	–	520
Accrual liabilities	5,592	–	–	–	5,592
TOTAL	9,958	–	1,338	–	11,296
Net balance sheet position	654,254	9,068	573	217	664,112

All assets and liabilities of the Group are concentrated in the financial sector of economy.

During 2007, 2006 and 2005 the Group wasn't exposed to any essential concentration of risk by clients.

Liquidity risk

In managing the liquidity risk, the main objective of the Group is to ensure that it is able to pay all its liabilities as they fall due.

The Group controls the risk of cash fall short using long-term forecasts of estimated cash flows on operating activities. The internal regulations of the Group establish controlling and accounting procedures for payments.

The table below shows financial liabilities of the Group grouped by not discounted contractual cash flows. If there is certain flexibility in repayment terms, the table below sets forth the earliest date when the Group could be obliged to repay the liability.

Liability repayment terms disclosed in the table are contractual. Hence, the Group estimates the probability of these liabilities repayment to be high.

KZT'000

	Carrying amount	Cash outflow, total	For the period up to one month	1–3 months
As of December 31, 2007				
Trade and other payables	3,072	3,072	–	3,072
Liabilities to the Exchange members	142,656	142,656	142,656	–
Tax payable; corporate income tax payable	3,353	3,353	–	3,353
TOTAL	149,081	149,081	142,656	6,425
As of December 31, 2006				
Trade and other payables	2,867	2,867	–	2,867
Liabilities to the Exchange members	1,295	1,295	1,295	–
Tax payable; corporate income tax payable	8,247	8,247	–	8,247
TOTAL	12,409	12,409	1,295	11,114

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	Carrying amount	Cash outflow, total	For the period up to one month	1-3 months
As of December 31, 2005				
Trade and other payables	3,821	3,821	–	3,821
Liabilities to the Exchange members	1,363	1,363	1,363	–
Tax payable; corporate income tax payable	520	520	–	520
TOTAL	5,704	5,704	1,363	4,341

Market risk

The Group is not exposed to significant market risk as the Exchange is a monopolist in the field of exchange services and products in the Republic of Kazakhstan (though the legislation of the Republic of Kazakhstan does not prohibit the creation and operation of other organizers of trade in securities and other financial instruments) market risks are estimated as insignificant.

At the same time the Group attaches special significance to marketing events aimed at expansions of the client base (trading participants, listing companies), the list of services and products.

Interest rate risk

Interest rate risk relates to the risk of loss due to fluctuations in both cash flows and the fair value of financial assets and liabilities due to changes in market interest rates.

The Group is exposed to interest rate risk within its transactions in financial assets. Additionally the Group is exposed to interest rate risk due to mismatches between the re-pricing dates of assets and liabilities.

The table below shows the Group's financial assets grouped by interest rate risk concentration at the date of their revaluation or repayment (whichever the earliest).

KZT'000

	Less than a month	1-3 months	3 months – 1 year	1-5 years	More than 5 years	Assets and liabilities which do not bear interest
As of December 31, 2007						
Assets						
Financial assets available for sale	998	19,491	18,024	445,649	2,112	27,814
Financial assets held to maturity	–	–	–	–	–	–
Total assets less financial assets available for sale and held to maturity	–	–	–	–	–	922,546
TOTAL	998	19,491	18,024	445,649	2,112	950,360
Liabilities						
Interest rate gap	998	19,491	18,024	445,649	2,112	714,907

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	Less than a month	1–3 months	3 months – 1 year	1–5 years	More than 5 years	Assets and liabilities which do not bear interest
Difference between interest bearing assets and liabilities, percentage of total assets	0,07	1,36	1,25	31,02	0,15	–
As of December 31, 2006						
Assets						
Financial assets available for sale	13,802	85,699	35,485	359,506	2,414	27,814
Financial assets held to maturity	–	–	–	–	–	–
Total assets less financial assets available for sale and held to maturity	–	–	–	–	–	528,047
TOTAL	13,802	85,699	35,485	359,506	2,414	555,861
Liabilities						
Interest rate gap	13,802	85,699	35,485	359,506	2,414	494,552
Difference between interest bearing assets and liabilities, percentage of total assets	1,31	8,14	3,37	34,15	0,23	–
As of December 31, 2005						
Assets						
Financial assets available for sale	–	–	–	–	–	27,814
Financial assets held to maturity	–	–	75,093	153,877	2,682	–
Total assets less financial assets available for sale and held to maturity	–	–	–	–	–	431,166
TOTAL	–	–	75,093	153,877	2,682	458,980
Liabilities						
Interest rate gap	–	–	75,093	153,877	2,682	430,382
Difference between interest bearing assets and liabilities, percentage of total assets	–	–	10,87	22,28	0,39	–

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Currency risk

Any currency risk arising from the Group's commercial operations is managed within the limits of the trading book.

Other risks attributable to changes in exchange rates are continually monitored by the Group which has appropriate controls in place.

The table below sets forth the Group's monetary assets analyzed by currency (by currency risk concentration).

KZT'000

	KZT	USD	EUR	RUB	GBP	TOTAL
As of December 31, 2007						
Exchange rates	X	120,30	177,17	4,92	240,14	X
Assets						
Cash and cash equivalents	62,610	6,636	393	207	449	70,295
Restricted cash	50,025	92,631	–	–	–	142,656
Financial assets	698,064	–	–	–	–	698,064
Trade and other receivables	52,698	–	–	–	–	52,698
Corporate income tax prepayments	42,866	–	–	–	–	42,866
Other tax prepayments	3,885	–	–	–	–	3,885
Investments in associates	86,612	–	–	–	–	86,612
TOTAL	996,760	99,267	393	207	449	1,097,076
Liabilities						
Liabilities to the Exchange members	50,025	92,631	–	–	–	142,656
Tax payable; corporate income tax payable	3,353	–	–	–	–	3,353
Trade and other payables	3,072	–	–	–	–	3,072
Accrual liabilities	12,996	–	–	–	–	12,996
TOTAL	69,446	92,631	–	–	–	162,077
Net currency balance sheet position	927,314	6 636	393	207	449	934,999

As of December 31, 2006

Exchange rates	X	127,00	167,12	4,82	249,01	X
Assets						
Cash and cash equivalents	172,363	10,657	223	48	468	183,759
Restricted cash	25	1,270	–	–	–	1,295
Financial assets	593,540	–	–	–	–	593,540
Trade and other receivables	117,244	–	–	–	–	117,244

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	KZT	USD	EUR	RUB	GBP	TOTAL
Corporate income tax prepayments	685	–	–	–	–	685
Other tax prepayments	1,561	–	–	–	–	1,561
Investments in associates	60,584	–	–	–	–	60,584
TOTAL	946,002	11,927	223	48	468	958,668
Liabilities						
Liabilities to the Exchange members	25	1,270	–	–	–	1,295
Tax payable; corporate income tax payable	8,247	–	–	–	–	8,247
Trade and other payables	2,867	–	–	–	–	2,867
Accrual liabilities	5,592	–	–	–	–	5,592
TOTAL	16,731	1,270	–	–	–	18,001
Net currency balance sheet position	929,271	10,657	223	48	468	940,667
As of December 31, 2005						
Exchange rates	X	133,77	158,54	4,65	231,01	X
Assets						
Cash and cash equivalents	8,089	1,381	256	54	–	9,780
Restricted cash	25	1,338	–	–	–	1,363
Financial assets	479,868	–	–	–	–	479,868
Trade and other receivables	42,397	–	–	–	–	42,397
Corporate income tax prepayments	4,945	–	–	–	–	4,945
Other tax prepayments	1,216	–	–	–	–	1,216
Investments in associates	64,039	–	–	–	–	64,039
TOTAL	600,579	2,719	256	54	–	603,608
Liabilities						
Liabilities to the Exchange members	25	1,338	–	–	–	1,363
Tax payable; corporate income tax payable	520	–	–	–	–	520
Trade and other payables	3,821	–	–	–	–	3,821
Accrual liabilities	5,592	–	–	–	–	5,592
TOTAL	9,958	1,338	–	–	–	11,296
Net currency balance sheet position	590,621	1,381	256	54	–	592,312

Settlement risk

The Exchange is not exposed to significant financial risks connected with exchange transactions settlements as:

- settlements of transactions in securities and repo transactions are carried out by Central Securities Depository JSC;
- settlements of transactions in foreign currencies and forward contracts are carried out by the Stock Exchange on the delivery against payment basis.

The Exchange risks arising at settlements on transactions in foreign currencies are as follows:

- 1) risk of default by traders on their net obligations to the Exchange, namely:
 - failure to transfer or incomplete transfer of the net obligation amount of such trader at the settlement date to the correspondent account of the Exchange;
 - failure of such trader to observe details of the correspondent account of the Exchange when making payment due to the Exchange for payment of the net obligation;
 - (If such trader effects payments in consideration of his net-obligations as urgent delivery of foreign currency sold and/or payment for foreign currency bought) transfer of net-obligation amount of such trader into the correspondent account of the Exchange at the settlement date but later than the time established for such transfer;
- 2) risk of default by the Exchange on net claims of certain traders due to default by other traders on their net obligations to the Exchange.

Default by a trader on net obligations to the Exchange in regards of transactions in foreign currencies entered by it is an unconditional and sufficient basis for non-performance on net claims of such trader by the Exchange.

In case of default by a trader on net obligations to pay foreign currency purchased by it, the National Bank of the Republic Kazakhstan has the right to purchase this currency at prices of transactions concluded, so covering the risk of the Exchange default on net claims of foreign currency sellers in tenge.

If a trader making payments in consideration of its net obligations in a foreign currency through urgent delivery of the foreign currency sold cannot effect such delivery to the correspondent account of the Exchange in target dates due to technical reasons, such trader should block governmental securities in favour of the Exchange for the amount of its net claims to let the Exchange perform its net claims. If such trader fails on net obligations to deliver foreign currency the Exchange shall sell the blocked governmental securities, and use money so received for compulsory liquidation of such trader positions.

Operational risk

The Group is exposed to operational risk arising in connection with deficiencies in information systems, internal controls and unexpected changes in legal requirements that result in unexpected financial and operating losses.

Operational risk arising due to deficiencies in the information systems is minimized by the Exchange as follows:

- 1) the risk of the "Automated Trading System" software (hereinafter – the Trading System) current and archived data loss is minimized by on-line replicating of these data and by regular data backup on durable carriers;

- 2) the risk of hardware and/or software failure of the Group's main trading server is minimized by ensuring the possibility to promptly start-up the Trading System copy available on the reserve server;
- 3) the risk of auxiliary servers failure (certification server, back-office server, web site server) – risk of the traders' access restriction to the exchange information. The Group duplicates auxiliary servers, back-ups and reserves critical data;
- 4) the risk of the Group's communication equipment failure – risk of access restriction for the traders to the Trading System. The Group duplicates key hardware (routers);
- 5) the risk of non-authorized access to the Trading System of the persons not having sufficient powers – risk of the Trading System wrecking, capture of the private (confidential) data, hostile substitution of the Trading System data. The Group applies software and hardware cryptographic means, allowing to exclude non-authorized access to the Trading System.

Operational risk connected with shortcomings in internal controls is minimized through the following:

- internal documents of the Exchange establish job responsibilities and functions of personnel;
- ability to make decisions and a range of responsibility of each member of the Management Board are strictly limited;
- Management Board of the Exchange supervises compliance with rules and procedures intended to minimize operational risks and ensures their adequate functioning.

Operational risk arising due to unexpected changes in the legal requirements which can result in unexpected financial and operating losses is minimized through active participation of the Exchange in the Kazakhstan Financiers Association and constant interaction with the state regulators of the Exchange activities and financial market.

Legal risk

The Group's activities are connected with the legal risk – the risk of event which can result in negative legal consequences determined by the regulatory acts.

All regulatory documents of the Group and its outgoing correspondence in regards of material issues is subject to obligatory consideration and approval by the Legal Department of the Exchange as to their conformity to requirements of the legislation of the Republic of Kazakhstan and legal interests of the Group

Capital management

The main objective of the Group in regards of the capital management is compliance with the legislation of the Republic of Kazakhstan and maintenance of the stable credit status and normal level the capital adequacy for activities of the Group and maximization of the shareholders' income. The Group manages its capital structure and changes it according to the changes in the Republic of Kazakhstan legislation and economic conditions. To preserve or change the capital structure the Exchange can offer new shares, purchase own shares, buy treasury shares, and make decisions on borrowings.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina