

JSC “KAZAKHSTAN STOCK EXCHANGE”

Consolidated Financial Statements
For the Year Ended 31 December 2010

JSC "KAZAKHSTAN STOCK EXCHANGE"

TABLE OF CONTENTS

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010	1
INDEPENDENT AUDITORS' REPORT	2-3
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010:	
Consolidated statement of comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7-8
Notes to the consolidated financial statements	9-35

JSC "KAZAKHSTAN STOCK EXCHANGE"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Joint Stock Company Kazakhstan Stock Exchange ("the Company") and its subsidiaries (collectively - "the Group") as at 31 December 2010, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:


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

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2010 were approved by Management on 29 April 2011.

On behalf of the Management:



Damitov K. K.
President

29 April 2011
Almaty, Kazakhstan





Ryabushkina L. A.
Chief Accountant

29 April 2011
Almaty, Kazakhstan

INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Stock Exchange Council of JSC Kazakhstan Stock Exchange

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Joint Stock Company Kazakhstan Stock Exchange and its subsidiaries (collectively - "the Group"), which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit 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 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 the Group as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2009, were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2010.



Andrew Weekes
Engagement Partner
Chartered Accountant
Certificate of Public Practice #78586
Australia



Deloitte, LLP
State license on auditing
in the Republic of Kazakhstan
#0000015, type MFU-2, given by
the Ministry of Finance of Kazakhstan
dated 13 September 2006



Nurlan Bekenov
Qualified auditor
of the Republic of Kazakhstan
Qualification certificate #0082
dated 13 June 1994
General Director
Deloitte, LLP



29 April 2011
Almaty, Kazakhstan

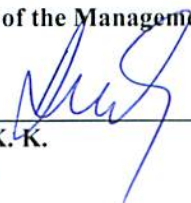
JSC "KAZAKHSTAN STOCK EXCHANGE"

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2010	Year ended 31 December 2009
Fee and commission income	4, 19	994,939	1,196,993
Interest income	6	106,273	83,061
Provision for impairment losses on interest bearing assets and other operations	5	(2,194)	(75,730)
Net gain on financial assets at fair value through profit or loss		-	8,085
Net (loss)/gain on foreign exchange operations		(169)	1,864
Net loss on investments held to maturity	13	(1,864)	(6,523)
Share of profits/(losses) of associate		35,247	(47,090)
Other income	19	15,012	92,316
OPERATING INCOME		1,147,244	1,252,976
OPERATING EXPENSES	7, 19	(777,349)	(760,885)
PROFIT BEFORE INCOME TAX		369,895	492,091
Income tax expense	8	(64,820)	(122,421)
NET PROFIT		305,075	369,670
OTHER COMPREHENSIVE LOSS			
Unrealized loss on revaluation of investments available-for-sale		(1,488)	(7,757)
TOTAL COMPREHENSIVE INCOME		303,587	361,913

On behalf of the Management:


Damitov K. K.
President




Ryabushkina L. A.
Chief Accountant

29 April 2011
Almaty, Kazakhstan

29 April 2011
Almaty, Kazakhstan

The notes on pages 9-35 form an integral part of these consolidated financial statements.

JSC "KAZAKHSTAN STOCK EXCHANGE"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (in thousands of Kazakhstani Tenge)

	Notes	31 December 2010	31 December 2009
ASSETS:			
Cash and cash equivalents	10, 19	359,401	257,909
Restricted cash		30,776	1,504
Due from banks	11	1,071,777	648,641
Investments available-for-sale	12	30,834	27,814
Investments held to maturity	13	205,595	518,392
Investments in associate		126,560	35,053
Advances paid	19	78,261	38,399
Property and equipment	14	198,440	221,206
Intangible assets		3,278	3,576
Current income tax assets		55,984	-
Deferred income tax assets	8	659	612
Other assets	15, 19	59,573	55,484
TOTAL ASSETS		2,221,138	1,808,590
LIABILITIES AND EQUITY			
LIABILITIES:			
Payables to trade members on restricted cash		30,776	1,504
Advances received	19	48,567	31,762
Current income tax liabilities		2,054	12,075
Deferred income tax liabilities	8	14,488	14,947
Other liabilities	16, 19	35,617	30,994
Total liabilities		131,502	91,282
EQUITY:			
Share capital	17	406,244	194,418
Investments available-for-sale revaluation reserve		(2,060)	(572)
Other reserve		170,000	-
Retained earnings		1,515,452	1,523,462
Total equity		2,089,636	1,717,308
TOTAL LIABILITIES AND EQUITY		2,221,138	1,808,590

On behalf of the Management:


Damitov K. K.
President

29 April 2011
Almaty, Kazakhstan




Ryabushkina L. A.
Chief Accountant

29 April 2011
Almaty, Kazakhstan


The notes on pages 9-35 form an integral part of these consolidated financial statements.

JSC "KAZAKHSTAN STOCK EXCHANGE"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010 (in thousands of Kazakhstani Tenge)


	Share capital	Investments available-for-sale revaluation reserve	Other reserve	Retained earnings	Non-controlling interest	Total equity
31 December 2008	165,020	7,185	-	1,159,251	15,169	1,346,625
Other comprehensive loss	-	(7,757)	-	-	-	(7,757)
Net profit	-	-	-	369,670	-	369,670
Total comprehensive (loss)/income	-	(7,757)	-	369,670	-	361,913
Issue of ordinary shares	29,398	-	-	-	-	29,398
Increase in non-controlling interest	-	-	-	(5,459)	(13,528)	(18,987)
Decrease in non-controlling interest	-	-	-	-	(1,115)	(1,115)
Dividends of subsidiaries	-	-	-	-	(526)	(526)
31 December 2009	194,418	(572)	-	1,523,462	-	1,717,308
Other comprehensive loss	-	(1,488)	-	-	-	(1,488)
Net profit	-	-	-	305,075	-	305,075
Total comprehensive (loss)/income	-	(1,488)	-	305,075	-	303,587
Issue of ordinary shares	211,826	-	-	-	-	211,826
Dividends declared	-	-	-	(143,085)	-	(143,085)
Increase in other reserve	-	-	170,000	(170,000)	-	-
31 December 2010	406,244	(2,060)	170,000	1,515,452	-	2,089,636

On behalf of the Management:


Damitov K. K.
President

29 April 2011
Almaty, Kazakhstan




Ryabushkina L. K.
Chief Accountant

29 April 2011
Almaty, Kazakhstan

The notes on pages 9-35 form an integral part of these consolidated financial statements.

JSC "KAZAKHSTAN STOCK EXCHANGE"

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010 (in thousands of Kazakhstani Tenge)

	Notes	Year ended 31 December 2010	Year ended 31 December 2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		369,895	492,091
Adjustments for non-cash items:			
Provision for impairment losses		2,194	75,730
Loss from disposal of property and equipment		790	1,863
Loss from disposal of investments held to maturity		1,864	6,523
Share of (profits)/losses of associate		(35,247)	47,090
Net change in fair value of investments available-for-sale		(438)	(12,042)
Net change in accrued interest		6,207	18,405
Depreciation and amortization	7	36,564	36,292
Cash inflow from operating activities before changes in operating assets and liabilities		381,829	665,952
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Restricted cash		(29,272)	3,956
Due from banks		(436,719)	(636,020)
Advances paid		(39,862)	81,565
Other assets		(3,592)	4,156
Increase/(decrease) in operating liabilities:			
Payables to trade members on restricted cash		29,272	(3,956)
Advances received		16,805	(10,377)
Other liabilities		4,550	10,286
Cash (outflow)/inflow from operating activities before taxation		(76,989)	115,562
Income tax paid		(131,331)	(75,901)
Net cash (outflow)/inflow from operating activities		(208,320)	39,661

JSC "KAZAKHSTAN STOCK EXCHANGE"

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED) (in thousands of Kazakhstani Tenge)


	Notes	Year ended 31 December 2010	Year ended 31 December 2009
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	14	(14,290)	(16,269)
Proceeds on disposal of property and equipment		-	516
Purchase of investments held to maturity		-	(1,212,722)
Proceeds on redemption of investments held to maturity		307,709	933,262
Proceeds on sale of investments held to maturity		3,839	-
Proceeds on disposal of financial assets at fair value through profit or loss		-	72,658
Purchase of additional share capital of associate		(56,260)	-
Net cash outflow on acquisition of subsidiaries		-	(20,102)
Net cash inflow/(outflow) from investing activities		<u>240,998</u>	<u>(242,657)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of ordinary shares		208,710	29,398
Dividends paid on ordinary shares		(139,896)	(526)
Net cash inflow from financing activities		<u>68,814</u>	<u>28,872</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		101,492	(174,124)
CASH AND CASH EQUIVALENTS, beginning of period	10	<u>257,909</u>	<u>432,033</u>
CASH AND CASH EQUIVALENTS, end of period	10	<u><u>359,401</u></u>	<u><u>257,909</u></u>

Interest received by the Group during the year ended 31 December 2010, amounted to KZT 100,066 thousand.

Interest received by the Group during the year ended 31 December 2009, amounted to KZT 64,656 thousand.

During 2010, the Group has classified restructured bonds of JSC "BTA Bank" which become equity instruments with a total nominal value of KZT 4,070 thousand from investments held to maturity to investments available-for-sale.

On behalf of the Management:


Damitov K. K.
President

29 April 2011
Almaty, Kazakhstan




Ryabushkina L. A.
Chief Accountant

29 April 2011
Almaty, Kazakhstan

The notes on pages 9-35 form an integral part of these consolidated financial statements.

JSC “KAZAKHSTAN STOCK EXCHANGE”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(in thousands of Kazakhstani Tenge, unless otherwise indicated)

1. ORGANIZATION

JSC Kazakh stock exchange (“the Company”) is a Joint Stock Company which was incorporated in the Republic of Kazakhstan (“the RK”) in 1993. The Company is regulated by the Agency for Regulation and Supervision of Financial Market and Financial Organizations of the Republic of Kazakhstan (“FMSA”) and conducts its business under license for carrying out activities on organization of trade in securities #0409200037 and other financial instruments dated 2 February 2004. The Company also has license for carrying out transactions, stipulated by the banking legislation of the Republic of Kazakhstan, with national and foreign currencies #3 dated 20 February 2006.

The Company’s primary business includes providing of financial services including organizational support and maintenance of the trade in securities and other financial instruments through direct trading using the Company’s trade systems.

The office of the Company is located at 291/3a, Dostyk avenue, Almaty, 050020, the Republic of Kazakhstan.

As at 31 December 2010 and 2009, the Company was owned by the following shareholders, which own more than 5% of the issued shares of the Company:

	31 December 2010, %	31 December 2009, %
Shareholder		
JSC “Regional Financial Center of Almaty”	12.98	12.05
LLP “Centras Capital”	8.70	-
JSC “Kaspi Bank”	5.52	5.24
Others (individually own less than 5%)	72.80	82.71
Total	<u>100.00</u>	<u>100.00</u>

The Company is a parent company of a group (“the Group”) which consists of the following enterprises consolidated in the financial statements:

Name	Country of operation	Proportion of ownership interest/voting rights (%)		Type of operation
		31 December 2010	31 December 2009	
LLP “Information agency on financial markets “IRBIS”	Kazakhstan	100	100	Information services
LLP “eTrade.kz”	Kazakhstan	100	100	Information technologies

Associates

LLP "RTRS" the associate, carries out the function of trade reserve and settlement center of the Company. It is classified as investments in associate and accounted for under the equity method:

Holding, %	Share in net profit/(loss)	Total Assets	Total liabilities	Equity	Total revenue
As at 31 December 2010 and for the year then ended					
50.00	35,247	268,372	1,229	267,143	84,434
As at 31 December 2009 and for the year then ended					
50.00	(47,090)	72,102	1,712	70,390	-

The consolidated financial statements were authorised for issue by the Management of the Company on 29 April 2011.

2. BASIS OF PRESENTATION

Accounting basis

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

These consolidated financial statements are presented in millions of Kazakhstani Tenge ("KZT" or "Tenge"), except for earnings per share amounts and unless otherwise indicated.

Functional currency

Items included in the financial statements of each entity of the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The reporting currency of the consolidated financial statements is KZT.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Company's subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

All intra Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Group.

Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to the consolidated statement of comprehensive income or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Recognition of interest income

Interest income is recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

Recognition of fee and commission income

Fee and commission income is recognized when services are provided. Membership and listing fees are recognized based on the decision on acceptance of the organization as a member of the Company and inclusion of securities in the official listing of the Company. Monthly membership fees are recognized constantly on a monthly basis until the organization is a member of the Company. Commission income on annual listing fees are recognized during the twelve month period to which they are related.

Financial instruments

The Group recognizes financial assets and liabilities in its consolidated statement of financial position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized by the Group using settlement date accounting.

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

Financial assets

Financial assets are classified into the following specified categories: 'investments held to maturity' ("HTM"), investments 'available-for-sale' ("AFS") and 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Investments held to maturity are measured at amortised cost using the effective interest method less any impairment.

Investments available-for-sale

Investments available-for-sale are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (2) investments held-to-maturity or (c) financial assets at fair value through profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Accounts receivables

Accounts receivable are stated at their nominal value, reduced by any allowances for impairment losses.

Impairment of financial assets

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

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

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

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as accounts receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

If an AFS asset is impaired, a consolidated amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of comprehensive income is transferred from equity to the consolidated statement of comprehensive income.

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

Derecognition of financial assets

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

- Rights to receive cash flows from the asset has expired;
- The Group has transferred its rights to receive cash flows from the asset or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer required that the Group either (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to receive the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the consolidated statement of financial position. If substantially all of the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Group retained control of the asset, it continues to recognise the asset to the extent of its continuing involvement.

Financial liabilities

Financial liabilities, including are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent accounts with original maturities within three month.

Amounts due from banks

In the normal course of business, the Group maintains current accounts or deposits for period of not more than one year with the banks. Amounts due from banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Amounts due from banks are carried net of any allowance for impairment.

Taxation

The current income tax expense is calculated in accordance with the regulations of Kazakhstan where the Group operates.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also charged or credited directly to other comprehensive income or equity.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associate, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset and reported net in the consolidated statement of financial position if:

- The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis using the following useful lives:

	Years
Machinery and equipment	8.0-10.0
Vehicles	10.0
Other	8.0-16.7

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property and equipment are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. An impairment loss is recognized in the respective period and is included in operating expenses.

Provisions

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

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

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

Foreign currencies

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

The exchange rates used by the Group in the preparation of the consolidated financial statements as at year-end are as follows:

	31 December 2010	31 December 2009
KZT/1 USD	147.50	148.46
KZT/1 EUR	196.88	213.95
KZT/1 RUR	4.83	4.90
KZT/1GBP	228.29	239.60

Equity reserves

The reserves recorded in equity on the Group's consolidated statement of financial position include:

- "Available-for-sale" reserve which comprises changes in fair value of investments AFS;
- "Other reserve" which is formed for covering the possible default of spot market members.

In 2010 the Stock Exchange Council decided to recognize a reserve fund amounting to KZT 170,000 thousand in order to cover the risk of an insolvent participant in the market of derivative contracts. The reserve fund comprise of KZT 70,000 thousand reserve fund for trading with currency futures contracts, and KZT 100,000 thousand reserve fund for trading with KASE index futures contracts. The reserve fund was recognized in December 2010, as the trading for these contracts was opened. As the market stayed inactive as at reporting date, there were no changes in the level of the reserve fund. The reserve fund was created as an appropriation of retained earnings.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of comprehensive income.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Impairment of accounts receivables

Accounts receivable are included in the consolidated statement of financial position within other assets. The Group regularly reviews its accounts receivables to assess for impairment. The Group's impairment provisions are established to recognize incurred impairment losses in its portfolio of accounts receivables. The Group considers accounting estimates related to allowance for impairment of accounts receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired receivables are based on recent performance experience, and (ii) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its financial statements in future periods.

The allowances for impairment of financial assets in the consolidated financial statements have been determined on the basis of existing economic and political conditions. The Group is not in a position to predict what changes in conditions will take place in the Republic of Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

As at 31 December 2010 and 2009, the gross accounts receivables totalled KZT 68,080 thousand and KZT 69,387 thousand, respectively, and allowance for impairment losses amounted to KZT 18,010 thousand and KZT 18,508 thousand, respectively.

Taxation

Kazakhstani tax, currency and customs legislations are subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

As at 31 December 2010 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Significant additional actual taxes, penalties and interest may be assessed following any challenges by the relevant authorities, which could have a material impact on the Group's reported net profit.

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

New and revised IFRSs affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRS issued in 2009)	The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent. No changes were necessary as a result of the adoption of this amendment.
Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRS issued in 2009)	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. No changes were necessary as a result of the adoption of this amendment.
Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRS issued in 2010)	The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. No changes were necessary as a result of the adoption of this amendment.
Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRS issued in 2010)	The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. No changes were necessary as a result of the adoption of this amendment.

New and revised IFRS in issue but not yet effective

The Group has not applied the following new and revised IFRS that have been issued but are not yet effective:

- IFRS 9 “Financial Instruments” - On 12 November 2009, the IASB issued IFRS 9 “Financial Instruments” which introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Group anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

- The amendments to IFRS 7 titled "Disclosures – Transfers of Financial Assets" increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

It is not expected that these amendments to IFRS 7 will have a significant effect on the Group's consolidated financial statements.

- The amendments to IAS 32 titled "Classification of Rights Issues" address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.
- IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The management of the Group believes that adoption of new and revised standards would not have any significant impact on the amounts reported in these consolidated financial statements but may affect the accounting for future transactions or arrangements.

4. FEE AND COMMISSION INCOME

	Year ended 31 December 2010	Year ended 31 December 2009
Fee and commission income:		
Listing fees	360,439	390,371
Membership fees	251,797	213,586
Commission fees	229,317	476,715
Income from information services	130,933	97,844
Income from remote access services	22,453	18,477
Total fee and commission income	<u>994,939</u>	<u>1,196,993</u>

5. ALLOWANCE FOR IMPAIRMENT LOSSES AND OTHER PROVISIONS

The movements in allowance for impairment losses on interest bearing assets and other provisions were as follows:

	Investments held to maturity	Other assets	Total
31 December 2008	-	6,626	6,626
Additional provisions recognized	63,834	11,896	75,730
Write-off of assets	-	(14)	(14)
31 December 2009	<u>63,834</u>	<u>18,508</u>	<u>82,342</u>
Additional provisions recognized/(recovery of provisions)	2,691	(497)	2,194
Write-off of assets	(30,558)	-	(30,558)
31 December 2010	<u>35,967</u>	<u>18,011</u>	<u>53,978</u>

6. INTEREST INCOME

	Year ended 31 December 2010	Year ended 31 December 2009
Interest income comprises:		
Interest income on financial assets recorded at amortized cost:		
- interest income on unimpaired financial assets	102,385	73,643
- interest income on impaired financial assets	3,888	9,418
Total interest income	<u>106,273</u>	<u>83,061</u>
Interest income on financial assets recorded at amortized cost comprises:		
Interest on cash and cash equivalents	10,274	7,419
Interest on due from banks	59,740	20,139
Interest on investments held to maturity	36,259	55,503
Total interest income on financial assets recorded at amortized cost	<u>106,273</u>	<u>83,061</u>

7. OPERATING EXPENSES

	Year ended 31 December 2010	Year ended 31 December 2009
Staff costs	481,382	383,540
Operating leases	108,042	190,256
Social tax	47,226	37,286
Depreciation and amortization	36,564	36,292
Communication and SWIFT maintenance	21,725	20,777
Taxes, other than income tax	17,151	26,342
Business trip expenses	9,620	11,493
Business development expenses	8,290	5,889
Bank services	7,214	7,940
Professional services	6,933	8,952
Information services	5,095	-
Property and equipment maintenance	4,044	4,693
Membership fees	2,286	2,285
Insurance payments	1,759	2,165
Training	936	1,795
Mail and courier expenses	650	398
Other expenses	18,432	20,782
Total operating expenses	<u>777,349</u>	<u>760,885</u>

8. INCOME TAXES

The Group calculates its corporate income tax return for the current period based on tax bases in accordance with the tax regulations of the Republic of Kazakhstan where the Group and its subsidiaries operate, which may differ from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2010 and 2009, relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

The tax rate used for the reconciliations below is the corporate tax rate of 20% payable by corporate entities in the Republic of Kazakhstan on taxable profits (as defined) under tax law in that jurisdiction.

Tax effect of temporary differences as at 31 December 2010 and 2009 comprise:

	31 December 2010	31 December 2009
Tax effect of deductible temporary differences:		
Unused vacation reserve	(2,685)	(467)
Property and equipment, accrued depreciation	<u>(213)</u>	<u>(145)</u>
Deferred income tax asset	<u>(2,898)</u>	<u>(612)</u>
Tax effect of taxable temporary differences:		
Property and equipment, accrued depreciation	<u>16,727</u>	<u>14,947</u>
Deferred income tax liability	<u>16,727</u>	<u>14,947</u>
Net deferred income tax assets	<u>659</u>	<u>612</u>
Net deferred income tax liabilities	<u>(14,488)</u>	<u>(14,947)</u>

The effective tax rate reconciliation is as follows for the years ended 31 December 2010 and 2009:

	Year ended 31 December 2010	Year ended 31 December 2009
Profit before income tax	<u>369,895</u>	<u>492,091</u>
Statutory tax rate	20%	20%
Tax at the statutory tax rate	<u>73,979</u>	<u>98,418</u>
Tax-exempt interest income and other related income on state and other qualifying securities	(6,130)	(10,727)
Tax-exempt on recovery of provision	-	(1,010)
Tax-exempt on share of associate	(7,974)	-
Non-deductible expenditure:		
-general and administrative expenses	7,774	7,098
-membership fee	427	435
-provision on impairment of securities	538	13,057
-profit share of associate	924	9,418
-sale of securities	373	1,305
-provision on impairment of other assets	720	3,097
-other	<u>(5,811)</u>	<u>1,330</u>
Total permanent income tax differences	<u>(9,159)</u>	<u>24,003</u>
Income tax expense	<u>64,820</u>	<u>122,421</u>
	2010	2009
Current tax charge	65,326	116,151
Deferred tax (benefit)/expense	<u>(506)</u>	<u>6,270</u>
Income tax expense	<u>64,820</u>	<u>122,421</u>
Movement in net deferred income tax liabilities:		
	2010	2009
Net deferred tax liability at the beginning of the period	14,335	8,065
Deferred tax (benefit)/expense	<u>(506)</u>	<u>6,270</u>
Net deferred tax liability at the end of the period	<u>13,829</u>	<u>14,335</u>

9. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in calculation of basic earnings per share are as follows:

	Year ended 31 December 2010	Year ended 31 December 2009
Net profit for the year attributable to owners of the Group	305,075	369,670
Earnings used in calculation of earnings per share from continued operations	<u>305,075</u>	<u>369,670</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>465,153</u>	<u>450,659</u>
Earnings per share – basic (KZT)	<u>655.86</u>	<u>820.29</u>
Total basic earnings per share (KZT)	<u><u>655.86</u></u>	<u><u>820.29</u></u>

10. CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Cash on hand	651	523
Correspondent and current accounts with the National Bank of the RK	179	184
Correspondent and current accounts with other banks	<u>358,571</u>	<u>257,202</u>
Total cash and cash and cash equivalents	<u><u>359,401</u></u>	<u><u>257,909</u></u>

11. DUE FROM BANKS

	31 December 2010	31 December 2009
Time deposits	<u>1,071,777</u>	<u>648,641</u>
Total due from banks	<u><u>1,071,777</u></u>	<u><u>648,641</u></u>

	31 December 2010			31 December 2009		
	%	Maturity	Amount	%	Maturity	Amount
Time deposits						
JSC						
“Kazkommertsbank”	8.0-9.5	October 2011	538,662	9.5	May 2010	10,590
JSC “Bank CenterCredit”	4.6-7.2	November 2011	507,329	7.3	May 2010	303,552
JSC “ATFBank”	5.0	April 2011	25,786	10.0	May 2010	32,069
Subsidiary Bank JSC “Sberbank of Russia”	-	-	<u>-</u>	7.0	May 2010	<u>302,430</u>
			<u><u>1,071,777</u></u>			<u><u>648,641</u></u>

As at 31 December 2010 and 2009, due from banks included accrued interest of KZT 22,092 thousand and KZT 8,509 thousand, respectively.

12. INVESTMENTS AVAILABLE-FOR-SALE

	31 December 2010		31 December 2009	
	Ownership interest %	Fair value	Ownership interest %	Fair value
Equity securities				
JSC "BTA Bank"	0.0014	3,020	-	-
JSC "Central depository of securities"	0.3870	18,800	0.3870	18,800
JSC "Kyrgyz stock exchange"	0.1100	9,014	0.1100	9,014
Total investments available-for-sale		<u>30,834</u>		<u>27,814</u>

13. INVESTMENTS HELD TO MATURITY

	31 December 2010		31 December 2009	
	Nominal annual interest rate	Amount	Nominal annual interest rate	Amount
Corporate bonds	7.20 – 11.00	140,254	7.0 – 11.8	266,740
Bonds of the Ministry of Finance of the RK	6.10	101,308	5.80 – 6.10	315,486
		241,562		582,226
Less: allowance for impairment losses (Note 5)		<u>(35,967)</u>		<u>(63,834)</u>
Total investments held to maturity		<u>205,595</u>		<u>518,392</u>

Movements in the allowance for impairment losses for the years ended 31 December 2010 and 2009 are disclosed in Note 5.

	31 December 2010		31 December 2009	
	Nominal interest rate %	Amount	Nominal interest rate %	Amount
Debt securities:				
Ministry of Finance of the Republic of Kazakhstan	6.00	101,308	6.10 - 5.80	315,486
JSC "Ornek XXI"	i + 2.50	35,967	i + 2.50	34,218
JSC "Delta Bank"	i + 2.00	30,721	i + 2.00	31,034
JSC "Kazkommertsbank"	i + 2.00	23,846	i + 2.00	23,433
JSC "Temirbank"	8.00	25,944	9.00	25,018
JSC "ATFBank"	i + 1.00	21,915	i + 1.00	21,753
JSC mortgage organization "Kazakhstan Mortgage Company"	i + 1.80	1,861	i + 1.80	2,069
JSC "Sberbank of Russia"	-	-	11.00	32,337
JSC "BTA Bank"	-	-	i + 2.00 - 9.00	30,870
JSC "Asia Auto"	-	-	i + 0.50	27,093
JSC Subsidiary mortgage organization of JSC "BTA Bank" "BTA Mortgage"	-	-	i + 2.00	25,711
JCS "Bank CenterCredit"	-	-	i + 6.00	13,204
		241,562		582,226
Less: allowances for impairment		<u>(35,967)</u>		<u>(63,834)</u>
Total investments held to maturity		<u>205,595</u>		<u>518,392</u>

i - inflation rate

As at 31 December 2010 and 2009, investments held to maturity included accrued interest KZT 10,199 thousand and KZT 17,575 thousand, respectively.

During 2010 and 2009 the Group had sold certain instruments held to maturity within one week to their contractual maturity and recognized a loss of KZT 1,864 thousand (2009: KZT 6,523 thousand). The securities sold were of those issuers in default.

14. PROPERTY AND EQUIPMENT

	Machinery and equipment	Vehicles	Other	Total
At initial cost				
31 December 2008	214,023	59,452	66,228	339,703
Additions	13,750	-	2,519	16,269
Disposals	<u>(27,580)</u>	<u>-</u>	<u>(3,581)</u>	<u>(31,161)</u>
31 December 2009	200,193	59,452	65,166	324,811
Additions	10,638	-	3,652	14,290
Disposals	(4,603)	-	(545)	(5,148)
Transfers	<u>(6,554)</u>	<u>(1)</u>	<u>6,555</u>	<u>-</u>
31 December 2010	<u>199,674</u>	<u>59,451</u>	<u>74,828</u>	<u>333,953</u>
Accumulated depreciation				
31 December 2008	62,462	16,761	17,682	96,905
Depreciation charge	24,191	6,086	5,205	35,482
Eliminated on disposals	<u>(26,421)</u>	<u>-</u>	<u>(2,361)</u>	<u>(28,782)</u>
31 December 2009	60,232	22,847	20,526	103,605
Depreciation charge	24,604	6,084	5,578	36,266
Eliminated on disposals	(3,976)	-	(382)	(4,358)
Transfers	<u>(2,862)</u>	<u>(1)</u>	<u>2,863</u>	<u>-</u>
31 December 2010	<u>77,998</u>	<u>28,930</u>	<u>28,585</u>	<u>135,513</u>
Net book value				
As at 31 December 2010	<u>121,676</u>	<u>30,521</u>	<u>46,243</u>	<u>198,440</u>
As at 31 December 2009	<u>139,961</u>	<u>36,605</u>	<u>44,640</u>	<u>221,206</u>

15. OTHER ASSETS

	31 December 2010	31 December 2009
Other financial assets		
Accounts receivable	68,080	69,387
Provision on accounts receivable (Note 5)	<u>(18,011)</u>	<u>(18,508)</u>
	50,069	50,879
Other non-financial assets		
Deferred expenses	3,774	1,168
Tax settlements, other than income tax	1,854	2,190
Other	<u>3,876</u>	<u>1,247</u>
Total other assets	<u>59,573</u>	<u>55,484</u>

Movements in the allowance for impairment losses on other assets for the years ended 31 December 2010 and 2009 are disclosed in Note 5.

16. OTHER LIABILITIES

	31 December 2010	31 December 2009
Other financial liabilities:		
Payables on dividends	3,189	-
Payables to suppliers	1,757	3,233
Payables for shares	1,431	4,547
	<u>6,377</u>	<u>7,780</u>
Other non-financial liabilities:		
Unused vacation reserve	19,753	17,493
Pension payments	4,324	3,020
Value added tax	3,706	1,547
Social tax obligations	987	626
Personal income tax payable	293	399
Property tax payable	12	12
Other	165	117
	<u>35,617</u>	<u>30,994</u>
Total other liabilities	<u>35,617</u>	<u>30,994</u>

17. SHARE CAPITAL

The Group's share capital comprises of the following number of shares:

	Share capital authorized Number of shares	Share capital authorized but not issued Number of shares	Share capital issued Number of shares
Ordinary shares			
31 December 2008	5,000,000	4,550,000	450,000
Issue of shares	<u>-</u>	<u>(7,907)</u>	<u>7,907</u>
31 December 2009	5,000,000	4,542,093	457,907
Issue of shares	<u>-</u>	<u>(57,136)</u>	<u>57,136</u>
31 December 2010	<u>5,000,000</u>	<u>4,484,957</u>	<u>515,043</u>

As at 31 December 2010 and 2009, issued and fully paid, ordinary share capital amounted to KZT 406,244 thousand and KZT 194,618 thousand, respectively.

18. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the consolidated statement of financial position.

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxation

Commercial legislation of the Republic of Kazakhstan where the Group operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on Management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on accounts receivables, as an underestimation of the taxable profit. The management of the Group believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Tax years remain open to review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary.

Operating environment

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in the Republic of Kazakhstan and the its economy in general.

Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly. Tax, currency and customs legislation within the Republic of Kazakhstan are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Republic of Kazakhstan. The future economic direction of the Republic of Kazakhstan is largely dependent upon economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

The global financial turmoil that has negatively affected country's financial and capital markets in 2008 and 2009 has receded. However significant economic uncertainties remain. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment or from decline in the oil and gas prices could slow or disrupt the Republic of Kazakhstan's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

The Republic of Kazakhstan is facing a relatively high level of inflation (according to the government's statistical data consumer price inflation for the years ended 31 December 2010 and 2009, was 7.8% and 6.2%, respectively).

19. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

	31 December 2010		31 December 2009	
	Related party balances	Total category as per the financial statements caption	Related party balances	Total category as per the financial statements caption
Cash and cash equivalents	1,254	359,401	637	257,909
- other related parties	1,254		637	
Advances paid	-	78,261	1,500	38,399
- associate	-		1,500	
Other assets	4,992	59,573	3,058	55,484
- other related parties	4,975		2,956	
- key management personnel of the entity or its parent	16		102	
Advances received	1,413	48,567	290	31,762
- other related parties	1,413		290	
Other liabilities	1,593	35,617	4,725	30,994
- other related parties	162		4,725	
- key management personnel of the entity or its parent	1,431		-	

The remuneration of directors and other members of key management was as follows:

	Year ended 31 December 2010		Year ended 31 December 2009	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Key management personnel compensation:				
- short-term employee benefits	82,898	481,382	67,159	383,540
Total	82,898	481,382	67,159	383,540

Included in the the consolidated statement of comprehensive income for the years ended 31 December 2010 and 2009 are the following amounts which were recognized in transactions with related parties:

	Year ended 31 December 2010		Year ended 31 December 2009	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Fee and commission income	33,714	994,939	58,306	1,196,993
- other related parties	33,714		58,306	
Other income	-	15,012	60,968	92,316
- other related parties	-		60,968	
Operating expenses	(3,402)	(777,349)	(4,415)	(760,885)
- other related parties	(3,402)		(4,415)	

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IFRS 7 “Financial Investments: Disclosure”, IAS 32 “Financial Instruments: Presentation” and IAS 39 “Financial Instruments: Recognition and Measurement” regarding determining the fair or approximate fair value of such instruments.

Carrying values of cash and cash equivalents, restricted cash balances, due from banks, accounts receivable, clients funds and accounts payables is approximately equal to their fair value because of the short-term nature of such financial instruments.

Except as detailed below, management of the Group considers that the fair value of financial assets and liabilities approximates their carrying value:

	31 December 2010		31 December 2009	
	Carrying value	Fair value	Carrying value	Fair value
Investments held to maturity	205,594	194,215	518,392	504,023

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or settlement of liabilities.

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale.

Financial instruments recognized at fair value are broken down for disclosure purposes into a three level fair value hierarchy based on the observability of inputs as follows:

- Quoted prices in an active market (Level 1) – Valuations based on quoted prices in active markets that the Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to these financial instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products do not entail a significant amount of judgment.
- Valuation techniques using observable inputs (Level 2) – Valuations based on inputs for which all significant inputs are observable, either directly or indirectly and valuations based on one or more observable quoted prices for orderly transactions in markets that are not considered active.
- Valuation techniques incorporating information other than observable market data (Level 3) – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As disclosed in Note 12, at 31 December 2010 and 2009 the fair value of unquoted equity securities with a carrying value of KZT 30,834 thousand and KZT 27,814 thousand, respectively, could not be determined and the investments were carried at cost.

The Group does not hold any other financial assets recorded at fair value and as such an IFRS 7 fair value hierarchy is not disclosed.

21. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Group's business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to;

- Credit exposures;
- Liquidity risk;
- Market risk;
- Operational risk

The Group recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives.

Credit Risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

On 30 March 2010, the Stock Exchange Council approved a Regulation on investing of own funds to minimise credit risk related to the investment portfolio. In accordance with the Regulation the Company shall invest only in government securities and deposits of second tier banks, due to the fact credit risk for the government securities is considered to be zero .

Furthermore an Investment Committee consisting of the management of the Company ("the Investment Committee") approved the list of second tier banks where temporarily available funds of the Company can be placed as deposits for not more than 1 year. At the same time the maximum amount of deposit of the Company in each bank should not exceed settled limit amounting KZT 500 million.

According to the approved Regulation corporate securities purchased before Regulation on investing of own funds became effective can be realized in accordance with the decision of the Investment Committee. In case if sale of corporate securities would result in losses the investment decisions have to be approved by the Investment Committee of the Stock Exchange Council. Corporate securities of defaulted issuers are held in Company's investment portfolio until maturity.

The credit risk of the Company with trade members is minimized due to the execution of payments on trade by the principle 'delivery-against-payment'.

Maximum exposure of credit risk

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets. For financial assets in the balance sheet, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral.

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	Net exposure
31 December 2010					
Cash and cash equivalents	359,401	-	359,401	-	359,401
Restricted cash	30,776	-	30,776	-	30,776
Due from banks	1,071,777	-	1,071,777	-	1,071,777
Investments available-for-sale	30,834	-	30,834	-	30,834
Investments held to maturity	205,595	-	205,595	-	205,595
Other financial assets	50,069	-	50,069	-	50,069
31 December 2009					
Cash and cash equivalents	257,909	-	257,909	-	257,909
Restricted cash	1,504	-	1,504	-	1,504
Due from banks	648,641	-	648,641	-	648,641
Investments available-for-sale	27,814	-	27,814	-	27,814
Investments held to maturity	518,392	-	518,392	-	518,392
Other financial assets	50,879	-	50,879	-	50,879

Financial assets are graded according to the current credit rating they have been issued by an international rating agency or in accordance with the Group's internal rating system. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB. Financial assets which have ratings lower than BBB are classed as speculative grade.

The following table details credit ratings of financial assets held by the Group that are neither past due nor impaired:

	AAA	AA	A	BBB	<BBB	Not rated	Total
31 December 2010							
Cash and cash equivalents	98	569	2,205	23,686	332,750	93	359,401
Restricted cash	-	-	-	30,776	-	-	30,776
Due from banks	-	-	-	25,787	1,045,990	-	1,071,777
Investments available-for-sale	-	-	-	-	3,020	27,814	30,834
Investments held to maturity	-	-	-	123,223	82,372	-	205,595
Other financial assets	-	229	90	1,731	47,882	137	50,069
31 December 2009							
Cash and cash equivalents	95	1,568	3,586	25,063	227,578	19	257,909
Restricted cash	1,484	-	-	20	-	-	1,504
Due from banks	-	-	-	638,055	10,586	-	648,641
Investments available-for-sale	-	-	-	-	-	27,814	27,814
Investments held to maturity	-	-	-	-	490,458	27,934	518,392
Other financial assets	-	635	-	626	49,339	279	50,879

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet financial commitments associated with financial instruments as they actually fall due.

Liquidity risk management

Liquidity risk can occur in case of mismatching of asset maturities under current operations with maturities of the Company's liabilities. Also the Company is exposed to liquidity risk in case of the default of trade members.

In accordance with the Regulation on investing of own funds the Company invests temporarily available funds in deposits with a maturity of not more than one year. The list of second tier banks where deposits can be placed is reconsidered on a regular basis and approved by the Investment Committee of the Company.

Furthermore, according to the Company's policy, the funds of trade members are not placed in any instruments and are held on correspondent accounts of the Company. Liquidity risk of the trade activities is minimized through payment execution terms for the net requirements of trade members under the 'delivery-against-payment' principle. According to this principle no cash is transferred to a trade member who violated the settlement regulations, and the cash remains on correspondent accounts of the Company. In addition, there are guarantee funds created by the members of the spot market to minimize the risk of the non execution of liabilities under deals on the spot market. The Company created a reserve fund which is calculated using an internal methodology.

The following tables provide an analysis of financial assets and liabilities grouped on the basis of the remaining period from the reporting date to the contractual maturity date. The presentation below is based upon the information provided internally to key management personnel of the Group.

	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2010 Total
FINANCIAL ASSETS:							
Cash and cash equivalents	359,401	-	-	-	-	-	359,401
Restricted cash	-	-	-	-	-	30,776	30,776
Due from banks	-	-	1,071,777	-	-	-	1,071,777
Investments available-for-sale	-	-	-	-	-	30,834	30,834
Investments held to maturity	-	103,181	466	76,440	25,508	-	205,595
Other financial assets	44,834	1,580	492	-	-	3,163	50,069
Total financial assets	404,235	104,761	1,072,735	76,440	25,508	64,773	1,748,452
FINANCIAL LIABILITIES:							
Payables to trade members on restricted cash	-	-	-	-	-	30,776	30,776
Other financial liabilities	3,188	-	-	-	-	3,189	6,377
Total financial liabilities	3,188	-	-	-	-	33,965	37,153
Net position	401,047	104,761	1,072,735	76,440	25,508	30,808	
Accumulated gap	401,047	505,808	1,578,543	1,654,983	1,680,491	1,711,299	
	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2009 Total
FINANCIAL ASSETS:							
Cash and cash equivalents	257,909	-	-	-	-	-	257,909
Restricted cash	-	-	-	-	-	1,504	1,504
Due from banks	-	-	648,641	-	-	-	648,641
Investments available-for-sale	-	-	-	-	-	27,814	27,814
Investments held to maturity	24,303	7,887	312,822	150,565	22,815	-	518,392
Other financial assets	49,558	-	-	-	-	1,321	50,879
Total financial assets	331,770	7,887	961,463	150,565	22,815	30,639	1,505,139
FINANCIAL LIABILITIES:							
Payables to trade members on restricted cash	-	-	-	-	-	1,504	1,504
Other financial liabilities	7,780	-	-	-	-	-	7,780
Total financial liabilities	7,780	-	-	-	-	1,504	9,284
Net position	323,990	7,887	961,463	150,565	22,815	29,135	
Accumulated gap	323,990	331,877	1,293,340	1,443,905	1,466,720	1,495,855	

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Group is exposed.

Interest rate

Interest rate risk of investment portfolio of the Company is the risk of a change of coupon rates on bonds, which have variable interest rate, indexed to the inflation rate. There is no influence of interest rate on carrying value of the bond portfolio as all bonds placed in equity portfolio of the Company are classified as 'held-to-maturity'.

The following table presents a sensitivity analysis of interest rate risk, which has been determined based on “reasonably possible changes in the risk variable”. The impact on profit before tax is the effect of the assumed changes in interest rate on the net interest income for one year, based on the floating rate financial assets and liabilities held as at 31 December 2010 and 2009 and the effect of revaluing instruments with fixed rates accounted at fair value. The impact on equity is the effect of the assumed changes in interest rate due to changes in retained earnings and the effect of revaluing investment available for sale with fixed rates.

Impact on profit before tax based on asset values as at 31 December 2010 and 2009:

	31 December 2010		31 December 2009	
	Interest rate +2%	Interest rate -2%	Interest rate +2%	Interest rate -2%
Profit before tax and equity	1,622	(1,622)	3,108	(3,908)

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

In accordance with Regulation on investing of own funds the funds can be invested only in government securities and deposits of second tier banks. The list of banks is settled by the Investment Committee. It is prohibited to invest in foreign currency instruments which limits foreign currency risk of the Company.

The Group’s open positions by the major currencies are presented below:

	KZT	USD USD 1 = KZT 147.50	EUR EUR 1 = KZT196.88	Other currency	31 December 2010 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	351,383	4,328	3,242	448	359,401
Restricted cash	30,776	-	-	-	30,776
Due from banks	1,071,777	-	-	-	1,071,777
Investments available-for-sale	21,820	-	-	9,014	30,834
Investments held to maturity	205,595	-	-	-	205,595
Other financial assets	42,664	12	7,393	-	50,069
Total financial assets	1,724,015	4,340	10,635	9,462	1,748,452
FINANCIAL LIABILITIES:					
Payables to trade members on restricted cash	30,776	-	-	-	30,776
Other financial liabilities	5,866	444	67	-	6,377
Total financial liabilities	36,642	444	67	-	37,153
OPEN BALANCE SHEET POSITION	1,687,373	3,896	10,568	9,462	1,711,299

	KZT	USD USD 1 = KZT 147.5	EUR EUR 1 = KZT196.88	Other currency	31 December 2009 Total
FINANCIAL ASSETS:					
Cash and cash equivalents	245,004	4,291	27	8,587	257,909
Restricted cash	20	1,484	-	-	1,504
Due from banks	648,641	-	-	-	648,641
Investments available-for-sale	18,800	-	-	9,014	27,814
Investments held to maturity	518,392	-	-	-	518,392
Other financial assets	50,868	11	-	-	50,879
Total financial assets	1,481,725	5,786	27	17,601	1,505,139
FINANCIAL LIABILITIES:					
Payables to trade members on restricted cash	20	1,484	-	-	1,504
Other financial liabilities	7,780	-	-	-	7,780
Total financial liabilities	7,800	1,484	-	-	9,284
OPEN BALANCE SHEET POSITION	1,473,925	4,302	27	17,601	1,495,855

Currency risk sensitivity

The table below indicates the currencies in which the Group had significant exposure at 31 December 2010 and 2009 and its forecasted cash flows. The analysis calculates the effect of a reasonable possible movement of the currency rate with all other variables held constant on the consolidated statement of comprehensive income. A negative amount in the table reflects a potential net reduction in consolidated statement of comprehensive income, while a positive amount reflects a net potential increase.

Impact on profit before tax based on asset values as at 31 December 2010 and 2009 calculated using currency rate fluctuations analysis:

	31 December 2010		31 December 2009	
	+10% KZT/USD	-15% KZT/USD	+10% KZT/USD	-15% KZT/USD
Impact on profit before tax and equity	390	(584)	430	(645)

Impact on equity:

	31 December 2010		31 December 2009	
	+10% KZT/EUR	-15% KZT/EUR	+10% KZT/EUR	-15% KZT/EUR
Impact on profit before tax and equity	1,057	(1,585)	3	(4)

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the consolidated statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty. Such limitation is represented by the assumption that all interest rates move in an identical fashion.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, where those changes are caused by factors specific to the individual security, its issuer, or factors affecting all securities traded in the market. The Group is exposed to price risks of its products which are subject to general and specific market fluctuations.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

22. SUBSEQUENT EVENTS

In February 2011, the Company placed 29,956 common shares amounting to KZT 111,047 thousand.