

**JOINT STOCK  
COMPANY  
VISOR CAPITAL**

**Consolidated Financial Statements**  
For the year ended 31 December 2008

# JOINT STOCK COMPANY VISOR CAPITAL

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## JOINT STOCK COMPANY VISOR CAPITAL

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Joint Stock Company VISOR Capital and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group at 31 December 2008, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

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


- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed; and
- Preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

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 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 and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud, errors and other irregularities.


The consolidated financial statements for the year ended 31 December 2008 were authorized for issue by Management Board of the Group on 31 March 2009.

**On behalf of the Management Board of the Group:**

  
\_\_\_\_\_  
**Grigoryeva M.A.**  
**Chairman of the Management Board**

31 March 2009  
Almaty



  
\_\_\_\_\_  
**Levchenko V.U.**  
**Chief Accountant**

31 March 2009  
Almaty

## INDEPENDENT AUDITORS' REPORT

To the Shareholder and Board of Directors of Joint Stock Company VISOR Capital:

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Joint Stock Company VISOR Capital and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. 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.

### Auditors' 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 Group'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.

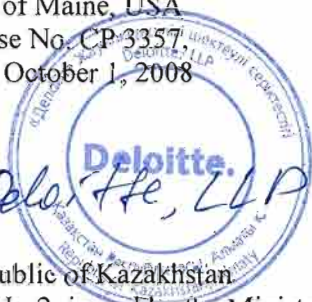
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of Joint Stock Company VISOR Capital and its subsidiaries as at 31 December 2008, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Galymzhan Khasenov  
Engagement Partner  
Certified Public Accountant,  
State of Maine, USA  
License No. CP-3357  
Dated October 1, 2008



Deloitte, LLP  
Audit license for Republic of Kazakhstan  
№0000015, type MFU - 2, issued by the Ministry of  
Finance of the Republic of Kazakhstan  
dated 13 September 2006



Arman Chingilbayev  
Auditor-performer  
Qualified auditor  
Auditor's qualification certificate No. 0000487,  
dated October 12, 1999  
Republic of Kazakhstan



Nurlan Bekenov  
General Director  
Deloitte, LLP

31 March 2009  
Almaty

# JOINT STOCK COMPANY VISOR CAPITAL

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

(in Kazakhstani Tenge and in thousands)

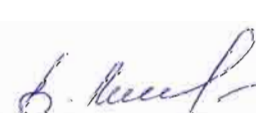
|   | Notes | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-------|-----------------------------------|-----------------------------------|
| Fee and commission income   | 5, 24 | 3,223,492                         | 216,738                           |
| Fee and commission expense  | 5     | (95,594)                          | (46,297)                          |
| <b>NET FEE AND COMMISSION INCOME</b>  |       | <b>3,127,898</b>                  | <b>170,441</b>                    |
| Net (loss)/gain on financial assets and liabilities at fair value<br>through profit or loss | 6     | (198,735)                         | 515,780                           |
| Net gain/(loss) on foreign exchange operations  | 7     | 16,402                            | (18,536)                          |
| Net interest expense  | 8     | (5,633)                           | (436)                             |
| <b>OPERATING INCOME</b>   |       | <b>2,939,932</b>                  | <b>667,249</b>                    |
| <b>OPERATING EXPENSES</b>   | 9, 24 | <b>(1,125,167)</b>                | <b>(404,272)</b>                  |
| <b>PROFIT BEFORE INCOME TAX</b>   |       | <b>1,814,765</b>                  | <b>262,977</b>                    |
| Net loss on discontinued operation  | 10    | (859)                             | (25,321)                          |
| Income tax benefit/(expense)  | 11    | 133,575                           | (39,704)                          |
| <b>NET PROFIT</b>   |       | <b>1,947,481</b>                  | <b>197,952</b>                    |

On behalf of the Management Board of the Group:

  
Grigoryeva M.A.  
Chairman of the Management Board

31 March 2009  
Almaty



  
Levchenko V.U.  
Chief Accountant

31 March 2009  
Almaty

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

# JOINT STOCK COMPANY VISOR CAPITAL

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008


(in Kazakhstani Tenge and in thousands)

|  | Notes | 31 December<br>2008 | 31 December<br>2007 |
|--|-------|---------------------|---------------------|
| <b>ASSETS</b>  |       |                     |                     |
| Cash and cash equivalents                                  | 12    | 1,479,355           | 755,049             |
| Financial assets at fair value through profit or loss      | 13    | 212,348             | 578,421             |
| Accounts receivable for rendered services                  | 14,24 | 282,458             | 63,143              |
| Investments available-for-sale                             |       | 2,200               | 2,200               |
| Property, equipment and intangible assets                  | 15    | 236,968             | 50,684              |
| Current income tax assets                                  |       | 117,992             | 126,520             |
| Deferred income tax assets                                 | 11    | 131,563             | -                   |
| Discontinued operation                                     | 10    | 30,542              | 34,679              |
| Other assets   | 16    | 114,271             | 7,171               |
|  |       | <u>2,607,697</u>    | <u>1,617,867</u>    |
| <b>TOTAL ASSETS</b>  |       |                     |                     |
| <b>LIABILITIES AND EQUITY</b>                              |       |                     |                     |
| <b>LIABILITIES</b>   |       |                     |                     |
| Financial liabilities at fair value through profit or loss | 17    | 1,846               | 38,312              |
| Salary payable   | 24    | 43,745              | 189,088             |
| Accounts payable to suppliers                              | 18    | 31,031              | 12,421              |
| Taxes other than income tax                                | 19    | 2,059               | 51,055              |
| Deferred income tax liabilities                            | 11    | -                   | 2,012               |
| Other liabilities  | 20    | 22,972              | 1,916               |
|  |       | <u>101,653</u>      | <u>294,804</u>      |
| <b>EQUITY</b>  |       |                     |                     |
| Share capital  | 21    | 670,000             | 670,000             |
| Cumulative translation reserve                             |       | (25,013)            | (4,713)             |
| Retained earnings  |       | 1,861,057           | 657,776             |
|  |       | <u>2,506,044</u>    | <u>1,323,063</u>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        |       |                     |                     |
|  |       | <u>2,607,697</u>    | <u>1,617,867</u>    |

On behalf of the Management Board of the Group:

  
Grigoryeva M.A.  
Chairman of the Management Board



  
Levchenko V.U.  
Chief Accountant

31 March 2009  
Almaty

31 March 2009  
Almaty

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

## JOINT STOCK COMPANY VISOR CAPITAL

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

(in Kazakhstani Tenge and in thousands)


|   | Note | Share capital | Investments available-for-sale fair value reserve | Cumulative translation reserve | Retained earnings | Total Equity |
|---|------|---------------|---|--------------------------------|-------------------|--------------|
| <b>31 December 2006</b>                                   |      | 670,000       | 4,341   | -                              | 568,632           | 1,242,973    |
| Exchange differences on translation of foreign operations |      | -             | -   | (4,713)                        | -                 | (4,713)      |
| Disposal of investments available-for-sale                |      | -             | (4,341)   | -                              | -                 | (4,341)      |
| Net profit  |      | -             | -   | -                              | 197,952           | 197,952      |
| Dividends paid on ordinary shares                         | 21   | -             | -   | -                              | (108,808)         | (108,808)    |
| <b>31 December 2007</b>                                   |      | 670,000       | -   | (4,713)                        | 657,776           | 1,323,063    |
| Exchange differences on translation of foreign operations |      | -             | -   | (20,300)                       | -                 | (20,300)     |
| Net profit  |      | -             | -   | -                              | 1,947,481         | 1,947,481    |
| Dividends paid on ordinary shares                         | 21   | -             | -   | -                              | (744,200)         | (744,200)    |
| <b>31 December 2008</b>                                   |      | 670,000       | -   | (25,013)                       | 1,861,057         | 2,506,044    |

On behalf of the Management Board of the Group:

  
Grigoryeva M.A.  
Chairman of the Management Board

31 March 2009  
Almaty



  
Levchenko V.U.  
Chief Accountant

31 March 2009  
Almaty

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

## JOINT STOCK COMPANY VISOR CAPITAL

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

(in Kazakhstani Tenge and in thousands)

|   | Notes | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |       |                                   |                                   |
| Profit before income tax  |       | 1,814,765                         | 262,977                           |
| Net loss on discontinued operation  | 10    | (859)                             | (25,321)                          |
| Adjustments for:  |       |                                   |                                   |
| Translation loss on foreign exchange operations   |       | 1,322                             | 17,735                            |
| Unrealized loss on fair value adjustment of trading securities                          |       | 21,226                            | 130,331                           |
| Loss on write off of assets   |       | 65,610                            | -                                 |
| Depreciation and amortization expense   |       | 10,520                            | 9,013                             |
| Net change in fair value of derivative financial instruments                            |       | 29,768                            | 45,352                            |
| Cash flows from operating activities before changes in operating assets and liabilities |       | 1,942,352                         | 440,087                           |
| Changes in operating assets and liabilities   |       |                                   |                                   |
| (Increase)/decrease in operating assets:  |       |                                   |                                   |
| Restricted cash (conditional deposits)  |       | 1,290                             | (800)                             |
| Financial assets at fair value through profit or loss                                   |       | 338,830                           | 101,887                           |
| Loans to parent   |       | -                                 | 512,000                           |
| Accounts receivable for rendered services   |       | (273,040)                         | 98,085                            |
| Current income tax assets   |       | -                                 | 5,784                             |
| Other assets  |       | (107,548)                         | (1,223)                           |
| Increase/(decrease) in operating liabilities  |       |                                   |                                   |
| Financial assets at fair value through profit or loss                                   |       | (66,234)                          | (7,040)                           |
| Securities sold under repurchase agreements   |       | -                                 | (120,054)                         |
| Salary payable  |       | (145,343)                         | (114,125)                         |
| Accounts payable to suppliers   |       | 18,371                            | 12,421                            |
| Taxes other than income tax   |       | 1,004                             | (25,370)                          |
| Consulting fees payable   |       | -                                 | (256,000)                         |
| Other liabilities   |       | 757                               | (3,899)                           |
| Cash inflow from operating activities before taxation                                   |       | 1,710,439                         | 641,753                           |
| Income tax paid   |       | (41,472)                          | (151,969)                         |
| Net cash inflow from operating activities   |       | 1,668,967                         | 489,784                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |       |                                   |                                   |
| Purchase of property, equipment and intangible assets                                   |       | (196,830)                         | (13,635)                          |
| Discontinued operation  |       | 4,137                             | (34,679)                          |
| Proceeds on sale of investments available-for-sale                                      |       | -                                 | 52,000                            |
| Net cash (outflow)/inflow from investing activities                                     |       | (192,693)                         | 3,686                             |

## JOINT STOCK COMPANY VISOR CAPITAL

### CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008


(in Kazakhstani Tenge and in thousands)

|   | Notes | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |       |                                   |                                   |
| Dividends paid  |       | (744,200)                         | (108,808)                         |
| Net cash outflow from financing activities  |       | (744,200)                         | (108,808)                         |
| <i>Effect of changes in foreign exchange rate fluctuations on cash and cash equivalents</i> |       | (6,478)                           | (35,381)                          |
| NET INCREASE IN CASH AND CASH EQUIVALENTS   |       | 725,596                           | 349,281                           |
| CASH AND CASH EQUIVALENTS, beginning of year  | 12    | 753,759                           | 404,478                           |
| CASH AND CASH EQUIVALENTS, end of year  | 12    | 1,479,355                         | 753,759                           |

Interest paid and received by the Group during the year ended 31 December 2008 amounted to KZT 10,971 thousand and KZT 4,107 thousand, respectively.


Interest paid and received by the Group during the year ended 31 December 2007 amounted to KZT 3,162 thousand and KZT 5,622 thousand, respectively.

On behalf of the Management Board of the Group:

  
Grigoryeva M.A.  
Chairman of the Management Board

31 March 2009  
Almaty



  
Levchenko V.U.  
Chief Accountant

31 March 2009  
Almaty

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

# JOINT STOCK COMPANY VISOR CAPITAL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

*(in Kazakhstani Tenge and in thousands, unless otherwise indicated)*

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### 1. ORGANISATION

JSC VISOR Capital (the “Company”) is a joint-stock company, which was incorporated in the Republic of Kazakhstan on 24 November 2004.

The Company operates under general license for brokerage and dealing operations on securities market with the right for maintenance of clients’ accounts as a nominal holder, issued by the Agency of the Republic of Kazakhstan for the Regulation and Supervision of Financial Markets and Financial Institutions (“AFN”) on 10 March 2006.

The registered office of the Company is located at Al-Farabi Str. 77/7, “Esentai Tower” business center, 12<sup>th</sup> floor, 050040, Almaty.

The Company’s and its subsidiaries’ (“the Group”) primary business consists of three main areas: corporate finance, trading on securities market and research activities.

As at 31 December 2008 and 31 December 2007 the Company’s number of employees was 53 and 41, respectively.

As at 31 December 2007 JSC VISOR Capital was a parent company of the LLP VISOR Capital and VISOR Capital (UK) Ltd (together, the “Group”) and it owned 100% shares of both companies.

LLP VISOR Capital is a limited liability partnership and operates under laws of the Republic of Kazakhstan since 26 December 2006. The company was established for the purpose of providing brokerage and other services on trade Regional Financial Center of Almaty (“RFCA”). On 22 August, 2008 the Board of Directors decided to liquidate LLP VISOR Capital because of accreditation of JSC VISOR Capital as the participant of RFCA. Basing on the decision of the Group Exchange council of Kazakhstan Stock Exchange (“KASE”) excluded LLP Visor Capital from the members of KASE and divested it to trade any kind of financial instruments on stock exchange. Currently legal liquidation of LLP VISOR Capital is in process (Note 10).

VISOR Capital (UK) Ltd is a private limited company and operates under laws of United Kingdom. The date of incorporation for this company is 4 October 2006 and the Financial Supervision Agency of United Kingdom authorization date is 6 October 2006. The principal activity of the company is providing brokerage services on listed stocks in the United Kingdom and attracting foreign investors on the Kazakhstani stock exchange.

As at 31 December 2008 JSC VISOR Capital is a parent company of VISOR Capital (UK) Ltd (together, the “Group”) and it owned 100% shares of VISOR Capital (UK) Ltd.

As at 31 December 2008 and 2007 the sole shareholder of the Company was LLP VISOR Holding.

These consolidated financial statements for the year ended 31 December 2008 were authorized for issue by the Management Board of the Group on 31 March 2009.

## **2. BASIS OF PRESENTATION**

### **Accounting basis**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements are presented in thousands of Kazakhstani Tenge (“tenge thousand” or “KZT thousand”), unless otherwise indicated. These consolidated financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments.

The Company and its Kazakhstani subsidiary maintain their accounting records in accordance with IFRS, while its foreign subsidiary maintains accounting records in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). These consolidated financial statements have been prepared based on accounting records of the Company and its subsidiaries, which have been adjusted to conform to IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

### **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 functional currency of these consolidated financial statements is the Kazakhstani Tenge (“tenge”).

## **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) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

In translating the financial statements of a foreign subsidiary into the presentation currency for incorporation in the consolidated financial statements, the Group follows a translation policy in accordance with International Accounting Standard 21 “The Effects of Changes in Foreign Exchange Rates” (“IAS 21”) and performs the following procedures:

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- Income and expense items of the foreign entity are translated at average exchange rates;
- Equity items of the foreign entity are translated at exchange rates at the dates of transactions;
- All resulting exchange differences are classified as equity until the disposal of the investment.

## **Recognition and measurement of financial instruments**

The Group recognizes financial assets and liabilities on its consolidated balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of the financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash in current bank accounts, cash in Central Depository and deposits at bank with original maturity within 90 days.

### **Repurchase and reverse repurchase agreements**

In the normal course of business, the Group enters into sale and purchase back agreements (“repos”) and purchase and sale back agreements (“reverse repos”) in the normal course of its business. Repos and reverse repos are utilized by the Group as an element of its treasury management.

A repo is an agreement to transfer a financial asset to another party in exchange for cash or other consideration and a concurrent obligation to reacquire the financial assets at a future date for an amount equal to the cash or other consideration exchanged plus interest. These agreements are accounted for as financing transactions. Financial assets sold under repo are retained in the consolidated financial statements and consideration received under these agreements is recorded as collateralized deposit received within cash and cash equivalents.

Assets purchased under reverse repos are recorded in the consolidated financial statements as cash placed on deposit collateralized by securities and other assets and are classified within cash and cash equivalents.

### **Financial assets and liabilities at fair value through profit or loss**

Financial assets and liabilities at fair value through profit or loss represent derivative instruments or securities (1) acquired principally for the purpose of selling them in the near future, (2) which are a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit taking, or (3) which are designated by the Group at fair value through profit or loss upon initial recognition. A financial asset other than a financial asset held for trading may be designated at fair value through profit or loss upon initial recognition if: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or (2) the financial asset forms part of a group of financial assets or liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (3) it forms part of a contract containing one or more embedded derivatives, and IAS 39 “Financial Instruments: Recognition and Measurement” permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. The Group uses quoted market prices to determine fair value for financial assets and liabilities at fair value through profit or loss. The fair value adjustment on financial assets and liabilities at fair value through profit or loss is recognized in the consolidated income statement for the period. The Group does not reclassify financial instruments in or out of this category while they are held.

The Group enters into derivative financial instruments to manage currency and liquidity risks and for trading purposes. These instruments include forwards on foreign currency, precious metals and securities. Derivative financial instruments entered by the Group are not designated as hedges and do not qualify for hedge accounting.

### **Investments available-for-sale**

Investments available-for-sale represent debt and equity investments that are intended to be held for an indefinite period of time. Investments available-for-sale are initially recorded at fair value and subsequently measured at fair value, with such re-measurement recognized directly in equity except for impairment losses, foreign exchange gains or losses and interest income accrued using the effective interest method, which are recognized directly in the consolidated income statement. When sold, the gain/loss previously recorded in equity is recycled through the consolidated income statement. The Group uses quoted market prices to determine the fair value for the Group's investments available-for-sale. If the market for investments is not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and other applicable methods. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique.

Dividends received on investments available-for-sale are included in net gain on financial assets and liabilities at fair value through profit or loss in the consolidated income statement.

Non-marketable debt and equity securities are stated at amortized cost and cost, respectively, less impairment losses, if any, unless fair value can be reliably measured.

If an available-for-sale 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 income statement, is transferred from equity to the consolidated income statement.

### **Property, equipment and intangible assets**

Property, equipment and intangible assets except for buildings are carried at historical cost less accumulated depreciation and any recognized impairment loss, if any.

Depreciation is charged on the carrying value of property, equipment and intangible assets and is designed to write off assets over their useful economic lives. It is calculated on a straight line basis at the following annual prescribed rates:

|                                  | <b>Depreciation<br/>rate</b> |
|----------------------------------|------------------------------|
| Computer and equipment           | 20%-30%                      |
| Vehicles                         | 10%                          |
| Furniture and other fixed assets | 10%                          |
| Intangible assets                | 20%                          |

The carrying amounts of property and equipment are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount, an impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

## **Taxation**

Income tax expense represents the sum of the current and deferred tax expense.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates that have been enacted during the reporting period.

In November 2008, an amendment to the Tax Code of the Republic of Kazakhstan was enacted to reduce the corporate income tax rate from 30% to 20% effective from 1 January 2009, to 17.5% effective from 1 January 2010. Current year Kazakh income tax is measured at 30% (2007: 30%) of the estimated assessable profit for the year. Starting from December 2008 deferred taxes are measured at the rates expected to apply to the period when the asset is realized or liability is settled.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the balance sheet 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.

Countries where the Group operates also have various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated income statement.

### **Derecognition of financial assets and liabilities**

#### *Financial assets*

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

- the rights to receive cash flows from the asset have 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 requires that the Group either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to 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 balance sheet. 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 has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement.

#### *Financial liabilities*

A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

### **Share capital**

Share capital is recognized at initial cost.

Dividends on ordinary shares are recognized in equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS 10 "Events after the Balance Sheet Date" ("IAS 10") and disclosed accordingly.

## **Retirement and other benefit obligations**

In accordance with the requirements of the Kazakhstani legislation certain percentages of pension payments are withheld from total disbursements to staff to be transferred to pension funds, such that a portion of salary expense is withheld from the employee and instead paid to a pension fund on behalf of the employee. This expense is charged in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension funds as selected by employees. The Group does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan. In addition, the Group has no post-retirement benefits or other significant compensated benefits requiring accrual.

## **Recognition of income and expense**

Interest income and expense are 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 payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

## **Foreign currency translation**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). In preparing the financial statements of the individual entities, monetary assets and liabilities denominated in currencies other than the Company's functional currency (foreign currencies) are translated at the appropriate spot rates of exchange rates prevailing at the balance sheet date. Transactions in currencies other than the functional currency are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Tenge using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

## **Rates of exchange**

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

|                           | 31 December 2008 | 31 December 2007 |
|---------------------------|------------------|------------------|
| KZT/1 US Dollar           | 120.79           | 120.30           |
| KZT/1 Euro                | 170.24           | 177.17           |
| KZT/1 Great Britain Pound | 175.12           | 240.14           |

## **Offset of financial assets and liabilities**

Financial assets and liabilities are offset and reported net on the consolidated balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for de-recognition, the Group does not offset the transferred asset and the associated liability.

## **Areas of significant management judgment and sources of estimation uncertainty**

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amount of income and expenses during the period ended. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the portrayal of the Group's financial condition.

### *Valuation of Financial Instruments*

Financial instruments that are classified at fair value through profit or loss or available for sale, and all derivatives, are stated at fair value. The fair value of such financial instruments is the estimated amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an instrument, the fair value is calculated based on the market price. When valuation parameters are not observable in the market or cannot be derived from observable market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the securities as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty. Where market-based valuation parameters are not directly observable, management will make a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument. In exercising this judgment, a variety of tools are used including proxy observable data, historical data, and extrapolation techniques. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the instrument is evidenced by comparison with data from observable markets. Any difference between the transaction price and the value based on a valuation technique is not recognized in the consolidated income statement on initial recognition. Subsequent gains or losses are only recognized to the extent that it arises from a change in a factor that market participants would consider in setting a price.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on its balance sheet as well as its profit/(loss) could be material.

Had management used different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available would have resulted that could have had a material impact on the Group's reported net income.

### **Adoption of new and revised standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods ending on 31 December 2008. The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

Amendments to IAS 1 "Capital Disclosures" ("IAS 1") – On 18 August 2005, the IASB issued amendments to IAS 1 which requires certain disclosures to be made regarding the entity's objectives, policies and processes for managing capital. Additional information was disclosed in the consolidated financial statements for the current and comparative reporting periods as required by amended IAS 1.

Amendments to IAS 39, “Financial Instruments: Recognition and Measurement”, and IFRS 7, “Financial Instruments: Disclosures”, titled “Reclassification of Financial Assets” – On 13 October 2008 IASB issued amendments to IAS 39 and IFRS 7 which permits certain reclassifications of non-derivative financial assets (other than those designated as at fair value through profit or loss at initial recognition under the fair value option) out of the fair value through profit or loss category and also allow reclassification of financial assets from the available for sale category to the loans and receivables category in particular circumstances. The amendments to IFRS 7 introduce additional disclosure requirements if an entity has reclassified financial assets in accordance with the amendments to IAS 39. The amendments are effective as of 13 October 2008 and in certain circumstances can be applied retrospectively from 1 July 2008. The Group has elected not to apply the amendments to IAS 39 and IFRS 7 retrospectively.

### **Standards and interpretations issued and not yet adopted**

At the date of authorization of these financial statements, other than the Standards and Interpretations adopted by the Group in advance of their effective dates, the following Interpretations were in issue but not yet effective.

**IAS 1** – On 6 September 2006, the IASB issued an amendment to IAS 1 which changes the way in which non-owner changes in equity are required to be presented to in IFRS but does not require that these be renamed in an entity’s financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2009.

**IAS 27** - In 2008 the Standard was amended as part of the second phase of the business combinations project. That phase of the project was undertaken jointly with the US Financial Accounting Standards Board (FASB). The amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary. The boards concluded the second phase of the project by the IASB issuing the amended IAS 27 and the FASB issuing FASB Statement No. 160 Noncontrolling Interests in Consolidated Financial Statements, along with, respectively, a revised IFRS 3 Business Combinations and FASB Statement No. 141 (revised 2007) Business Combinations. The amended Standard must be applied for annual periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity must not apply the amendments for annual periods beginning before 1 July 2009 unless it also applies IFRS 3 (as revised in 2008).

**IFRS 3 “Business Combinations”**. On 10 January 2008, the IASB issued an amendment to IAS 3 “Business Combinations” which clarifies and changes certain elements of accounting for a business combination, including measurement of contingent consideration, step acquisition and intangible assets and also widens the scope of this standard. The amendment to IFRS 3 is effective for periods beginning on or after 1 January 2009.

**IFRIC 14, IAS 19** – Defined Benefit Assets and Minimum Funding Requirements was issued in July 2008. IFRIC 14 provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The Interpretation will standardize practice and ensure that entities recognize an asset in relation to a surplus on a consistent basis. The interpretation is effective for annual periods beginning on or after 1 January 2008.

#### 4. RECLASSIFICATIONS

Certain reclassifications and recalculation of amounts have been made to the consolidated Income Statement for the year ended 31 December 2007 and consolidated Balance sheet as of 31 December 2007 (Note 10) to conform to the presentation as at 31 December 2008 and for the year then ended.

##### Income statement caption

|   | Year ended<br>31 December,<br>2007 | Recalculated:<br>Discontinued<br>operation | Year ended<br>31 December,<br>2007, according<br>to current<br>financial report |
|---|------------------------------------|--|---|
| Fee and commission expense  | (47,329)                           | 1,032                                      | (46,297)  |
| Net gain on financial assets and liabilities at fair value through profit or loss | 515,810                            | (30)                                       | 515,780   |
| Net interest expense  | 64                                 | (500)                                      | (436)   |
| Operating expenses  | (429,091)                          | 24,819                                     | (404,272)   |
| Net loss from discontinued operation  | -                                  | -  | (25,321)  |

##### Balance Sheet caption

|   | Year ended<br>31 December,<br>2007 | Recalculated:<br>Discontinued<br>operation | Reclassification | Year ended<br>31 December,<br>2007, according<br>to current<br>financial report |
|---|------------------------------------|--|------------------|---|
| <b>ASSETS</b>   |                                    |  |                  |   |
| Cash and cash equivalents                             | 787,284                            | (32,235)                                   | -                | 755,049   |
| Financial assets at fair value through profit or loss | 581,699                            | (3,278)                                    | -                | 578,421   |
| Property, equipment and intangible assets             | 50,737                             | (53)                                       | -                | 50,684  |
| Prepaid taxes   | 126,630                            | (75)                                       | (126,555)        | -   |
| Current income tax assets                             | -                                  | -  | 126,520          | 126,520   |
| Other assets  | 7,874                              | (738)                                      | 35               | 7,171   |
| Discontinued operation                                | -                                  | 34,679                                     | -                | 34,679  |
| <b>LIABILITIES</b>                                    |                                    |  |                  |   |
| Salary payable  | 189,248                            | (782)                                      | 622              | 189,088   |
| Accounts payable to suppliers                         | -                                  | -  | 12,421           | 12,421  |
| Taxes other than income tax                           | 51,797                             | (742)                                      | -                | 51,055  |
| Other liabilities                                     | 15,135                             | (176)                                      | (13,043)         | 1,916   |

## 5. FEE AND COMMISSION INCOME AND EXPENSE

|  | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|--|-----------------------------------|-----------------------------------|
| <b>Fee and commission income:</b>        |                                   |                                   |
| Financial consulting services            | 2,935,000                         | 77,787                            |
| Brokerage services                       | 287,775                           | 98,614                            |
| Underwriting services                    | -                                 | 39,731                            |
| Other                                    | 717                               | 606                               |
|  | <u>3,223,492</u>                  | <u>216,738</u>                    |
| <b>Total fee and commission income</b>   |                                   |                                   |
| <b>Fee and commission expense:</b>       |                                   |                                   |
| Custodian, brokerage and dealer services | 83,982                            | 8,554                             |
| Stock exchange services                  | 7,876                             | 30,746                            |
| Other                                    | 3,736                             | 6,997                             |
|  | <u>95,594</u>                     | <u>46,297</u>                     |
| <b>Total fee and commission expense</b>  |                                   |                                   |

## 6. NET (LOSS)/GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-----------------------------------|-----------------------------------|
| Net (loss)/gain on financial assets and liabilities held-for-trading                                    | (198,735)                         | 515,780                           |
|   | <u>(198,735)</u>                  | <u>515,780</u>                    |
| <b>Total net (loss)/gain on financial assets and liabilities at fair value through profit or loss</b>   |                                   |                                   |
| Net (loss)/gain on operations with financial assets and liabilities held-for-trading comprise:          |                                   |                                   |
| Realized (loss)/gain on trading operations  | (179,043)                         | 681,904                           |
| Unrealized expense on fair value adjustment   | (21,226)                          | (130,331)                         |
| Dividend income   | 3,380                             | 2,519                             |
|   | <u>(1,846)</u>                    | <u>(38,312)</u>                   |
| Unrealized loss on operations with derivatives  |                                   |                                   |
| <b>Total net (loss)/gain on operations with financial assets and liabilities held-for-trading</b>       | <u>(198,735)</u>                  | <u>515,780</u>                    |
| <b>Total net (loss)/gain on operations with financial assets and liabilities through profit or loss</b> | <u>(198,735)</u>                  | <u>515,780</u>                    |

## 7. NET GAIN/(LOSS) ON FOREIGN EXCHANGE OPERATIONS

|   | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-----------------------------------|-----------------------------------|
| Translation differences, net                                | 16,402                            | (18,536)                          |
|   | <u>16,402</u>                     | <u>(18,536)</u>                   |
| <b>Total net gain/(loss) on foreign exchange operations</b> |                                   |                                   |

## 8. NET INTEREST EXPENSE

|   | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-----------------------------------|-----------------------------------|
| <b>Interest income comprises:</b>   |                                   |                                   |
| Interest income on financial assets recorded at amortized cost:                   |                                   |                                   |
| - interest income on unimpaired assets  | 5,338                             | 2,573                             |
| <b>Total interest income</b>  | <u>5,338</u>                      | <u>2,573</u>                      |
| Interest income on financial assets recorded at amortized cost comprises:         |                                   |                                   |
| Interest on current accounts  | 5,306                             | 2,067                             |
| Interest on reverse repurchase agreements   | 32                                | 506                               |
| <b>Total interest income on financial assets recorded at amortized cost</b>       | <u>5,338</u>                      | <u>2,573</u>                      |
| <b>Interest expense comprises:</b>  |                                   |                                   |
| Interest expense on financial liabilities recorded at amortized cost              | 10,971                            | 3,009                             |
| <b>Total interest expense</b>   | <u>10,971</u>                     | <u>3,009</u>                      |
| Interest expense on financial liabilities recorded at amortized cost comprise:    |                                   |                                   |
| Interest on repurchase agreements   | 5,052                             | 3,009                             |
| Interest on loans   | 5,919                             | -                                 |
| <b>Total interest expense on financial liabilities recorded at amortised cost</b> | <u>10,971</u>                     | <u>3,009</u>                      |
| <b>Net interest expense</b>   | <u>(5,633)</u>                    | <u>(436)</u>                      |

## 9. OPERATING EXPENSES

|                                     | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Staff costs                         | 622,054                           | 205,050                           |
| Premises rent and maintenance       | 169,691                           | 42,934                            |
| Taxes other than income tax         | 71,313                            | 29,694                            |
| Professional services               | 59,943                            | 39,147                            |
| Business trip expenses              | 33,734                            | 22,300                            |
| Telecommunication                   | 15,887                            | 25,718                            |
| Charity and sponsoring aid expenses | 15,461                            | -                                 |
| Depreciation and amortization       | 10,520                            | 9,013                             |
| Loss on write off of assets         | 65,610                            | -                                 |
| Other expenses                      | 60,954                            | 30,416                            |
| <b>Total operating expenses</b>     | <u>1,125,167</u>                  | <u>404,272</u>                    |

## 10. DISCONTINUED OPERATIONS

Income statements of LLP “Visor Capital” (Note 1, 4) for the year ended 31 December 2008 and 31 December 2007 comprise:

|   | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|---|-----------------------------------|-----------------------------------|
| Fee and commission expense  | -                                 | (1,032)                           |
| NET FEE AND COMMISSION LOSS   | -                                 | (1,032)                           |
| Net gain on financial assets and liabilities at fair value through profit or loss | -                                 | 30                                |
| Net interest income   | 7,333                             | 500                               |
| OPERATING INCOME/(LOSS)   | 7,333                             | (502)                             |
| OPERATING EXPENSES  | (8,192)                           | (24,819)                          |
| NET LOSS ON DISCONTINUED OPERATION  | (859)                             | (25,321)                          |

Assets and liabilities of LLP “Visor Capital” as of 31 December 2008 and 31 December 2007 were:

|   | 31 December<br>2008 | 31 December<br>2007 |
|---|---------------------|---------------------|
| <b>ASSETS:</b>  |                     |                     |
| Cash and cash equivalents                             | 30,409              | 32,235              |
| Financial assets at fair value through profit or loss | -                   | 3,278               |
| Property, equipment and intangible assets             | -                   | 53                  |
| Current income tax assets                             | 133                 | 75                  |
| Other assets  | -                   | 738                 |
| TOTAL ASSETS  | 30,542              | 36,379              |
| <b>LIABILITIES:</b>                                   |                     |                     |
| Payroll payable                                       | -                   | 782                 |
| Taxes other than income tax                           | -                   | 742                 |
| Other liabilities                                     | -                   | 176                 |
| TOTAL LIABILITIES                                     | -                   | 1,700               |
| TOTAL DISCONTINUED OPERATION                          | 30,542              | 34,679              |

## 11. INCOME TAXES

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Company 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 a tax free regime for certain income, such as income from operations with state securities and securities listed on Kazakhstan Stock Exchange.

Deferred tax 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 2008 and 2007 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

|   | 31 December<br>2008 | 31 December<br>2007 |
|---|---------------------|---------------------|
| <b>Deductible temporary difference:</b>         |                     |                     |
| Loss carry forward                              | 671,821             | -                   |
| Realized loss of sale of non-listing securities | 10,189              | -                   |
| Audit fees                                      | 2,640               | 2,684               |
|   | <u>684,650</u>      | <u>2,684</u>        |
| <b>Total deductible temporary difference</b>    | <u>684,650</u>      | <u>2,684</u>        |
| <b>Taxable temporary difference:</b>            |                     |                     |
| Property and equipment                          | (25,562)            | (9,391)             |
|   | <u>(25,562)</u>     | <u>(9,391)</u>      |
| <b>Total taxable temporary difference</b>       | <u>(25,562)</u>     | <u>(9,391)</u>      |
| Net deferred taxable temporary differences      | 659,088             | (6,707)             |
| Net deferred tax assets/(liability)             | 131,563             | (2,012)             |
| <b>Net deferred tax assets/(liability)</b>      | <u>131,563</u>      | <u>(2,012)</u>      |

Relationships between tax expenses and accounting profit for the years ended 31 December 2008 and 2007 are explained as follows:

|  | Year ended<br>31 December<br>2008 | Year ended<br>31 December<br>2007 |
|--|-----------------------------------|-----------------------------------|
| Profit before income tax                                     | 1,814,765                         | 262,977                           |
| Net loss on discontinued operation                           | (859)                             | (25,321)                          |
|  | <u>1,813,906</u>                  | <u>237,656</u>                    |
| Tax at the statutory tax rate (30%)                          | 544,171                           | 71,297                            |
| Effect of change in tax rate                                 | 66,164                            | -                                 |
| Permanent differences  | (476,760)                         | (31,593)                          |
|  | <u>(133,575)</u>                  | <u>39,704</u>                     |
| <b>Income tax (benefit)/expense</b>                          | <u>(133,575)</u>                  | <u>39,704</u>                     |
| Current income tax expense                                   | -                                 | 38,551                            |
| (Recovery)/provision of deferred tax liabilities             | (133,575)                         | 1,153                             |
|  | <u>(133,575)</u>                  | <u>39,704</u>                     |
| <b>Income tax (benefit)/expense</b>                          | <u>(133,575)</u>                  | <u>39,704</u>                     |
| <b>Deferred income tax asset/(liability):</b>                |                                   |                                   |
| <b>Beginning of the year</b>                                 | (2,012)                           | (859)                             |
| Change of deferred income tax for the year charged to profit | 133,575                           | (1,153)                           |
|  | <u>131,563</u>                    | <u>(2,012)</u>                    |
| <b>End of the year</b>                                       | <u>131,563</u>                    | <u>(2,012)</u>                    |

## 12. CASH AND CASH EQUIVALENTS

|   | 31 December<br>2008 | 31 December<br>2007 |
|---|---------------------|---------------------|
| Cash on current bank accounts             | 747,511             | 202,342             |
| Bank deposits                             | 483,080             | -                   |
| Cash on accounts in Central Depository    | 214,004             | 462,018             |
| Cash on brokerage accounts                | 21,682              | 89,399              |
| Loans under reverse repurchase agreements | 13,078              | -                   |
| Restricted cash (conditional deposits)    | -                   | 1,290               |
| <b>Total cash and cash equivalents</b>    | <u>1,479,355</u>    | <u>755,049</u>      |

Cash deposited on brokerage accounts and accounts of Central Depository, as at 31 December 2008 amounted to KZT 21,682 thousand and KZT 214,004 thousand, respectively, and are held by the Group for providing transactions with financial instruments.

Cash and cash equivalents for the purposes of the consolidated statement of cash flows comprised of the following:

|   | 31 December<br>2008 | 31 December<br>2007 |
|---|---------------------|---------------------|
| Cash and cash equivalents                   | 1,479,355           | 755,049             |
| Less restricted cash (conditional deposits) | -                   | (1,290)             |
|   | <u>1,479,355</u>    | <u>753,759</u>      |

Fair value of assets pledged and carrying value of loans under repurchase agreements as at 31 December 2008 and 2007 are presented as follows:

|                          | 31 December 2008           |                             | 31 December 2007           |                             |
|--------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                          | Carrying value<br>of loans | Fair value of<br>collateral | Carrying value<br>of loans | Fair value of<br>collateral |
| Shares of JSC "BTA Bank" | 13,078                     | 17,058                      | -                          | -                           |
| <b>Total</b>             | <u>13,078</u>              | <u>17,058</u>               | <u>-</u>                   | <u>-</u>                    |

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | Ownership<br>share,<br>% | 31 December<br>2008 | Ownership<br>share,<br>% | 31 December<br>2007 |
|--|--------------------------|---------------------|--------------------------|---------------------|
| <b>Equity securities:</b>  |                          |                     |                          |                     |
| <i>Common shares:</i>  |                          |                     |                          |                     |
| JSC Khimpharm  | 3.5%                     | 151,032             | 3.546%                   | 161,820             |
| JSC Rakhat   | 0.203%                   | 23,324              | 0.203%                   | 23,324              |
| JSC TK Kazkhrom  | 0.007%                   | 15,406              | 0.007%                   | 15,406              |
| JSC Bank CenterCredit  | 0.01%                    | 9,823               | 0.00001%                 | 22                  |
| JSC Ordabasy corporation   | 0.096%                   | 5,513               | 0.487%                   | 57,240              |
| JSC KazMunaiGas  | -                        | 3,248               | -                        | -                   |
| OJSC Lukoil  | -                        | 2,582               | -                        | -                   |
| Chagala Group  | 0.05%                    | 1,227               | -                        | -                   |
| JSC Kaspi Bank   | -                        | 4                   | 0.107%                   | 16,162              |
| PLC Max Petroleum  | -                        | -                   | 0.296%                   | 142,091             |
| JSC Ust-Kamenogorsk Titano-Magnievii<br>Kombinat                       | -                        | -                   | 0.050%                   | 27,594              |
| JSC Kazkommerebank   | -                        | -                   | 0.010%                   | 12,676              |
| JSC BTA Bank   | -                        | -                   | 0.001%                   | 8,172               |
| <i>Depository receipts:</i>  |                          |                     |                          |                     |
| JSC Halyk Bank of Kazakhstan   | -                        | 189                 | -                        | -                   |
| <i>Preferred shares:</i>   |                          |                     |                          |                     |
| JSC Kaspi Bank   | -                        | -                   | 0.107%                   | 39,568              |
| JSC MangistauMunaiGas  | -                        | -                   | 0.002%                   | 37,095              |
| JSC Kazkommertsbank  | -                        | -                   | 0.010%                   | 23,030              |
| JSC Temirbank  | -                        | -                   | 0.015%                   | 9,141               |
| JSC ATF Bank   | -                        | -                   | 0.003%                   | 5,080               |
| <b>Total financial assets at fair value through<br/>profit or loss</b> |                          | <u>212,348</u>      |                          | <u>578,421</u>      |

### 14. ACCOUNTS RECEIVABLE FOR RENDERED SERVICES

|  | 31 December<br>2008 | 31 December<br>2007 |
|--|---------------------|---------------------|
| <i>Legal entities:</i>                                 |                     |                     |
| Kookmin Bank   | 218,579             | 8,246               |
| LLP Caspian Resources                                  | 17,447              | 13,201              |
| Thames Energy  | 16,017              | -                   |
| Alfier Capital Inc                                     | 9,425               | -                   |
| East Capital Asset Management AB                       | 1,283               | 3,029               |
| Sakaropel Limited                                      | -                   | 5,159               |
| Absolute East West Master Fund Limited                 | -                   | 2,654               |
| Catapel Limited  | -                   | 2,412               |
| Arisaig Central Asia Fund Limited                      | -                   | 2,148               |
| Kazimir Caspian Limited                                | -                   | 1,485               |
| Prosperity Capital                                     | -                   | 1,272               |
| <i>Individuals:</i>                                    |                     |                     |
| Individuals  | 10,314              | 17,188              |
| Other  | 9,393               | 6,349               |
| <b>Total accounts receivable for rendered services</b> | <u>282,458</u>      | <u>63,143</u>       |

Accounts receivable for the years ended 31 December 2008 and 2007 of the amount of KZT 282,458 thousand and KZT 63,143 thousand, respectively, comprised of brokerage and financial consulting services.

## 15. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

|   | Building       | Computers<br>and<br>equipment | Vehicles      | Furniture<br>Other fixed<br>assets | Intangible<br>assets | Total          |
|---|----------------|-------------------------------|---------------|------------------------------------|----------------------|----------------|
| <b>At initial cost</b>                          |                |                               |               |                                    |                      |                |
| 31 December 2006                                | -              | 12,265                        | 13,664        | 23,949                             | 1,096                | 50,974         |
| Additions                                       | -              | 6,006                         | -             | 3,177                              | 4,452                | 13,635         |
| 31 December 2007                                | -              | 18,271                        | 13,664        | 27,126                             | 5,548                | 64,609         |
| Additions                                       | 183,722        | 11,814                        | -             | 602                                | 692                  | 196,830        |
| Net foreign currency<br>exchange<br>differences | -              | (37)                          | -             | -                                  | -                    | (37)           |
| 31 December 2008                                | 183,722        | 30,048                        | 13,664        | 27,728                             | 6,240                | 261,402        |
| <b>Accumulated<br/>depreciation</b>             |                |                               |               |                                    |                      |                |
| 31 December 2006                                | -              | 1,890                         | 1,253         | 1,721                              | 48                   | 4,912          |
| Charge for the year                             | -              | 3,845                         | 1,366         | 2,943                              | 859                  | 9,013          |
| 31 December 2007                                | -              | 5,735                         | 2,619         | 4,664                              | 907                  | 13,925         |
| Charge for the year                             | -              | 4,787                         | 1,366         | 3,171                              | 1,196                | 10,520         |
| Net foreign currency<br>exchange<br>differences | -              | (11)                          | -             | -                                  | -                    | (11)           |
| 31 December 2008                                | -              | 10,511                        | 3,985         | 7,835                              | 2,103                | 24,434         |
| <b>Net book value</b>                           |                |                               |               |                                    |                      |                |
| 31 December 2008                                | <u>183,722</u> | <u>19,537</u>                 | <u>9,679</u>  | <u>19,893</u>                      | <u>4,137</u>         | <u>236,968</u> |
| 31 December 2007                                | <u>-</u>       | <u>12,536</u>                 | <u>11,045</u> | <u>22,462</u>                      | <u>4,641</u>         | <u>50,684</u>  |

Intangible assets consist of license and software.

## 16. OTHER ASSETS

|  | 31 December<br>2008 | 31 December<br>2007 |
|--|---------------------|---------------------|
| <b>Other financial assets recorded as loans and receivables in accordance with IAS 39:</b> |                     |                     |
| Law suit   | 31,308              | -                   |
|  | <u>31,308</u>       | <u>-</u>            |
| <b>Other non-financial assets:</b>   |                     |                     |
| Advances paid  | 40,162              | 1,285               |
| Individual income tax  | 19,604              | -                   |
| Social tax   | 15,530              | -                   |
| Due from employees   | 5,103               | 1,729               |
| Prepaid rent expenses  | -                   | 4,100               |
| Other  | 2,564               | 57                  |
|  | <u>114,271</u>      | <u>7,171</u>        |

## 17. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2008 derivative financial investments were presented by the effect of revaluation of futures contract on Nymex shares for the amount of KZT 1,846 thousand.

As at 31 December 2007 derivative financial investments for the total amount of KZT 38,312 thousand were presented by the effect of revaluation of futures contract on shares of PLC Max Petroleum and PLC Woolworths Group for the amount of KZT 28,231 thousand and KZT 10,081 thousand, respectively.

## 18. ACCOUNTS PAYABLE TO SUPPLIERS

|                                      | 31 December<br>2008 | 31 December<br>2007 |
|--------------------------------------|---------------------|---------------------|
| JSC HSBC Bank Kazakhstan             | 6,093               | -                   |
| LLP Gesheft                          | 4,514               | -                   |
| LLP VESTOR                           | 3,785               | 3,785               |
| JSC Kazkommetsbank                   | 2,564               | 594                 |
| Wilkins Kennedy Registrated Auditors | 2,862               | -                   |
| LLP Deloitte                         | 2,640               | 2,684               |
| JSC TsDTsB                           | 1,475               | 729                 |
| LLP Elsi Tech                        | 1,889               | -                   |
| LLP Bloomberg                        | 1,103               | -                   |
| LLP Bazis-Telecom                    | 919                 | 1,288               |
| LLP Capital Tower Development        | 827                 | -                   |
| Executive Offices Ltd                | 798                 | 798                 |
| JSC Kazakhtelekom                    | 333                 | -                   |
| JSC Kazakhstan Stock Exchange        | 240                 | 1,288               |
| Other                                | 989                 | 1,255               |
|                                      | <u>31,031</u>       | <u>12,421</u>       |

## 19. TAXES PAYABLE OTHER THAN INCOME TAX

|  | 31 December<br>2008 | 31 December<br>2007 |
|--|---------------------|---------------------|
| Personal income tax                              | 1,849               | 50,358              |
| Property tax                                     | 109                 | -                   |
| Value added tax payable                          | -                   | 519                 |
| Other  | 101                 | 178                 |
| <b>Total taxes payable other than income tax</b> | <b>2,059</b>        | <b>51,055</b>       |

## 20. OTHER LIABILITIES

|                                     | 31 December<br>2008 | 31 December<br>2007 |
|-------------------------------------|---------------------|---------------------|
| <b>Other financial liabilities:</b> |                     |                     |
| Financial liabilities to clients    | 20,000              | -                   |
| Pension contributions               | 1,384               | 1,242               |
| Other                               | 1,588               | 674                 |
| <b>Total other liabilities</b>      | <b>22,972</b>       | <b>1,916</b>        |

## 21. SHARE CAPITAL

As at 31 December 2008 and 2007 the Group's share capital amounted to KZT 670,000 thousand. Capital is represented by common shares which have equal voting rights. During the year 2008 and 2007 the Company paid dividends on common shares for the amount of KZT 744,200 thousand and KZT 108,808 thousand respectively.

## 22. COMMITMENTS AND CONTINGENCIES

### Capital commitments

The Group had no commitments for capital expenditures outstanding as at 31 December 2008 and 2007.

### Operating lease commitments

No material operating lease commitments were outstanding as at 31 December 2008 and 2007.

### Brokerage activities

In the normal course of its business the Group enters into agreements with no right on decision making with clients for conducting sales and purchases of securities upon written order and in accordance with specific criteria established by clients. The Group is responsible for executing client orders in strict compliance with client instructions, and may be subject to losses or actions if client instructions are not followed. However, potential liability for losses or actions as a result of investment decision rests with customers.

### Taxation

Kazakhstani commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of tax authorities, transactions may be challenged by the tax authorities. This may result in additional taxes, penalties and fines.

The Group's management believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statement.

Tax years remain open to review by the tax authorities for five years. However, tax authorities may perform additional reviews, if considered necessary. In accordance with judicial rulings, the period of review may be altered, if the court acknowledges the fact of interdiction to tax review by the tax authorities.

#### **Pensions and retirement plans**

Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2008 and 31 December 2007, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

#### **Operating environment**

The Group's principal business activities are within the Republic of Kazakhstan. Laws and regulations affecting the business environment in the Republic of Kazakhstan are subject to changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

#### **Volatility of global and Kazakhstani markets**

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding.

#### **Recoverability of financial assets**

As a result of recent economic turmoil in capital and credit markets globally, and the consequential economic uncertainties existing as at balance sheet date, there exists the potential that assets may not be recovered at their carrying amount in the regular course of business.

The recoverability of certain financial assets depends on the efficiency of the fiscal measures and other measures and other actions, beyond the Group's control, undertaken within various countries to achieve economic stability and recovery. The recoverability of the Group's financial assets is determined based on conditions prevailing and information available as at the balance sheet date. It is the management's opinion that no additional provision on financial assets is needed at present, based on prevailing conditions and available information.

### **23. SUBSEQUENT EVENTS**

During 2008 and 2007, the National Bank of the Republic of Kazakhstan supported the exchange rate of the Kazakhstani tenge to the US Dollar within a range of 117 KZT to 1 US Dollar to 123 KZT to 1 US Dollar. On 4 February 2009, the National Bank of the Republic of Kazakhstan reduced the support level of the exchange rate to 150 KZT to 1 US Dollar.

Financial position and the results of operations of the Group might be influenced by a change in the exchange rates. Effect on net income of the bank is disclosed in Note 26 *Currency risk sensitivity*.

## 24. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 “Related party disclosures”, represent:

- (a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Group that gives them significant influence over the Bank; and that have joint control over the Group;
- (b) Associates – enterprises on which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- (c) Joint ventures in which the Group is a venturer;
- (d) Members of key management personnel of the Group or its parent;
- (e) Close members of the family of any individuals referred to in (a) or (d);
- (f) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
- (g) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions between the Bank and its subsidiaries, which are related parties of the Bank, 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 2008       |  | 31 December 2007       |  |
|--|------------------------|--|------------------------|--|
|  | Related party balances | Total category as per financial statements caption | Related party balances | Total category as per financial statements caption |
| <b>Accounts receivable for rendered services</b> |                        |  |                        |  |
| - other related parties                          | 901                    | 282,458  | 2,916                  | 63,143   |
| <b>Due to employees</b>                          |                        |  |                        |  |
| - key management personnel on the company        | 3,039                  | 43,745   | 168,519                | 189,088  |

Included in the consolidated income statement for the years ended 31 December 2008 and 2007 are the following amounts which arose due to transactions with related parties:

|   | Year ended 31 December 2008 |  | Year ended 31 December 2007 |  |
|---|-----------------------------|--|-----------------------------|--|
|   | Related party transactions  | Total category as per financial statements caption | Related party transactions  | Total category as per financial statements caption |
| <b>Fee and commission income</b>          |                             |  |                             |  |
| - other related parties                   | 3,066                       | 3,223,492  | 13,381                      | 216,738  |
| <b>Operating expenses</b>                 |                             |  |                             |  |
| - key management personnel of the company | (187,864)                   | (1,125,167)  | (91,476)                    | (404,272)  |

## 25. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

Financial assets and liabilities at fair value through profit or loss and investments available-for-sale securities are carried at fair value in the balance sheet. The carrying amounts of cash and cash equivalents approximately equal to fair value due to the short-term nature of such financial instruments.

## 26. 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 risk
- Operational risk
- Liquidity risk
- Market 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. Through the risk management framework, the Group manages the risks the following risks:

### 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.

### Maximum Exposure

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

The following table presents the maximum exposure to credit risk of financial assets and contingent liabilities. For financial assets the maximum exposure equals to a carrying value of those assets prior to any offset or collateral.

As at 31 December 2008:

|   | Maximum exposure | Net exposure after offset | Net exposure after offset and collateral |
|---|------------------|---------------------------|--|
| Financial assets at fair value through profit or loss | 212,348          | 212,348                   | 212,348                                  |
| Accounts receivable for rendered services             | 282,458          | 282,458                   | 282,458                                  |
| Investments available-for-sale                        | 2,200            | 2,200                     | 2,200                                    |
| Other financial assets                                | 31,308           | 31,308                    | 31,308                                   |

As at 31 December 2007:

|   | Maximum exposure | Net exposure after offset | Net exposure after offset and collateral |
|---|------------------|---------------------------|--|
| Financial assets at fair value through profit or loss | 578,421          | 578,421                   | 578,421                                  |
| Accounts receivable for rendered services             | 63,143           | 63,143                    | 63,143                                   |
| Investments available-for-sale                        | 2,200            | 2,200                     | 2,200                                    |

### Geographical concentration

As at 31 December 2008:

|  | The Republic of Kazakhstan | OECD countries | Other non-OECD countries | 31 December 2008 Total |
|--|----------------------------|----------------|--------------------------|------------------------|
| <b>FINANCIAL ASSETS</b>                                    |                            |                |                          |                        |
| Cash and cash equivalents                                  | 1,382,471                  | 96,822         | 62                       | 1,479,355              |
| Financial assets at fair value through profit or loss      | 208,539                    | 1,227          | 2,582                    | 212,348                |
| Accounts receivable for rendered services                  | 29,342                     | 239,905        | 13,211                   | 282,458                |
| Investments available-for-sale                             | 2,200                      | -              | -                        | 2,200                  |
| Other financial assets                                     | 31,308                     | -              | -                        | 31,308                 |
| <b>TOTAL FINANCIAL ASSETS</b>                              | <b>1,653,860</b>           | <b>337,954</b> | <b>15,855</b>            | <b>2,007,669</b>       |
| <b>FINANCIAL LIABILITIES</b>                               |                            |                |                          |                        |
| Financial liabilities at fair value through profit or loss | -                          | 1,846          | -                        | 1,846                  |
| Payroll payable  | 43,745                     | -              | -                        | 43,745                 |
| Accounts payable to suppliers                              | 26,008                     | 5,023          | -                        | 31,031                 |
| Other financial liabilities                                | 22,902                     | 70             | -                        | 22,972                 |
| <b>TOTAL FINANCIAL LIABILITIES</b>                         | <b>92,655</b>              | <b>6,939</b>   | <b>-</b>                 | <b>99,594</b>          |
| <b>NET POSITION</b>  | <b>1,561,205</b>           | <b>331,015</b> | <b>15,855</b>            | <b>1,908,075</b>       |

As at 31 December 2007:

|  | The Republic of Kazakhstan | OECD countries | Other non-OECD countries | 31 December 2007 Total |
|--|----------------------------|----------------|--------------------------|------------------------|
| <b>FINANCIAL ASSETS</b>                                    |                            |                |                          |                        |
| Cash and cash equivalents                                  | 571,547                    | 161,825        | 21,677                   | 755,049                |
| Financial assets at fair value through profit or loss      | 436,330                    | 142,091        | -                        | 578,421                |
| Accounts receivable for rendered services                  | 41,800                     | 21,343         | -                        | 63,143                 |
| Investments available-for-sale                             | 2,200                      | -              | -                        | 2,200                  |
| <b>TOTAL FINANCIAL ASSETS</b>                              | <b>1,051,877</b>           | <b>325,259</b> | <b>21,677</b>            | <b>1,398,813</b>       |
| <b>FINANCIAL LIABILITIES</b>                               |                            |                |                          |                        |
| Financial liabilities at fair value through profit or loss | -                          | 38,312         | -                        | 38,312                 |
| Payroll payable  | 189,088                    | -              | -                        | 189,088                |
| Accounts payable to suppliers                              | 12,421                     | -              | -                        | 12,421                 |
| Other financial liabilities                                | 1,916                      | -              | -                        | 1,916                  |
| <b>TOTAL FINANCIAL LIABILITIES</b>                         | <b>203,425</b>             | <b>38,312</b>  | <b>-</b>                 | <b>241,737</b>         |
| <b>NET POSITION</b>  | <b>848,452</b>             | <b>286,947</b> | <b>21,677</b>            | <b>1,157,076</b>       |

## Operational risk

The Group is exposed to operational risk which is the risk of losses that can be a result of any system inefficiencies or breaks of internal processes, systems, presence of human error or effect of any external negative factor.

The Group's risk management policies are designed to identify and analyze this risk to set appropriate risk limits and controls

## Liquidity risk

As at 31 December 2008:

|  | Weighted<br>average<br>effective<br>interest<br>rate | Up to 1 month    | From 1 to<br>3 months | From<br>3 months to<br>1 year | From 1 to<br>5 years | 31 December<br>2008<br>Total |
|--|--|------------------|-----------------------|-------------------------------|----------------------|------------------------------|
| <b>FINANCIAL ASSETS</b>  |  |                  |                       |                               |                      |                              |
| Cash and cash equivalents  | 3%   | 483,080          | 13,078                | -                             | -                    | 496,158                      |
| Total interest bearing financial assets  |  | 483,080          | 13,078                | -                             | -                    | 496,158                      |
| Cash and cash equivalents  |  | 983,197          | -                     | -                             | -                    | 983,197                      |
| Financial assets at fair value through profit or loss                                |  | 212,348          | -                     | -                             | -                    | 212,348                      |
| Accounts receivable for rendered services  |  | -                | 282,458               | -                             | -                    | 282,458                      |
| Investments available-for-sale   |  | -                | -                     | -                             | 2,200                | 2,200                        |
| Other financial assets   |  | -                | -                     | 31,308                        | -                    | 31,308                       |
| <b>Total financial assets</b>  |  | <b>1,678,625</b> | <b>295,536</b>        | <b>31,308</b>                 | <b>2,200</b>         | <b>2,007,669</b>             |
| <b>FINANCIAL LIABILITIES</b>   |  |                  |                       |                               |                      |                              |
| Financial liabilities at fair value through profit or loss                           |  | 1,846            | -                     | -                             | -                    | 1,846                        |
| Payroll payable  |  | 8,641            | -                     | -                             | 35,104               | 43,745                       |
| Accounts payable to suppliers  |  | 31,031           | -                     | -                             | -                    | 31,031                       |
| Other financial liabilities  |  | 22,972           | -                     | -                             | -                    | 22,972                       |
| <b>Total financial liabilities</b>   |  | <b>64,490</b>    | <b>-</b>              | <b>-</b>                      | <b>35,104</b>        | <b>99,594</b>                |
| <b>Liquidity gap</b>   |  | <b>1,614,135</b> | <b>295,536</b>        | <b>31,308</b>                 | <b>(32,904)</b>      |                              |
| <b>Interest sensitivity gap</b>  |  | <b>483,080</b>   | <b>13,078</b>         | <b>-</b>                      | <b>-</b>             |                              |
| <b>Cumulative Interest sensitivity gap</b>   |  | <b>483,080</b>   | <b>469,158</b>        | <b>469,158</b>                | <b>469,158</b>       |                              |
| <b>Cumulative interest sensitivity gap as a percentage of total financial assets</b> |  | <b>24.06%</b>    | <b>24.71%</b>         | <b>24.71%</b>                 | <b>24.71%</b>        |                              |

As at 31 December 2007:

|  | Up to 1 month    | From 1 to 3 months | From 1 to 5 years | 31 December 2007 Total |
|--|------------------|--------------------|-------------------|------------------------|
| <b>FINANCIAL ASSETS</b>                                    |                  |                    |                   |                        |
| Cash and cash equivalents                                  | 755,049          | -                  | -                 | 755,049                |
| Financial assets at fair value through profit or loss      | 578,421          | -                  | -                 | 578,421                |
| Accounts receivable for rendered services                  | -                | 63,143             | -                 | 63,143                 |
| Investments available-for-sale                             | -                | -                  | 2,200             | 2,200                  |
| <b>Total financial assets</b>                              | <b>1,333,470</b> | <b>63,143</b>      | <b>2,200</b>      | <b>1,398,813</b>       |
| <b>FINANCIAL LIABILITIES</b>                               |                  |                    |                   |                        |
| Financial liabilities at fair value through profit of loss | -                | 38,312             | -                 | 38,312                 |
| Payroll payable  | 189,088          | -                  | -                 | 189,088                |
| Accounts payable to suppliers                              | 12,421           | -                  | -                 | 12,421                 |
| Other financial liabilities                                | 1,916            | -                  | -                 | 1,916                  |
| <b>Total financial liabilities</b>                         | <b>203,425</b>   | <b>38,312</b>      | <b>-</b>          | <b>241,737</b>         |
| <b>Liquidity gap</b>                                       | <b>1,130,045</b> | <b>24,831</b>      | <b>2,200</b>      |                        |

### 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.

As at 31 December 2008:

|  | KZT            | USD<br>USD 1 = KZT<br>120.79 KZT | GBP<br>GBP 1 = KZT<br>175.12 KZT | Other<br>currency | 31 December 2008<br>Total |
|--|----------------|----------------------------------|----------------------------------|-------------------|---------------------------|
| <b>Financial assets</b>                                    |                |                                  |                                  |                   |                           |
| Cash and cash equivalents                                  | 194,825        | 1,201,885                        | 75,202                           | 7,443             | 1,479,355                 |
| Financial assets at fair value through profit or loss      | 208,351        | 3,997                            | -                                | -                 | 212,348                   |
| Accounts receivable for rendered services                  | 35,341         | 247,117                          | -                                | -                 | 282,458                   |
| Investments available-for-sale                             | 2,200          | -                                | -                                | -                 | 2,200                     |
| Other financial assets                                     | 31,308         | -                                | -                                | -                 | 31,308                    |
| <b>Total financial assets</b>                              | <b>427,025</b> | <b>1,452,999</b>                 | <b>75,202</b>                    | <b>7,443</b>      | <b>2,007,669</b>          |
| <b>Financial liabilities</b>                               |                |                                  |                                  |                   |                           |
| Financial liabilities at fair value through profit or loss | -              | 1,846                            | -                                | -                 | 1,846                     |
| Payroll payable  | 43,745         | -                                | -                                | -                 | 43,745                    |
| Accounts payable to suppliers                              | 26,008         | 92                               | 4,931                            | -                 | 31,031                    |
| Other financial liabilities                                | 22,972         | -                                | -                                | -                 | 22,972                    |
| <b>Total financial liabilities</b>                         | <b>92,725</b>  | <b>1,938</b>                     | <b>4,931</b>                     | <b>-</b>          | <b>99,594</b>             |
| <b>OPEN BALANCE SHEET POSITION</b>                         | <b>379,300</b> | <b>1,451,061</b>                 | <b>70,271</b>                    | <b>7,443</b>      | <b>1,908,075</b>          |

As at 31 December 2007:

|   | KZT              | USD<br>USD 1 = KZT<br>120.3 KZT | GBP<br>GBP 1 = KZT<br>240.14 KZT | 31 December<br>20087<br>Total |
|---|------------------|---------------------------------|----------------------------------|-------------------------------|
| <b>Financial assets</b>                                       |                  |                                 |                                  |                               |
| Cash and cash equivalents                                     | 545,706          | 160,645                         | 48,698                           | 755,049                       |
| Financial assets at fair value through<br>profit or loss      | 436,330          | -                               | 142,091                          | 578,421                       |
| Accounts receivable for rendered services                     | 41,800           | 20,275                          | 1,068                            | 63,143                        |
| Investments available-for-sale                                | 2,200            | -                               | -                                | 2,200                         |
| <b>Total financial assets</b>                                 | <u>1,026,036</u> | <u>180,920</u>                  | <u>191,857</u>                   | <u>1,398,813</u>              |
| <b>Financial liabilities</b>                                  |                  |                                 |                                  |                               |
| Financial liabilities at fair value through<br>profit or loss | -                | 38,312                          | -                                | 38,312                        |
| Payroll payable   | 189,088          | -                               | -                                | 189,088                       |
| Accounts payable to suppliers                                 | 12,421           | -                               | -                                | 12,421                        |
| Other financial liabilities                                   | 1,916            | -                               | -                                | 1,916                         |
| <b>Total financial liabilities</b>                            | <u>203,425</u>   | <u>38,312</u>                   | <u>-</u>                         | <u>241,737</u>                |
| <b>OPEN BALANCE SHEET POSITION</b>                            | <u>822,611</u>   | <u>142,608</u>                  | <u>191,857</u>                   | <u>1,157,076</u>              |

#### *Currency risk sensitivity*

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.

The following table details the Group's Sensitivity to a 25% increase and decrease in the USD against the KZT. 25% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 25% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

|                          | As at 31 December 2008 |                 | As at 31 December 2007 |                 |
|--------------------------|------------------------|-----------------|------------------------|-----------------|
|                          | KZT/USD<br>+25%        | KZT/USD<br>-25% | KZT/USD<br>+10%        | KZT/USD<br>-10% |
| Impact on profit or loss | 362,765                | (362,765)       | 14,260                 | (14,260)        |
|                          | As at 31 December 2008 |                 | As at 31 December 2007 |                 |
|                          | KZT/GBP<br>+25%        | KZT/GBP<br>-25% | KZT/EUR<br>+10%        | KZT/EUR<br>-10% |
| Impact on profit or loss | 17,568                 | (17,568)        | 19,185                 | (19,185)        |

### **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 balance sheet. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in shareholder 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; and the assumption that all interest rates move in an identical fashion.