RESMI GROUP JSC

Consolidated Financial Statements
for the year ended 31 December 2011

with Independent Auditor's Report

CONTENTS

The statement below, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report, is made with a view to distinguish the respective responsibilities of the independent auditor and the management in relation to the consolidated financial statements of Resmi Group JSC and its subsidiaries (hereinafter referred to as "the Group").

The Group management is responsible for the preparation of the consolidated financial statements that present fairly in all material respects the financial position of the Group as at 31 December 2011 as well as its performance, 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 the management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- compliance with the IFRS requirements;
- preparation of the financial statements based on the assumption that the Group will continue as a going concern in foreseeable future unless it is inappropriate to presume that such assumption is reasonable.

The management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining proper accounting records which enable them, with reasonable accuracy at any time, to prepare information on the financial position of the Group and to ensure that the financial statements of the Group comply with the IFRS requirements;
- maintaining statutory accounting records in compliance with the laws of the Republic of Kazakhstan;
- taking such steps as are reasonably available to them to safeguard the assets of the Group;
- detecting and preventing fraud and other irregularities.

The management reasonably believes that the Group will continue its operations in the foreseeable future. So the consolidated financial statements of the Group are prepared in accordance with the going concern principle.

These financial statements for the year ended 31 December 2011 were approved on 28 May 2012 by the Group management.

For and on behalf of the Group management:

A.Kanafin
General Director

Y.Litvinova
Financial Controller

ALMIR CONSULTING
АУДИТОРСКАЯ КОМПАНИЯ

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ALMIR CONSULTING LLP
Auditor's State Licence No.0000014 issued on 27.11.99
by the Ministry of Finance of the Republic of Kazakhstan

"Approved"

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B.K. Iskendirova
Ph.D. in Economics, Assistant Professor
Director
ALMIR CONSULTING LLP

Shareholders and Management of Resmi Group JSC

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of Resmi Group JSC and its subsidiaries (hereinafter referred to as the Group), which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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 of internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Group's preparation and fair presentation of the 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.

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 Resmi Group JSC as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

In accordance with the other auditor's report on the consolidated financial statements of RESMI Finance & Investment House JSC for the year ended 31 December 2011, investment funds controlled by the Group have certain investments in real estate for the total amount of KZT 2,223,905 thousand, which are measured using specific valuation methods due to absence of readily available market prices. Due to uncertainty inherent in estimates of such investments, the fair value shown by the investment funds may differ materially from the investments' realisable value, should the latter be actively traded between the willing buyer and seller.

As stated in Note 44, earnings per share for the year ended 31 December 2010 were restated.

Auditor
ALMIR CONSULTING LLP **I.E. Treguba**

Auditor's Certificate of Competence
No.0000464 dated 14.11.1998

28 May 2012, Almaty

RESMI Group JSC

Consolidated Statement of Financial Position as at 31 December 2011

(KZT'000)

	Note	31 December 2011	31 December 2010
ASSETS			
I. Current assets			
Cash	4	4 698 184	712 187
Cash related to broker activities	4	622 933	1 291 926
Deposits with banks	5	149 830	148 694
Cash taken into investment management		268 041	43 083
Short-term financial investments	6	333 180	1 044 575
Short-term receivables	7	792 733	1 116 638
Inventories	8	4 008 325	3 873 298
Current tax assets	9	79 966	140 217
Assets held for sale	10	1 699 017	481 217
Fee and commission income receivable	11	7 602	106 784
Other current assets	7	1 870 137	2 029 814
Total current assets		**14 529 948**	**10 988 433**
II. Non-current assets			
Long-term financial investments	12	136 287	205 019
Long-term receivables	13	336 873	121 903
Long-term advances paid	14	4 503	167 556
Investment property	15	26 321 640	1 305 917
Property, plant and equipment	16	17 888 144	44 454 789
Intangible assets	17	35 228	59 598
Deferred tax assets	18	583 514	1 331 437
Goodwill	19	406 408	406 408
Total non-current assets		**45 712 597**	**48 052 627**
Total assets		**60 242 545**	**59 041 060**
LIABILITIES AND EQUITY			
III. Current liabilities			
Short-term loans	20	5 624 256	3 348 706
Current portion of finance lease payable	23	414 859	630 847
Current portion of bonds payable	26	946 156	572 804
Tax payable	21	574 878	409 068
Short-term payables	22	5 194 594	4 821 686
Accounts payable to customers		775 640	1 437 235
Current portion of other financial liabilities	27	205 200	370 879
Other current liabilities	24	410 795	393 709
Accounts payable on cash taken in investment management		268 041	50 616
Total current liabilities		**14 414 419**	**12 035 550**
IV. Non-current liabilities			
Long-term loans	20	7 371 202	10 314 972
Finance lease payable	23	641 004	976 803
Long-term payables	25	994 286	1 458 332
Bonds payable	26	8 228 748	6 924 489
Deferred income		-	29 296
Deferred tax liabilities		39 243	-
Other non-current financial liabilities	27	900 000	947 400
Total non-current liabilities		**18 174 483**	**20 651 292**
V. Equity			
Share capital	28	253 973	289 395
Property, plant and equipment revaluation provision		1 266 578	22 340 771
Provisions		992 974	998 030
Retained earnings (uncovered loss)		22 344 967	88 150
Total equity attributable to shareholders of RESMI Group JSC		**24 858 492**	**23 716 346**
Non-controlling interests		2 795 151	2 637 872
Total equity		**27 653 643**	**26 354 218**

Total liabilities and equity		**60 242 545**	**59 041 060**
Carrying amount per common share (KZT)	29	**1 088 ,90**	**1 035,90**

A. Kanafin

General Director

Y.Litvinova

Financial Controller

Consolidated statement of financial position should be read with the notes to the financial statements on pages 14-65.

RESMI Group JSC

Consolidated Income Statement for the Year Ended 31 December 2011

	Note	2011	(KZT'000) 2010
Revenue	30	31 340 684	26 235 768
Fee and commission income	31	16 348	20 383
Income (loss) from trade in financial assets	32	(355 328)	994 501
Income (loss) from change in value of financial assets at fair value through profit or loss	33	(37 987)	(171 968)
Interest and dividend income	34	84 710	158 611
Other gains	35	122 274	247 884
Net income (loss) from foreign currency transactions		91 088	708 471
Net income (loss) from sale of property, plant and equipment		(23 015)	5 565
Income from disposal of subsidiary	41	4 458 492	-
Operating income		**35 697 266**	**28 199 215**
Cost of goods sold and services provided	36	(19 811 798)	(16 812 931)
Interest expense	37	(2 592 725)	(3 141 034)
Administrative expenses	38	(1 798 220)	(1 295 628)
Personnel costs		(1 602 650)	(1 297 142)
Selling costs	39	(5 283 045)	(4 325 189)
Other expenses	40	(2 400 326)	-
Operating expenses		**(33 488 764)**	**(26 871 924)**
Operating result		**2 208 502**	**1 327 291**
Other gains (expenses) from investment property revaluation	15	(38)	(11 007)
Operating profit (loss)		**2 208 464**	**1 316 284**
Profit (loss) from discontinued operations	41	**(86 964)**	**111 550**
Profit (loss) before tax		**2 121 500**	**1 204 734**
Corporate income tax benefits (expenses)	42	(795 145)	485 889
Net profit (loss) for the period before con-controlling interest		**1 326 355**	**1 690 623**
Attributable to:			
Shareholders of RESMI Group JSC		1 100 949	1 251 808
Non-controlling interests	43	225 406	438 815
Earnings per share (KZT)	44	**44,05**	**66,79***

Қазақстан Республикасы Алматы қаласы АКЦИОНЕРЛІК ҚОҒАМЫ «Группа компаний «RESMI» АКЦИОНЕРНОЕ ОБЩЕСТВО город Алматы Республика Казахстан

A. Kanafin

General Director

Y.Litvinova

Financial Controller

* Restated (see Note 44).

Consolidated income statement should be read with the notes to the financial statements on pages 14-65.

RESMI Group JSC

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2011

	2011	(KZT'000) 2010
Profit (loss) for the period	**1 326 355**	**1 690 623**
Other comprehensive income (loss):		
Property, plant and equipment revaluation gains	368 668	(116 618)
Deferred tax attributable to property, plant and equipment revaluation	2 638	(29 967)
Exchange differences from foreign operations	(9 684)	(13 785)
Profit/loss from revaluation of investments	3 946	15 413
Total other comprehensive income (loss)	**365 568**	**(144 957)**
Total comprehensive income (loss) for the period	**1 691 923**	**1 545 666**
Shareholders of RESMI Group JSC	1 467 199	1 110 663
Non-controlling interests	224 724	435 003

Қазақстан Республикасы Алматы қаласы АКЦИОНЕРЛІК ҚОҒАМЫ «Группа компаний «RESMI» АКЦИОНЕРНОЕ ОБЩЕСТВО город Алматы Республика Казахстан

A. Kanafin

General Director

Y.Litvinova

Financial Controller

Consolidated statement of comprehensive income should be read with the notes to the financial statements on pages 14-65.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011

	Parent's equity								
	Share capital	Investment revaluation provision	Provision for employee benefits based on equity instruments	Provision for exchange difference from foreign operations	Property, plant and equipment revaluation provision	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2010	**289 395**	**43 658**	**944 599**	**9 773**	**22 340 771**	**88 150**	**23 716 346**	**2 637 872**	**26 354 218**
Purchase of own shares	(35 422)	-	-	-	-	(289 631)	(325 053)	-	(325 053)
Profit/loss for the period	-	-	-	-	-	1 100 949	1 100 949	225 406	1 326 355
Other comprehensive income for the period	-	3 415	-	(8 471)	371 306	-	366 250	(682)	365 568
Reclassification to retained earnings due to disposal of assets	-	-	-	-	(21 445 499)	21 445 499	-	-	-
Total comprehensive income	**-**	**3 415**	**-**	**(8 471)**	**371 306**	**1 100 949**	**1 467 199**	**224 724**	**1 691 923**
Dividends accrued out of profits	-	-	-	-	-	-	-	(68 029)	(68 029)
Non-controlling interests when purchased in authorised capital and increase of authorised capital	-	-	-	-	-	--	-	584	584
Balance at 31 December 2011	**253 973**	**47 073**	**944 599**	**1 302**	**1 266 578**	**22 344 967**	**24 858 492**	**2 765 151**	**27 653 643**

	Parent's equity								
	Share capital	Investment revaluation provision	Provision for employee benefits based on equity instruments	Provision for exchange difference from foreign operations	Property, plant and equipment revaluation provision	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2009	200 229	30 318	944 599	21 704	22 603 776	(1 284 109)	**22 516 517**	**1 522 152**	**24 038 669**
Reclassification to retained earnings	-	-	-	-	(120 451)	120 451	-	-	-
Profit/loss for the period	-	-	-	-	-	1 251 808	1 251 808	438 815	1 690 623
Other comprehensive income for the period	-	13 340	-	(11 931)	(142 554)	-	(141 145)	(3 812)	(144 957)
Total comprehensive income	-	13 340	-	(11 931)	(142 554)	1 251 808	**1 110 663**	**435 003**	**1 545 666**
Increase in share capital	89 166	-	-	-	-	-	89 166	-	89 166
Dividends accrued out of profits	-	-	-	-	-	-	-	(61 220)	(61 220)
Non-controlling interests when purchased in authorised capital and increase of authorised capital	-	-	-	-	-	-	-	741 937	741 937
Balance at 31 December 2010	289 395	43 658	944 599	9 773	22 340 771	88 150	**23 716 346**	**2 637 872**	**26 354 218**

A. Kanafin

General Director

Y.Litvinova

Financial Controller

Consolidated statement of changes in equity should be read with the notes to the financial statements on pages 14-65.

RESMI Group JSC

Consolidated Statement of Cash Flows for the Year Ended 31 December 2011 (indirect method)

	Note	2011	(KZT'000) 2010
Operating activities			
Profit (loss) before tax		**2 121 500**	**1 204 734**
Adjustment of non-monetary items for:		**1 851 486**	**2 717 772**
Loss from discontinued operations	41	(4 371 528)	-
Amortisation of property, plant and equipment and intangible assets		1 289 713	1 301 292
Exchange difference		(91 088)	(708 471)
Loss from inventory write-off	38,39	220 282	192 555
(Reversal)/accrual of provision for hard-to-sell and obsolete inventories	38	112	(34 014)
Discount amortisation	39	(29 296)	(38 165)
Finance costs	37	2 592 725	3 144 634
Provision for employee leaves		508	16 748
Proceeds from write-off of payables	35	-	(389 510)
Provision for doubtful debts	7,38	1 895 502	189 988
Recovery of selling costs through offset	39	(199 097)	(247 378)
Reversal/accrual of provision for impairment of advances	40	61 520	35 864
Income (loss) from trade in financial assets	32	355 328	(994 501)
Unrealised gain/loss from investment revaluation	33	37 987	171 968
Income/loss from disposal of property, plant and equipment and intangible assets		23 015	(5 564)
Investment income		(17 815)	99 271
Asset impairment expenses	10,15	76 393	11 007
Gains (losses) from discounting	35	2 483	(27 961)
Other adjustments		4 742	9
Cash flows from operating activities before changes in working capital		**3 972 986**	**3 922 506**
Increase/decrease in operating assets		**(971 008)**	**(244 979)**
Restricted cash	4	(224 958)	(109 001)
Trade receivables	7	(331 232)	(76 333)
Other receivables	13,14	(51 917)	(571 719)
Fee and commission income receivable	11	99 182	4 345
Investments acquired under reverse REPO			16 007
Inventories	8	(135 027)	(656 832)
Deposits with banks	5	(1 136)	634 826
Advances paid	7,14	(97 535)	136 257
Other assets	7,9,10	(228 385)	377 471
Increase/decrease in operating liabilities		**(342 465)**	**212 948**
Payables	22,25	(91 138)	133 707
Taxes payable	21	165 810	(37 321)
Other payables		(417 137)	116 562
Operating activities			
Cash flows from operating activities before income tax		**2 659 513**	**3 890 475**
Interest paid		(1 722 530)	(2 242 041)
Income tax paid		-	-
Net cash from operating activities		**936 983**	**1 648 434**
Investing activities			
Net acquisition of investments held for trading		(356 067)	989 580
Proceeds from disposal of property, plant and equipment		170 567	1 246 892
Acquisition of property, plant and equipment		(876 157)	(1 916 674)
Cash inflow from disposal of subsidiary	41	4 999 995	-
Acquisition of intangible assets		(1 501)	(25 692)
Net cash used in investing activities		**3 936 837**	**294 106**
Financing activities			
Purchase of own shares		(45 379)	-
Repayment of borrowings		(3 560 641)	(5 310 317)

Finance lease paid		(531 670)	(450 554)
Bonds paid		(155 452)	(390 587)
Proceeds from issue of debt instruments		-	947 400
Dividends paid		(68 029)	(61 220)
Borrowings obtained		2 907 000	1 804 728
Net cash used in/received from financing activities		**(1 454 171)**	**(3 460 550)**
Net increase/decrease in cash from companies disposed of		**(102 645)**	**(21 002)**
Net increase in cash		**3 317 004**	**(1 539 012)**
Opening balance of cash	4	**2 004 113**	**3 543 125**
Closing balance of cash	4	**5 321 117**	**2 004 113**

A. Kanafin

General Director

Y.Litvinova

Financial Controller

Consolidated statement of cash flows should be read with the notes to the financial statements on pages 14-65.

1. General

These consolidated financial statements include financial statements of Resmi Group Joint Stock Company and its subsidiaries (jointly referred to as “the Group”).

Resmi Group LLP was re-registered with the Almaty Department of Justice. Legal Entity State Re-Registration Certificate No. 11947-1910-TOO dated 26.02.2008, initial registration date – 01.07.1997.

Resmi Group LLP was registered based on the Minutes of Resmi Commerce LLP Participants’ General Meeting resolved to change the name of Resmi Commerce. Resmi Group LLP is a successor in all rights and obligations of Resmi Commerce LLP.

Legal and actual address: 110E, Al-Farabi ave., Almaty, 050040, Republic of Kazakhstan.

On 31 March 2010 Resmi Group LLP Participants’ Extraordinary Meeting adopted a resolution on transformation into a joint stock company and other IPO related issues.

On 8 April 2010 RESMI Group LLP was reorganised from a limited liability partnership into RESMI Group JSC (hereinafter referred to as “the Company”) (State Registration Certificate No.103251-1910-AO dated 8 April 2010).

Issue of declared shares was registered on 30 April 2010. The issue has been split into 25,500 thousand common shares with National Identification Number KZ1C58080017 and 8,500 thousand preferred shares with NIN KZ1P58080113 assigned. The issue has been entered into the State Register of Emissive Securities under number A5808.

In accordance with the decision of the Kazakhstan Stock Exchange (KASE) Listing Committee dated 9 June 2010, preferred shares KZ1P58080113 of RESMI Group JSC (Almaty) were admitted to the First Category of KASE Official List. This decision of KASE Listing Committee became effective on 10 June 2010. These shares have been assigned a contracted notation (trading code) of RESCp.
As of 31 December 2011 shareholders of RESMI Group JSC were as follows:

Holder	Common shares	Interest, %	Preferred shares	Quantity	Interest, %
Future Capital Partners, Closed Mutual Hedge Fund	5 997 823	24.00	-	5 997 823	23.38
Kairat Kuanyshbayevich Mazhibayev	9 686 484	38.76	-	9 686 484	37.76
Yerkin Zhaksybayevich Koshkinbayev	1	0.000004	-	1	0.000004
Successful Investment Trust LLP	6 247 732	25.00		6 247 732	24.36
RESMI Finance & Investment House JSC	3 058 889	12.24		3 058 889	11.92
Innova Investment LLP	-	-	557 469	557 469	2.17
Smart Way LLP	-	-	105 000	105 000	0.41
Total shares placed	**24 990 929**	**100**	**662 469**	**25 653 398**	**100**
Total shares declared	**25 500 000**	**-**	**8 500 000**	**34 000 000**	**-**

Structure and operations of the Group – The Group includes the Company and the following subsidiaries:

		Ownership Interest		
	Country	**2011**	**2010**	**Activity**
RESMI Finance & Investment House, JSC	Kazakhstan	81.29%	85.37%	Broker/dealer activities on securities market, investment portfolio management.
RG Brands JSC	Kazakhstan	86.55%	86.82%	Food manufacturing, sale, export, import of consumer goods.
REPUBLIC Pension Savings Fund, JSC	Kazakhstan	-	86.69%	Attraction of pension contributions, making pension payments and management of pension assets

INNOVA INVESTMENT LLP	Kazakhstan	37.5%	24%	Investing activities, consulting services
Kazakhexpert LLP	Kazakhstan	100%	100%	Protection of life and health of individuals; protection of property of legal entities and individuals including in transit.

Parent company manages the Group operations.

On 25 August 2011 the Group sold 2,435,000 common shares of REPUBLIC Pension Savings Fund JSC to the third party.

RESMI Finance & Investment House JSC and its Subsidiaries

RESMI Finance & Investment House JSC was established in the Republic of Kazakhstan as a limited liability partnership on 30 December 1997. On 8 October 2004 the Company was transformed into RG Securities JSC due to change of its legal structure. On 13 September 2006 the Company was re-registered as RESMI Finance & Investment House JSC.

RESMI Finance & Investment House JSC has the following subsidiaries which are consolidated in these financial statements:

Company	Country of Operations	Ownership Interest 2011	2010	Activity
RESMI Direct Investments LLP	Republic of Kazakhstan	100%	100%	Investing in hotel business including acquisition and construction of new hotel complexes and any objects related, either directly or indirectly, to such complexes
Astana Capital Partners LTD	Switzerland	100%	100%	Investing activities, consulting services

On 12 July 2010 the decision was passed at the meeting of the Board of Directors of RESMI Finance & Investment House JSC to acquire 100% interest in the charter capital of RESMI Direct Investments LLP. Accordingly, on 22 July 2010 RESMI Group JSC entered into the agreement for purchase of 100% interest in the charter capital of RESMI Direct Investments LLP.

Astana Capital Partners LTD was registered in accordance with the laws of Switzerland in January 2007. Business of Astana Capital Partners LTD is determined as investing activities and consulting services. Astana Capital Partners LTD is located in Zug, Switzerland. On 21 September 2010 the Group repurchased 100% shares in Astana Capital Partners LTD, Switzerland, under the option agreement dated 26 August 2008.

As at 31 December 2011 and 2010 the following shareholders of RESMI Finance & Investment House JSC owned the Company shares:

Shareholders	31 December 2011 (%)	31 December 2010 (%)
RESMI Group JSC	81,29	80,79
Other (individuals)	18,71	19,21
	100,00	100,00

Operations of RESMI Finance & Investment House JSC are regulated by the Committee for Regulation and Supervision of Financial Markets and Financial Organizations of the National Bank of the Republic of Kazakhstan. The Company operates based on the Licence No. 0401201264 issued on 5 October 2006 for broker/dealer activities on securities market with the right to keep customer accounts as a nominal holder and Investment Portfolio Manager Licence No. 0403200520 issued on 5 October 2006.

As at 31 December 2011 RESMI Finance & Investment House JSC managed two interval mutual funds, two closed mutual hedge funds and one joint stock investment real estate fund. Information on the investment funds managed by RESMI Finance & Investment House JSC is set forth below:

Investment Fund	Type of Investment Fund	Securities Issue State Registration Certificate No.
Monetnyi Dvor	Interval Mutual Investment Fund	No. 07/01 dated 14 March 2007 (NIN KZPFN0007018)
Zarplatnyi	Interval Mutual Investment Fund	No. 07/05 dated 3 December 2007 (NIN KZPFN0007059)
Joint Investments	Closed Mutual Hedge Fund	No. 07/04 dated 11 October 2007 (NIN KZPFB0007042)
Future Capital Partners	Closed Mutual Hedge Fund	No. 07/03 dated 2 August 2006 (NIN KZPFN0007034)
Velikaya Stena	Joint Stock Investment Real Estate Fund	No. A5658 dated 29 May 2008 (NIN KZ1C56580018)

As at 31 December 2010 RESMI Finance & Investment House JSC managed two interval mutual funds, three closed mutual hedge funds, three joint stock investment hedge funds and one joint stock investment real estate fund. Information of the investment funds managed by RESMI Finance & Investment House JSC is set forth below:

Investment Fund	Type of Investment Fund	Securities Issue State Registration Certificate No.
Monetnyi Dvor	Interval Mutual Investment Fund	No. 07/01 dated 14 March 2007 (NIN KZPFN0007018)
Zarplatnyi	Interval Mutual Investment Fund	No. 07/05 dated 3 December 2007 (NIN KZPFN0007059)
Joint Investments	Closed Mutual Hedge Fund	No. 07/04 dated 11 October 2007 (NIN KZPFB0007042)
Perspectivnyi	Closed Mutual Hedge Fund	No. 42/01 dated 13 December 2007 (NIN KZPFN0042015)
Future Capital Partners	Closed Mutual Hedge Fund	No. 07/03 dated 2 August 2006 (NIN KZPFN0007034)
Velikaya Stena	Joint Stock Investment Real Estate Fund	No. A5658 dated 29 May 2008 (NIN KZ1C56580018)

RG Brands JSC and its Subsidiaries

Core business of RG Brands JSC and its subsidiaries is production and sale of juices, carbonated beverages, milk, chips, packing and sale of tea and other commercial products. RG Brands JSC mainly operates in the Republic of Kazakhstan (hereinafter "Kazakhstan"). Holding Company "RG Brands JSC" (hereinafter "RG Brands" or "the Company") was initially registered on 22 June 1998 as a limited liability partnership and transformed into an open joint stock company on 27 March 2001. The Company was re-registered as a joint stock company on 17 February 2004.

RG Brands JSC has the following subsidiaries:

	Holding		Vote	
	2011	**2010**	**2011**	**2010**
RG Brands Kazakhstan LLP	100%	100%	100%	100%
Uni Commerce Ltd.	100%	100%	100%	100%
RG Brands Kyrgyzstan LLC	100%	100%	100%	100%
RG Brands Tashkent LLC	100%	100%	100%	100%

RG Brands performs management functions in organisation of its subsidiaries' activities.

Bottling Agreements with PepsiCo and Seven-Up International

The Group produced and distributed carbonated alcohol-free beverages in accordance with the exclusive bottling agreements entered into and between RG Brands Kazakhstan and Pepsico Inc. and RG Brands Kazakhstan and Seven-Up International. Under these agreements the rights to bottle, sell and distribute PepsiCo and Seven-Up products in Kazakhstan passed to RG Brands Kazakhstan till 21 July 2010 with automatic prolongation for 5 years and subsequently for another 5-year period upon the end of each 5-year period.

On 12 January 2009 Pepsico Inc., Seven-Up and RG Brands JSC entered into the agreement providing the right to export Pepsico Inc. products to Kyrgyzstan, which was extended to 31 December 2012 included through signing of the additional agreement on 01 February 2012.

Registered share capital of RG Brands JSC as at 31 December 2011 and 2010 made KZT 1,840,296 thousand. As at 31 December 2011 and 2010 the share capital was paid in full. As at 31 December 2011 and 2010 the share capital consisted of 1,800,000 common shares with par of KZT 1,000 each; 1,642,092 common shares with par of KZT 1 each; and 10,638 common shares with par of KZT 3,634.5 each. In December 2011 RG Brands JSC bought 22,702 own common shares back from several shareholders for KZT 1,999 for a share for the total amount of KZT 45,379.

As at 31 December 2011 and 2010 the shareholders of the Company were as follows:

Shareholder	**Holding**		**Quantity of shares**		**Amount**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
RESMI Group JSC	86.55%	86.55%	2 988 455	2 988 455	1 516 932	1 516 932
Mr. A.S.Zhanalinov	4.13%	4.13%	142 709	142 709	81 372	8 1372
Mr. Y.M.Ibrayev	1.84%	1.84%	63 438	63 438	34 900	34 900
Mr. M.Y. Kiyambekov	1.70%	1.70%	58 672	58 672	29 708	29 708
Mr. T.S.Kaltayev	1.30%	1.52%	45 024	52 524	34 384	34 391
Mr. K.K.Mazhibayev	0.98%	0.98%	33 740	33 740	37 493	37 493
Mr. R.D.Bayazerov	0.84%	0.95%	28 953	32 655	27 345	27 349
Mr. A.A.Kanafin	0.70%	0.70%	24 046	24 046	26 119	26 119
Mr. A.Y.Agibayev	0.66%	0.95%	22 655	32 655	24 780	27 349
SMART WAY LTD	0.60%	0.60%	20 882	20 882	20 882	20 882
Mr. A. Mujtaba	0.03%	0.03%	1 316	1316	1 316	1 316
Mr. A.V.Khalyapin	0.01%	0.05%	138	1638	501	2485
Withdrawn capital	0.66%	-	22 702	-	4 564	-
	100.00%	100.00%	3 452 730	3 452 730	1 840 296	1 840 296

INNOVA INVESTMENT LLP and its Subsidiaries

In accordance with the Minutes of INNOVA LLP Participants' Extraordinary General Meeting dated 09 August 2010, the decision was made to change the corporate name of INNOVA LLP to INNOVA INVESTMENT LLP. INNOVA INVESTMENT Limited Liability Partnership (hereinafter "the Partnership") was re-registered with the Almaty Department of Justice of the Ministry of Justice of the Republic of Kazakhstan on 24.08.10 under No.70300-1910-TOO. Date of initial registration – 11.05.2005.

Participants

The foundation document of the Partnership is the Charter approved by the decision of the Participants' General Meeting on 09 August 2010 and registered with the Ministry of Justice on 24 August 2010.
In accordance with the Participant Register, the participants of the Partnership as at 31 December 2011 and 31 December 2010 were as follows:

	31 December 2011	31 December 2010
		(%)
RESMI Group JSC	37.5	24.0
Mr. K.K. Mazhibayev	13.5	13.5
Mr. Y.Zh. Koshkinbayev	-	13.5
Future Capital Partners Closed Mutual Hedge Fund (Managing Company – RESMI Finance & Investment House)	49.0	49.0
Total:	**100.0**	**100.0**

INNOVA INVESTMENT LLP has the following subsidiaries:

Company	**Participant (shareholder)**	**Holding 31.12.2011**	**31.12.2010**	**Activity**
Innova Capital Partners JSC	INNOVA INVESTMENT LLP	89.22%	89.22%	Investing activities
Makta-Invest LLP	Innova Capital Partners JSC	100%	100%	Investing activities, letting of property on lease
Velikaya Stena Joint Stock Investment Real Estate Fund, JSC	INNOVA INVESTMENT LLP	71.71%	52.26%	Investing activities, letting of property on lease
Astana Capital Advisors LLP	INNOVA INVESTMENT LLP	100%	100%	Investing activities and consulting services

Innova Capital Partners Joint Stock Company (hereinafter "the Company") was registered with the Almaty Department of Justice of the Ministry of Justice of the Republic of Kazakhstan on 22 June 2006 as Innova Capital Partners Joint Stock Investment Hedge Fund, JSC, Registration Number 78696-1910-AO. The Company was re-registered on 18 January 2010 due to change of the name.

Legal address: 7, Ozturk str., Almaty, Republic of Kazakhstan.
Actual location: 110E, Al-Farabi ave., Almaty, 050040, Republic of Kazakhstan

Declared authorised capital of the Company is 10,000,000 (ten million) common shares with par of KZT 100 (one hundred), NIN KZ1C55500017. The issue is entered into the State Register of Emissive Securities under number A5550. The State Registration Certificate for this issue of securities was issued by the authorised body on 21.06.2007.

As at 31.12.2011 551,479 shares were placed and 24,541 shares were repurchased by the issuer. Paid authorised capital is KZT 52,693,800 (fifty two million six hundred ninety three thousand eight hundred).

The Registrar of the Company is Register-Service JSC (licence No. 0406200402 issued on 20 June 2005 by the RK Agency on Regulation and Supervision of Financial Markets and Financial Organizations for maintenance of security holder registers) based on the Shareholder Register Maintenance Agreement No. 14/05-1.07 dated 14.05.2007

Register JSC is the Registrar of the Company since 13.10.2011 in accordance with Agreement No. 269 dated 13.10.2011.
In accordance with the extract from the security holder register, as at 31 December 2011 and 2010 shareholders of Innova Capital Partners JSC were as follows:

Security Holder	**31 December 2011** ***Quantity of shares***	***Holding (%)***	**31 December 2010** ***Quantity of shares***	***Holding (%)***
RESMI Group JSC	18 354	3.48	5 479	1.04
INNOVA INVESTMENT LLP	470 142	89.22	470 142	89.22
RG BRANDS JSC	38 442	7.30	51 317	9.74
Total	**526 938**	**100**	**526 938**	**100**

MAKTA-INVEST Limited Liability Partnership was registered with the Almaty Department of Justice of the Ministry of Justice of the Republic of Kazakhstan on 11 June 2007 under No. 86264-1910-TOO series B. This Certificate entitles the Partnership to do business in accordance with the foundation documents within the limits of the Republic of Kazakhstan laws. MAKTA-INVEST Limited Liability Partnership was initially registered with the Almaty Department of Justice on 13 June 2006 as MAKTA Joint Stock Company, Legal Entity State Registration Certificate No. 56114-1910-AO, and appears to be a full successor of the latter.

Legal address: 1/2, Kabdulov str., Auezov District, Almaty, 050062, Republic of Kazakhstan.

Core business of the Partnership is letting office and warehouse premises on lease.

The Partnership has no branches and representative offices.

In accordance with the Charter, the charter capital of the Partnership is KZT 1,203,515,199 (one billion two hundred three million five hundred fifteen thousand one hundred ninety nine) and paid in full as at 31 December 2011. In accordance with the extract from MAKTA-INVEST LLP participants register, as at 31 December 2011 and 31 December 2010 the participant of MAKTA-INVEST LLP was as follows:

Participants	**31 December 2011 (%)**	**31 December 2010 (%)**
Innova Capital Partners JSC *	100.00	100.00
	100.00	**100.00**

* On 18.01.2010 Innova Capital Partners Joint Stock Investment Hedge Fund was renamed as Innova Capital Partners JSC.

Since 23.08.2011 Register JSC is the Registrar of the Company in accordance with Agreement No. 101-TOO dated 23.08.2011.

Velikaya Stena Joint Stock Investment Real Estate Fund, JSC (hereinafter referred to as "the Company") was registered with the Almaty Department of Justice of the Ministry of Justice of the Republic of Kazakhstan on 15 April 2008 under No. 91760-1910-AO. This Certificate entitles the Company to do business in accordance with the foundation documents within the limits of the Republic of Kazakhstan laws.

Velikaya Stena Joint Stock Investment Real Estate Fund, JSC, was established through reorganisation of Food Retail Group Limited Liability Partnership, Legal Entity State Registration Certificate No.82850-1910-TOO dated 18.01.2007, and appears to be the full successor of the latter in all rights and obligations.

Legal address: 110E, Al-Farabi ave., Medeu District, Almaty, Republic of Kazakhstan.

Location of managing company and governance bodies: 110E, Al-Farabi ave., Medeu District, Almaty, Republic of Kazakhstan.

In accordance with the Company Articles of Association, the exclusive activity of the Company is accumulation and investing of cash contributed by the Company shareholders to pay for shares and assets received as a result of such investing in real estate and other property in compliance with the requirements established by the laws of the Republic of Kazakhstan and the Company Investment Thesis.

As at 31.12.2011 and 31.12.2010 the Company shareholders were as follows:

	31 December 2011		**31 December 2010**	
Security holders	**Number of securities (on the holder's account)**	**Interest, %**	**Number of securities (on the holder's account)**	**Interest, %**
Industrial Kazakhstan Pension Savings Fund, JSC	1 209	9.86	-	-
ASTANA CAPITAL ADVISORS JSC	695	5.67	695	5.67

RG BRANDS JSC	91	0.74	91	0.74
Kurylys Construction Joint Stock Investment Real Estate Fund, JSC	143	1.17	143	1.17
Resmi Group JSC	89	0.72	101	0.82
Kazakhmys Pension Savings Fund, JSC	-	-	1 209	9.86
Subsidiary of BTA BANK “BTA INSURANCE”, JSC	125	1.02	125	1.02
Subsidiary of BTA BANK “LONDON-ALMATY Insurance Company”, JSC	-	-	704	5.74
REPUBLIC Pension Savings Fund, JSC	-	-	1 198	9.77
Neftegas-Dem Pension Savings Fund, JSC	277	2.26	277	2.26
NOVYE PROYEKTY Closed Mutual Hedge Fund – Subsidiary of BTA BANK JSC “BTA Securities”, JSC	43	0.35	43	0.35
INNOVA INVESTMENT LLP	8 796	71.71	6412	52.27
RENTAL AND RETAIL SOLUTIONS LLP	-	-	78	0.63
UNI COMMERCE LTD	1	0.01	1	0.01
Ryskul Bakhtiarovna Akhanova	-	-	371	3.02
Ms. Aizhan Beksyrgayevna Danyshpanova	371	3.02		
Umyt Bayalina Igibayeva	-	-	397	3.23
Rimma Bazarbekovna Bazarbekova	386	3.15	386	3.15
Individuals	40	0.32	35	0.29
Total	**12 266**	**100**	**12 266**	**100**

The Registrar of the Company is Register-Service JSC (Almaty, licence No. 0406200402 issued on 20 June 2005 by the RK Agency on Regulation and Supervision of Financial Markets and Financial Organizations for maintenance of security holder registers) based on the Shareholder Register Maintenance Agreement No. 20/04-08.01 dated 18 April 2008.

Since 23.08.2011 Register JSC is the Registrar of the Company in accordance with Agreement No. 240 dated 23.08.2011.

As at 31.12.2011 the declared authorised capital of the Company makes up KZT 1,471,920,000 (one billion four hundred seventy one million nine hundred twenty thousand) and is formed with 12,266 common shares with par of KZT 120,000 each.

Managing company of the Company is RESMI Finance & Investment House JSC, Investment Portfolio Manager Licence No. 0403200520 issued on 05 October 2006 by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organisations, based on the Investment Portfolio Management Agreement dated 18 April 2008.

Custodian bank of the Company is Kazkommertsbank JSC (hereinafter “the Custodian Bank”), Licence for Banking Business and Other Transactions and Operations on Securities Market No. 48 issued on 27 December 2007 by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organisations, based on the Custodian Agreement No. 10-1-778 dated 27 May 2008.

Astana Capital Advisors JSC (hereinafter the Company) was acquired on 11 May 2010 from RESMI Finance & Investment House JSC under the Common Shares Purchase and Sale Agreement.

Astana Capital Advisors Joint Stock Company operates in the Republic of Kazakhstan since 31 January 2007 being a successor in all rights and obligations of Astana Capital Advisors LLP. On 08 February 2010 the sole participant (RESMI Finance & Investment House JSC) made the decision to transform Astana Capital Advisors LLP into Astana Capital Advisors JSC.

When reorganising Astana Capital Advisors Limited Liability Partnership through transformation into Astana Capital Advisors Joint Stock Company, the decision was made on issue of 15,000 common shares and acquisition of 700 (seven hundred) common shares at par of KZT 350,000 (three hundred fifty thousand) each by the sole founder of the Company.

Issue of the Company shares was registered with the Republic of Kazakhstan Agency on 8 April 2010. The issue was split into 15,000 (fifteen thousand) common shares with National Identification Number KZ1C58040011.

Authorised capital is paid for KZT 245,000,000 (two hundred forty five million).

Legal address: 110E, Al-Farabi ave., Medeu District, Almaty, Republic of Kazakhstan.

Core business of Astana Capital Advisors JSC under the Articles of Association is:
- investing activities;
- consulting services;
- other activities, which are not prohibited under the laws of the Republic of Kazakhstan.

Kazakhexpert LLP

Kazakhexpert LLP was registered on 24 January 2000; the Company is a holder of Safeguarding Licence No. ГС 007310. Core business – rendering of security services.

Kazakhexpert LLP is a 100% subsidiary of RESMI Group JSC.

2. Basis of Presentation

Basis of Preparation

Statement of Compliance

These consolidated financial statements of RESMI Group JSC and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) and interpretations as published by the International Financial Reporting Interpretations Committee.

Basis of Presentation

These consolidated financial statements are prepared on a historical (initial) cost basis, except for certain assets and liabilities measured at fair value.

Going Concern

These consolidated financial statements have been prepared based on the going concern assumption, which involves realisation of assets and settlement of liabilities in the normal course of business.

Accrual Basis of Accounting

These consolidated financial statements, prepared on an accrual basis, inform users of past transactions related to payment and receipt of cash, obligations to pay cash in the future, and cash to be received in the future.

Principal Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as at the reporting date and reported amounts of income and expenses for the reporting period. Actual results may differ from these estimates.
Estimates
Estimates which are most probable to differ from actual results relate to provisions for impairment, measurement of fair values of financial instruments and other assets, useful lives of property, plant and equipment and intangible assets.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if such revision affect that period only and in the period in which the estimates are revised and in the future period should such revisions affect both the period of revision and future periods.

The reporting period is from 01 January to 31 December.

Persons in charge for the preparation of the consolidated financial statements are as follows:

General Director – Mr. Askar Akhilbekovich Kanafin;
Financial Controller – Ms. Yelena Petrovna Litvinova.

Average number of the Group employees as at 31 December 2011 and 2010 made 1,803 and 4,476 persons accordingly, including 524 and 3,036 persons contractually employed.

The Group keeps accounts in Kazakhstan currency units (KZT) in accordance with the Republic of Kazakhstan current laws. These consolidated financial statements are presented in KZT thousands.

New and Revised Standards and Interpretations

When preparing these consolidated financial statements the Group applied accounting policies and calculation methods used in preparation of consolidated financial statements of the Group for the year ended 31 December 2010.

The following revised standards, amendments and interpretations came into effect in 2011 with no effect on the accounting policy, financial position and performance of the Group:

- IAS 24 (Revised), *Related Party Disclosures*, has changed the definition of a related party, highlights the uniform approach to related parties and clarifies the circumstances when certain persons and key management influence the relations of the entity with related parties. Besides, the revised standard introduces a partial exemption from the disclosure requirements for transactions with the government and entities controlled or significantly influences by the same government as the reporting entity. These changes were taken into account in disclosures.
- Amendment to IAS 32, *Financial Instruments: Presentation*, addresses the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. The Group has no such instruments.
- Amendment to IFRS 7, *Disclosures*, clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. The amendments were included in disclosures.
- Amendment to IAS 1, *Presentation of Financial Statements*, clarifies that potential settlement of liability through issue of equity securities is of no significance for its classification as current or non-current. The Group issued no such instruments.
- Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards, address changes in the accounting policies during the year of transition to IFRS, deemed cost, revaluation result, tariff regulation and application of the deemed cost in transition to IFRS. The amendments are not applicable to the Group financial statements.
- Amendment to IFRIC 14, IAS 19 Employee Benefits, with respect to prepayments of a minimum funding requirement is not applicable to the Group financial statements.

The Group has not applied the following new and revised standards and interpretations that are not effective for the reporting year beginning 1 January 2011:

- IFRS 9, *Financial Instruments*, introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition of the same. The standards is effective for the reporting periods beginning on or after 1 January 2012; earlier application is permitted.
- IFRS 10, *Consolidated Financial Statements*, introduces a requirement for the parent to present financial statements as a single economic entity replacing the requirement of IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation – Special Purpose Entities*. The standard introduces a new concept of control and uniform consolidation model for all entities based on control irrespective of

the nature of investments. The standards is effective for the reporting periods beginning on or after 1 January 2012

- IFRS 11, *Joint Arrangements*, replaces IAS 31, *Interests in Joint Ventures*. The standard requires that a party to a joint arrangement should determine the type of the arrangement depending on the right and obligations of the parties and account for them accordingly. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 12, *Disclosure of Interests in Other Entities*, requires presentation of detailed information enabling the users of the financial statements to assess the nature and risks related to the interests of other entities and implications of the same for their financial position, performance and cash flows. The standard is effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, *Fair Value Measurement*, replaces guidelines for fair value measurement presented elsewhere in IFRSs and establishes a single source of guidance for fair value measurement. The standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.
- Amendment to IAS 1, *Presentation of Financial Statements*, requires the entity to present items of comprehensive income that will be reclassified subsequently to profit or loss. Besides, the entities will have to prepare a single income statement and statement of other comprehensive income. The standard is effective from 1 July 2012 with earlier application permitted.
- Amendment to IAS 12, Income Taxes, provides an exception to the general principles of IAS 12 with respect to the measurement of deferred tax assets and deferred tax liabilities which relate to investment property measured at fair value and with respect to investment property acquired through business combination. Amendment to IAS 12 is effective for annual periods beginning on or after 1 January 2012.
- IAS 19 (Revised), *Employee Benefits*, changes the accounting for actuarial gains and losses, pension plan expenses, classification of payments as short-term and long-term, treatment of defined benefits plan expenses and taxes and disclosures. IAS 19 is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.
- IAS 27, *Consolidated and Separate Financial Statements*, is reissued as IAS 27, *Separate Financial Statements*, which preserves requirements to the preparation of the separate financial statements and disclosures with certain clarifications. IAS 27 is effective for annual periods beginning on or after 1 January 2013.
- IAS 28, *Investments in Associates*, is reissued as IAS 28, *Investments in Associates and Joint Ventures*, which introduces certain changes including exception of the proportional consolidation method for joint ventures. IAS 28 is effective for annual periods beginning on or after 1 January 2013.

Presently the Group management assesses the effect of the new standards.

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include financial statements of the parent and subsidiaries controlled thereby after all material intra-group transactions are eliminated.

Subsidiaries are consolidated from the date when the parent acquires control thereof through to the date when such control ceases to exist.
Financial statements of subsidiaries are prepared as at the same reporting date as the financial statements of the parent using the consistent accounting policies.

Full Consolidation

In preparation of these consolidated financial statements the financial statements of the parent and its subsidiaries are consolidated on an item-by-item basis by addition of similar items of assets, liabilities, income and expenses. Intra-group balances and transactions, including sales, expenses and dividends are eliminated in full. Income and expenses arising from intra-group transactions are eliminated in full.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as a fair value of assets provided and liabilities assumed as at the exchange date plus expenses directly attributable to acquisition.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the Group share in the net fair value of net identifiable assets acquired and liabilities and contingent liabilities assumed.
Upon initial recognition goodwill is measured at historical cost less accumulated impairment loss. Goodwill is tested for impairment on an annual basis or more frequently when events or circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates.

Cash

Cash includes cash on hand, cash on correspondent accounts with the II Tier banks and cash related to broker activities. These assets of the Group are free and clear of liens and encumbrances.

Deposits with Banks

In the ordinary course of business the Group opens current accounts and deposits cash for various time periods with II Tier banks. Fixed maturity deposits are subsequently written off at amortised cost using the effective interest rate method. Deposits with no fixed maturity are carried at cost. Deposits are carried less any provision for impairment.

Financial Assets

Initial Recognition

Financial assets and financial liabilities are recognised in the statement of financial position where the Group becomes a party to a related financial instrument.
Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, or loans and receivables, as appropriate. The Group determines the classification of its financial instruments at initial recognition based on the nature and purpose of such instruments.

Financial Assets at Fair Value Through Profits or Loss

Financial assets at fair value through profit or loss include financial assets and liabilities held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if:

- they are acquired for the purpose of selling in the near term; or
- they form part of portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking pattern; or
- they are derivative instruments not designated as effective hedging instruments.

Financial assets, other than financial assets held for trading, may be designated at fair value through profit or loss upon initial recognition, if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- financial assets form part of a group of financial assets or liabilities or both, which is managed and which performance is evaluated on a fair value basis, in accordance with the Group’s risk management and investment strategy, and information about the grouping is provided internally on that basis; or

- financial assets form part of a contract containing one or more embedded derivatives, and IAS 39 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 stated at fair value with any profit or loss charged to the income statement. Net profit or loss recognised in profit or loss includes any dividend or interest received on a financial asset.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost less provision for impairment (if any). Discount amortisation during the period to maturity is recognised as interest income using the effective interest rate method.

Financial Assets Available for Sale

Shares and redeemable bonds quoted on an organised market are classified as available for sale and recognised at fair value. Fair value gains and losses are recognised in other comprehensive income and accumulated in provision for revaluation of financial investments, except for provisions for impairment, interest income calculated using the effective interest rate method, and exchange differences recognised in profit or loss. When a financial asset is disposed of or impaired, accumulated income or expenses, previously recognised in provision for revaluation of financial investments, are charged to financial performance in the period of disposal or impairment.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted on an active market. They are not intended for immediate sale or sale in the near future and not designated as financial assets at fair value through profit or loss or available-for-sale investment securities. Loans and receivables are measured at amortised cost, using the effective interest rate method. Loans and receivables include claims to customers and other receivables recognised in the statement of financial position.

Effective Interest Rate Method

Effective interest rate method is a method of calculation of a financial asset's amortised cost and allocation of interest income over the respective period. Effective interest rate is a rate that exactly discounts the estimated future cash receipts throughout the expected life of the financial asset or a shorter period, where appropriate.

Gains are recognised based on the effective interest rate of debt instruments, other than financial assets at fair value through profit or loss.

Derecognition of Financial Assets

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

- 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 has retained the rights to receive cash flows from such asset and simultaneously assumed an obligation to pay the received cash flows in full without material delay to a third party; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated on a FIFO basis and includes acquisition cost of inventories and other overheads incurred to delivery and store inventories, as well as other costs attributable to acquisition.

Taxation

Income tax includes current income tax and deferred income tax. Income tax is recognised in profit (loss) unless it is attributable to items recognised directly in equity or other comprehensive income. In this case income tax is recognised in equity or other comprehensive income. Taxable profit differs from net profit recognised in the consolidated statement of comprehensive income since it does not include income and expenses taxable or deductible for tax purposes in other reporting periods and does not include the amounts which will never be recognised as taxable or deductible. Current income tax expenses are calculated in accordance with the Republic of Kazakhstan laws.

Current tax is expected tax payable on taxable profit for the year calculated using the tax rates enacted as at the reporting date and any adjustments of tax payable with respect to previous years.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated based on the expected way of realisation or settlement of the carrying amount of assets or liabilities using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets are reduced to the extent that realisation of tax asset is no longer probable.

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

In addition to income tax, there are a number of taxes and duties in the Republic of Kazakhstan applicable to the Group operations. These taxes are included in administrative expenses in the Group’s statement of comprehensive income for the reporting year.

Assets Held for Sale

Non-current assets are classified as held for sale (disposal groups) if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount at the date of classification and fair value less costs to sell.

Investment Property

Investment properties – real estate (land, building or a part thereof, or both) held by the Group for letting on lease or value increase rather than for use in manufacture, sale or provision of goods and services.

Investment properties are initially measured at cost (purchase price and all expenses directly attributable to acquisition). Subsequent to initial recognition, investment properties are stated at fair value.

Property, Plant and Equipment

Property, plant and equipment, other than buildings and land plots, is stated at historical cost net of accumulated depreciation and impairment loss.

Historical cost includes all expenses directly attributable to acquisition of the respective asset. If an item of property, plant and equipment comprises separate components with various useful lives, each component is recognised as a separate item (significant component) of property, plant and equipment.

Buildings, constructions and land plots are stated at revalued amount less impairment loss. Any revaluation surplus is credited to the asset revaluation provision; any revaluation deficit is recognised against the previous value of the respective asset and then expensed. Asset revaluation provision is amortised as the items of property, plant, and equipment are used. The realised amount of an asset revaluation provision is the difference between the amortisation based on the revalued present amount of the asset and amortisation calculated based on the historical cost of the asset less deferred income tax. These realised amounts are transferred from revaluation provision to retained earnings in the relevant year. When a revalued asset is disposed of, the respective portion of revaluation provision are deemed realisation of the previous estimates and transferred from revaluation provision to retained earnings. Land and buildings were revalued in the reporting period.

Amortisation is charged and recognised in the income statement on a straight-line basis throughout the useful lives of separate assets. Amortisation is charged from an asset acquisition date or, for assets constructed by the Group, from the end of construction and commencement of operation of an asset. Land is not depreciated. Assets are depreciated throughout the following useful lives:

	Useful life (years)
Buildings and constructions	*10 – 20*
Machinery and equipment	*5 – 10*
Vehicles	*7 – 10*
Office equipment	*3 – 7*
Other	*2 – 7*

The assets’ estimated useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Residual value is zero.

Construction in Progress

Construction in progress includes expenses incurred for separate assets construction whereof has not been completed or which have not been commissioned yet. Upon completion of construction and commissioning of such assets, they are reclassified to a respective category of property, plant and equipment.

Intangible Assets

Intangible assets acquired by the Group are recognised at cost less accumulated amortisation and impairment loss. Expenses incurred for acquisition of licences are capitalised. Expenses incurred for development and support of computer programs are normally recognised as costs incurred. However, expenses directly attributable to identifiable and unique software products controlled by and enabling the Group to receive economic benefits are recognised as intangible assets.

Amortisation is charged and recognised in the consolidated income statement on a straight-line basis throughout the useful life of 3 – 5 years. Amortisation is charged from the first day of the month following the date when an asset is ready for use.
Residual value is zero.

Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is any evidence that non-financial assets are impaired. Should any evidence of impairment be revealed the Group estimates an asset's recoverable amount to determine impairment loss (if any). If the recoverable amount may not be estimated for a separate asset, the Group determines the recoverable amount of a cash-generating unit whereto such asset belongs. When a reasonable and consistent allocation basis can be determined, corporate assets are also allocated to separate cash-generating units or otherwise to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be determined.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing value in use expected future cash flows are discounted to present value using the discount pre-tax rate reflecting current market assessments of time value of money and risks inherent to an asset, for which estimated future cash flows have not been adjusted.

Should the recoverable amount of an asset (or cash-generating unit) be less than its present value, an asset's (or generating unit) present value is reduced to its recoverable amount. The impairment loss is recognised immediately in profit or loss unless the respective asset is carried at revalued amount. In this case the impairment loss is recognised as reduction of the respective revaluation provision.

If the impairment loss is subsequently reversed, an asset's (or cash-generating unit) present value is increased to its reviewed recoverable amount, but in such a way that the increased present value does not exceed present value which would be determined if no impairment loss had been recognised on an asset (or cash-generating unit) in previous years. Reversal of impairment loss is immediately recognised in profit or loss unless the respective asset is carried at revalued amount. In this case reversal of impairment loss is recognised as revaluation surplus.

Financial Liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or other financial liabilities. Where an existing financial liability is replaced by another liability to the same creditor but upon materially different terms and conditions, or conditions of an existing liability are changed materially, such replacement or change is carried as write-off of the initial liability and recognition of a new one. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Loans

Interest bearing bank loans and overdrafts are stated for the amounts received less direct costs to receive such amounts. Borrowing costs are carried on an accrual basis and recognised in the consolidated financial statements if, and only if, borrowing costs do not relate to a qualifying asset. In this case the respective amount is capitalised in acquisition cost of such asset.

Bonds Payable

As at the date of issue, bonds payable are stated for the amounts received less direct costs to receive such amounts. Difference between net cash flows from issue and par value of bonds is deemed discount or premium and either deducted from or added to non-amortised cost of bonds. Issue costs are recognised as prepaid expenses and amortised over the circulation period of bonds on a straight-line basis. Discount or premium payable is amortised on a straight-line basis and recognised in interest expenses for the period.

Payables

Payables are liabilities of the Group resulting from various transactions and being a legal basis for subsequent payments for goods, works performed and services provided. Liabilities are measured as the amount of cash needed to pay debts. Payables are recognised from the date of occurrence through to the date of repayment.

Payables are written-off upon expiry of limitation period prescribed by the Civil Code of the Republic of Kazakhstan.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously. In case of a financial asset transfer which is not qualified as write-off, the Group does not recognise such transaction as write-off of an asset transferred and any liability attributable thereto.

Lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating lease.

Assets received under finance lease are recognised as the Group assets at the lower of fair value as at the acquisition date and present value of minimum lease payments. The related liability to the lessor is recognised in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance costs and the reduction of outstanding liability so as to produce a constant rate of interest on the remaining balance of the liability. Finance costs are charged to profit or loss unless they are attributable directly to qualifying assets. In the latter case they are capitalised as prescribed by the general policy of the Group for borrowing costs. Lease payments conditional upon future events are charged to expenses as arise.

Lease payments under operating lease shall be recognised in the consolidated statement of comprehensive income as an expense on a straight-line basis over the lease term.

Deferred Income

In the ordinary course of business the Group gets, free of charge or with discounts, marketing assets generating economic benefits in the course of time. Deferred income is the value of assets got free of charge or with proportional discount received and recognised as liability. Deferred amount is amortised throughout the useful life of the asset received.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount of such obligations may be reliably estimated.

Pension Liabilities

The Group has no additional post-retirement benefit schemes in addition to participation in the state pension system of the Republic of Kazakhstan. Contributions to pension funds are deducted as a percentage of total current payments to employees. On retirement all pension payments are made by pension funds chosen by employees. The Group neither has obligations to employees nor provides benefits upon retirement.

Equity

Common shares are classified in equity. Third party service fees directly attributable to issue of new shares, other than in business combination, are recognised in equity as reduction of the amount received as a result of such issue.

Carrying Amount per Common Share

The Group uses the following calculation method to determine the carrying amount per common share:

Net assets for **common** shares are calculated using the following formula:

NAV = (TA – IA) – TL – PS, where

TA – (total assets) issuer's assets recognised in the issuer's statement of financial position as at the calculation date;

IA – (intangible assets) intangible assets in the issuer's statement of financial position as at the calculation date;

TL – (total liabilities) liabilities in the issuer's statement of financial position as at the calculation date;

PS – (preferred stock) balance of Authorised Capital, Preferred Shares item in the issuer's statement of financial position as at the calculation date.

Carrying amount per **common** share is calculated using the following formula:

BVCS = NAV / NOCS, where

BVCS – (book value per common share) carrying amount of one common share as at the calculation date;

NAV – (net asset value) net assets for common shares as at the calculation date;

NOCS – (number of outstanding common shares) number of common shares as at the calculation date.

Carrying Amount per Preferred Share

The Group uses the following calculation method to determine the carrying amount per preferred share:
Preferred shares are divided into two groups:

– preferred shares of the first group – preferred shares recorded in equity in the issuer's financial statements in accordance with the issuer's accounting policy;

– preferred shares of the second group — preferred shares recorded in liabilities in the issuer's financial statements in accordance with the issuer's accounting policy;

number of preferred shares – number of shares placed (issued and outstanding) as at the calculation date. Treasury shares are no included in the calculation.

The last day of the period covered by the issuer's statement of financial position is the carrying amount calculation date.

Carrying amount per **preferred share** of the first group is calculated using the following formula:

BVPS1 = (EPC + DCPS1) / NOPS1, where

BVPS1 – (book value per preferred share of the first group) carrying amount per preferred share of the first group as at the calculation date;

NOPS1 – (number of outstanding preferred shares of the first group) number of outstanding preferred shares of the first group as at the calculation date;

EPC – (equity with prior claims) equity attributable to holders of preferred shares of the first group as at the calculation date;

DCPS1 – (debt component of preferred shares) debt component of preferred shares of the first group recorded in liabilities.

Equity attributable to holders of preferred shares of the first group is calculated using the following formula:

EPC = TDPS1 + PS, where:

TDPS1– (total dividends) accrued but unpaid dividends on preferred shares of the first group (balance of Settlements with Shareholders (Dividends)) as at the calculation date. Dividends on preferred shares of the first group unpaid, as the issuer has no up-to-date data and details of respective shareholders, are not included in the calculation.

PS – (preferred stock) balance of Authorised Capital, Preferred Shares item in the issuer's statement of financial position as at the calculation date.

Recognition of Revenue and Expenses

Sales of services are measured at the fair value of the consideration received or receivable, taking into account trade discounts and allowances received. Revenue is recognised when significant risks and rewards of ownership have passed to the buyer and to the extent that it is more likely than not that consideration will be received, costs incurred and potential product returns can be reliably estimated, as well as revenue amount.

Financial performance of the Group is measured on an accrual basis under which revenue is recognised (reflected) when earned, and expenses – when incurred.

Revenue of the Group Includes:

- proceeds from operating activities (sale of finished goods, performance of works and rendering of services);
- proceeds from non-operating activities (investment interest, dividends, finance income, proceeds from disposal of assets, etc.);
- other gains.

Expenses Include:

- cost of finished goods, works performed and services rendered;
- selling costs;
- formation of provisions;
- finance costs;
- administrative expenses;
- other expenses.

Finance Income and Expenses

Finance income includes interest income from investments. Interest income is recognised in the income statement as received and calculated using the effective interest method.
Finance costs include borrowing costs, interest expenses resulting from lease of property, and other similar expenses.

Earnings per Share

Earnings/(loss) per share amounts are calculated by dividing net profit / (loss) for the year attributable to shareholders of the parent by the weighted average number of common shares outstanding during the year.

Exchange Rate

The Group financial statements are presented in KZT thousands. Transactions in foreign currencies are initially recognised at KZT exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated in KZT at the exchange rates prevailing at the financial statements date. Exchange gains and losses are recognised in profit or loss as income less expenses from foreign currency transactions. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the original transaction date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the fair value measurement date.
Below are exchange rates as at the year-end used by the Group in preparation of these financial statements:

	31 December 2011	31 December 2010
KZT/EUR	191.72	196.88
KZT/USD	148.40	147.50
KZT/RUB	4,61	4.83
KZT/ GBP	228.80	228.29
KZT /CHF	157.65	146.61
KZT /UZS	0.08	0.09
KZT /KGS	3.21	3.14

Contingent Liabilities and Contingent Assets

Contingent liability is an existing obligation arising due to past events but not recognised as it is not probable that an outflow of resources will be required to settle the obligation; and the amount of such obligations may not be reliably estimated.
Contingent assets are not recognised in the financial statements, but should be disclosed when economic benefits are probable.

Related Party Disclosures

A party is related to the Group if such party, directly, or indirectly through one or more intermediaries, controls or controlled by the Group; has an interest in the Group that gives it significant influence over the Group's financial and operating decisions.
Related-party transactions include transfer of resources, services and liabilities among the related parties irrespective of whether the payment is made.
Related parties or related-party transactions are:

(a) companies, directly, or indirectly through one or more intermediaries, controlling, controlled thereby, or being under common control with the Group (this includes parents, subsidiaries and fellow subsidiaries);
(b) affiliated companies – companies, which activities are significantly influenced by the Group, other than subsidiaries or joint ventures;
(c) individuals being direct or indirect holders of the Group voting shares enabling them to render significant influence of the Group activities;
(d) key management, i.e. persons authorised or responsible for planning, managing and controlling the Group activities including directors and senior officials of the Group and their close family members;
(e) companies, for which significant voting power resides with, directly or indirectly, with the persons defined in (c) and (d) or persons significantly influenced by such individuals. These include companies belonging to directors and major shareholders of the Group and companies having a key manager in common with the Group.

Events after the Reporting Period

Events after the reporting period are events, both advantageous and disadvantageous, which occur during the period between the reporting date and the financial statements approval date. Events confirming conditions existing at the reporting date are reflected in the financial statements (adjusting events). Events evidencing conditions arisen after the reporting date are not reflected in the financial statements (non-adjusting events).

Segment Information

The Group is organised into business units based on the internal reports of the Group components regularly reviewed by the chief operating decision maker to allocate resources to segments and measure their performance.
The Group assesses information on the reportable segments in accordance with IFRS. Reportable operating segment is distinguished if at least one of the following quantitative criteria is met:

- its revenue from sales to external clients and transactions with other segments makes at least 10 percent of total revenue – external and internal – of all business segments; or
- absolute measure of profit or loss makes at least 10 percent of the higher of total profit of all business segments which have not shown loss, and total loss of all business segments which have shown loss; or

- its assets make at least 10 percent of the total assets of all business segments.

Should total revenue from external sales shown by operating segments make less than 75 percent of the entity revenue, additional operating segments are distinguished as reportable segments (even if they do not meet the above quantitative criteria) until at least 75% of the Group revenue is included in the segments presented in the financial statements.

4. Cash

(KZT'000)

	31 December 2011	31 December 2010
Cash on bank accounts	4 682 311	706 312
Cash on hand	15 873	5 875
Cash related to broker activities	622 933	1 291 926
	5 321 117	**2 004 113**

As at 31 December 2011 cash of the Group included KZT 622,933 thousand (2010: KZT 1,291,926 thousand) received from customers for purchase of securities only in accordance with the customers' orders. This cash may not be used by the Group for any other purposes.

As at 31 December cash and cash equivalents were denominated in the following currencies:

(KZT'000)

	31 December 2011	31 December 2010
KZT	2 243 523	1 921 101
USD	3 000 229	6 715
EUR	48	191
KGS	15 677	11 593
UZS	40 888	50 689
GBP	13 421	6 493
CHF	7 331	7 331
	5 321 117	**2 004 113**

5. Deposits with Banks

(KZT'000)

	31 December 2011	31 December 2010
Short-term deposit with BTA Bank JSC	149 830	148 694

On 20 December 2010 the Group deposited USD 1,000 thousand up to 1 April 2010 with BTA Bank JSC as collateral for the credit facility extended by BTA Bank JSC.

On 16 February 2010, due to prolongation of the loan agreement with БТА Bank JSC, the term of the deposit was also extended till June 2014. Interest of 0.5% per annum is capitalised in the principal in accordance with the collateral agreement provisions.

Besides, as at 31 December 2011 and 2010 the Group made demand deposits in accordance with the rules of security deposits to be made by employers for engaging foreign labour for the total amount of KZT 1,430 thousand and KZT 1,194 thousand at the average rate of 1.0% per annum, accordingly.

As at 31 December deposits were denominated in the following currencies:

(KZT'000)

	31 December 2011	31 December 2010
KZT	1 430	1 194
USD	148 400	147 500
	149 830	**148 694**

6. Short-term Financial Investments

Short-term financial investments are financial assets at fair value through profit or loss:

(KZT'000)

	31 December 2011	31 December 2010
Common shares		
Other	151 757	175 941
	151 757	**175 941**
Bonds		
Corporate	48	8 622
Banks	44 015	105 683
Government	137 360	754 329
	181 423	**868 634**
	333 180	**1 044 575**

Investments in equity securities are quoted at the stock exchange and enable the Group to receive dividend income and fair value gains. These securities have no fixed maturity or coupon rate. Fair value of these securities is based on quoted market prices.

Investments in debt securities enable the Group to receive interest income and fair value gains. Fair value of these securities is based on quoted market prices.

(KZT'000)

Issuer	NIN	31 December 2011	31 December 2010
Shares:			
CISCO SYSTEMS INC	US17275R1023	-	2 569
EURASIAN NATURAL RESOURSES CORPORATION PLC	GB00B29BCK10	2 304	-
PHYSICAL PLATINUM SHARES	US26922V1017	27 276	-
TARGET CORP	US87612E1064	305	-
Kazakhstan Stock Exchange JSC	KZ1C10030019	4 401	4 401
Kazakhtelecom JSC	KZ1C12280018	-	9 678
Halyk Savings Bank of Kazakhstan JSC	KZ1C33870011	865	1 519
KazMunaiGas Exploration Production JSC	KZ1C51460018	664	824
Kazkommertsbank JSC	KZ1C00400016	847	1 298
Rosa JSC	KZ1C07780014	114 940	154 773
Depository Receipt of Rosneft OJSC	US67812M2070	-	879
Ulba Metallurgical Plant OJSC	KZ1P18700214	154	-
Total shares:		**151 757**	**175 941**
Bonds:			
Corporate		***48***	***8 622***
Mangistau Electric Grid Company JSC	KZP05Y05B662	-	8 576
Mortgage Organisation "Kazakhstan Mortgage Company", JSC	KZ2C0Y10A980	48	46
Banks		***44 015***	***105 683***
Kaspi Bank JSC	KZPC2Y10B467	-	12 411
ATF Bank JSC	KZ2CKY10B406	-	4 101
ATF Bank JSC	KZPC1Y07B598	21 371	-
Bank CenterCredit JSC	KZ2CKY10B604	-	27 772
Bank CenterCredit JSC	KZPC7Y10B656	1 383	8 664
Bank CenterCredit JSC	KZPC3Y10B655	873	-
Kazkommertsbank JSC	KZ2CKY10B513	14 243	-
Halyk Savings Bank of Kazakhstan JSC	KZPC6Y10B195	3 555	43 793
Halyk Savings Bank of Kazakhstan JSC	KZPC5Y10B197	2 590	-
Nurbank JSC	KZPC2Y10B426	-	4 336
Subsidiary Bank of Sberbank of Russia JSC	KZ2CKY07B352	-	4 606
Government		***137 360***	***754 329***
Ministry of Finance of the Republic of Kazakhstan	KZK1KM090161	-	19 890
Ministry of Finance of the Republic of Kazakhstan	KZK1KY011032	-	237 134

Ministry of Finance of the Republic of Kazakhstan	KZK2KY020792	-	75 633
Ministry of Finance of the Republic of Kazakhstan	KZK2KY030726	2 800	187 087
Ministry of Finance of the Republic of Kazakhstan	KZK2KY030775	-	60 898
Ministry of Finance of the Republic of Kazakhstan	KZK2KY040402	-	54 873
Ministry of Finance of the Republic of Kazakhstan	KZK2KY050278	-	43 473
Ministry of Finance of the Republic of Kazakhstan	KZK2KY070060	-	24 768
Ministry of Finance of the Republic of Kazakhstan	KZKDKY070073	-	47 065
Ministry of Finance of the Republic of Kazakhstan	KZKDKY090014	3 778	3 508
Ministry of Finance of the Republic of Kazakhstan	KZK2KY040451	130 783	-
Total bonds:		**181 423**	**868 634**
		333 180	**1 044 575**

7. Short-term Receivables and Other Current Assets

As at 31 December 2011 and 2010 trade receivables less provision for doubtful debts were as follows:

(KZT'000)

	31 December 2011	**31 December 2010**
Trade receivables	960 404	631 817
Provisions for doubtful debts	(10 859)	(13 504)
	949 545	**618 313**

As at 31 December 2011 and 2010 advances paid less provision for doubtful debts were as follows:

(KZT'000)

	31 December 2011	**31 December 2010**
Advances paid for goods and services	499 660	340 605
Provision for doubtful debts	(97 384)	(35 864)
	402 276	**304 741**

As at 31 December 2011 and 2010 other current assets less provision for doubtful debts were as follows:

(KZT'000)

	31 December 2011	**31 December 2010**
Loans to management	317 960	317 935
Related-party receivables	3 947 176	3 912 146
Other short-term receivables	1 043 470	1 231 697
Provision for doubtful debts	(51 305)	(176 484)
Provision for related-party doubtful debts	(3 946 252)	(3 061 896)
	1 311 049	**2 223 398**

8. Inventories

Inventories less provision for hard-to-sell and obsolete inventories were as follows:

(KZT'000)

	31 December 2011	**31 December 2010**
Raw materials	978 687	795 937
Finished goods	1 720 628	1 804 340
Packing materials	744 676	678 097
Spare parts	316 254	236 520
Other	255 913	366 125
Provision for hard-to-sell and obsolete inventories	(7 833)	(7 721)
	4 008 325	**3 873 298**

As at 31 December 2011 and 2010 inventories estimated for at least USD 22,035 thousand (KZT equivalent as at 31 December 2011 and 2010: KZT 3,269,994 thousand and KZT 3,250,162 thousand, accordingly), were pledged as collateral of borrowings (see Note 20).

9. Current Tax Assets

(KZT'000)

	31 December 2011	31 December 2010
Corporate income tax	5 914	4 896
Value added tax	-	59 389
Land tax	179	103
Property tax	813	2 582
Other	73 060	73 247
	79 966	**140 217**

10. Assets Held for Sale

(KZT'000)

	31 December 2011	31 December 2010
Plant for production of Lipton Ice Tea, carbonated alcohol-free beverage	415 520	481 217
Facilities located at Raimbek Street	1 271 950	-
Garage No. 9	268	-
Land Plot (Medeu District) 20-315-028-388 No.9	1 175	-
Garage No. 1	268	-
Land Plot (Medeu District) 20-315-028-388 No.1	1 175	-
Garage No. 10	268	-
Land Plot (Medeu District) 20-315-028-388 No.10	1 175	-
Garage No. 6	268	-
Land Plot (Medeu District) 20-315-028-388 No.6	1 175	-
Garage No. 5	268	-
Land Plot (Medeu District) 20-315-028-388 No.5	1 175	-
Garage No. 13	268	-
Land Plot (Medeu District) 20-315-028-388 No.13	1 176	-
Garage No. 19	268	-
Land Plot (Medeu District) 20-315-028-388 No.19	1 176	-
Garage No. 2	268	-
Land Plot (Medeu District) 20-315-028-388 No.2	1 176	-
	1 699 017	**481 217**

Plant for production of Lipton Ice Tea, carbonated alcohol-free beverage

In May 2009 the Group commissioned Aksengir Production and Logistics Center (PLC) and transferred core operations there. In this connection, the Group made the decision to sell the plant where Lipton Ice Tea, carbonated alcohol-free beverage, had been previously produced. Total area of the plant is 2,286 sq.m. and the area of the related land plot is 1,1619 hectares. On 23 December 2011 the Group entered into the contract for sale of this property to the third party for USD 2,800 thousand (which is equivalent to KZT 415,520 thousand). Since the Group measures an asset classified as held for sale at the lower of its carrying amount and fair value less costs to sell, the Group recognised impairment loss at the contract signing date. As at the date of these financial statements issue, the Group was preparing title documents for transfer of the property to the buyer.

Facilities Located at 212B, Raimbek Ave.

In November 2011 the Group made the decision to sell the facilities located at 212B, Raimbek ave., comprising office premises, tea packing plant and finished goods warehouse. The Group made certain steps to search for potential buyers for the buildings and the land plot including the detailed plan of the personnel and equipment moving. When reclassifying these facilities to assets held for sale, the Group recognised no impairment loss as at 31 December 2011.

11. Fee and Commission Income Receivable

(KZT'000)

	31 December 2011	31 December 2010
Accrued fee and commission income from investment management	19 435	87 270
Broker/dealer services	13 321	16 930

Accrued fee and commission income from pension assets	-	27 135
Provision for doubtful claims	(25 154)	(24 551)
	7 602	**106 784**

12. Long-term Financial Investments

(KZT'000)

	31 December 2011	31 December 2010
Unit in unit investment Funds	136 287	205 019

Long-term financial investments are financial assets available for sale.
Investments in unit funds have no fixed maturity or coupon rate and represent a unit in Monetnyi Dvor and Zarplatnyi Interval Mutual Investment Fund acquired by the Group during 2005-2009. The fair value of long-term financial investments is measured by RESMI Finance & Investment House JSC.

13. Long-term Receivables

(KZT'000)

	31 December 2011	31 December 2010
APC Distribution Company, JSC	25 867	27 234
Discounting of customer receivables	(13 217)	(20 956)
Long-term employee receivables (loan)	401 961	183 733
Discounting of employee receivables	(77 738)	(68 108)
	336 873	**121 903**

14. Long-term Advances Paid

(KZT'000)

	31 December 2011	31 December 2010
Advances paid for property, plant and equipment	4 503	167 556

15. Investment Property

(KZT'000)

	31 December 2011	31 December 2010
MAB administrative building	376 494	374 017
Demir Bank administrative building	250 691	247 693
Building at 7, M.Ozturk str.	38 436	38 432
Demir Bank land plot No.20-311-018-050, area – 0.1597 hectares	264 881	264 892
MAB land plot No.20-313-028-039, area – 0.2092 hectares	223 570	223 614
Land at 7, M.Ozturk str.	157 227	157 269
Land plot No. 055, area – 0.6735 hectares, Contract No.07/110	645 468	-
Land plot No.056, area – 1.1324 hectares, Contract No.07/109	1 085 267	-
Land plot No.054, area – 1.2333 hectares, Contract No.07/111	1 181 968	-
Land plot No.057, area – 1.8239 hectares, Contract No.07/112	1 747 986	-
Land plot at 14, Marechek str., area – 0,5166 hectares	495 098	-
Land plot No. 053, area – 0.8593 hectares, Contract No.07/113	823 534	-
Land plot, area – 0,9216 hectares, Contract No. 1394 dated 17.09.08	883 241	-
Land plot No. 061, area – 7.8865 hectares, Contract No.2942	7 558 250	-
Land plot No. 062, area – 1.04089 hectares, Contract No.2943	9 975 663	-
Land plot No.13-200-010-214, Aktau	131 109	-
Land plot, area – 44 hectares, Karasai District	191 060	-
Land plot, area – 79 hectares, Karasai District	221 516	-
Land plot, area – 4,000 sq.m., Kyzyl-Orda	70 181	-
	26 321 640	**1 305 917**

As at 31 December 2011, all land plots from the property, plant and equipment of Makta-Invest LLP were reclassified to investment property as the Group will not use them for own needs. The fair value of the plots is KZT 25,010,341 thousand as measured by SOGLASIE LTD as at 30 December 2011.
In 2011 the Group completed a heavy repair of buildings for the total amount of KZT 5,420 thousand. This amount was charged to increase in value of investment property.

As at 30 December 2011, the fair value of investment properties of Velikaya Stena Joint Stock Investment Real Estate Fund, JSC, as per the Report of SOGLASIE LTD No. 623 dated 30.12.2011, was determined as follows with due account for facts and technical condition:

(KZT'000)

	Administrative building (MAB)	Administrative building (Demir Bank)	Administrative building at 7, M.Ozturk str.
Value of building	376 494	250 691	38 436
Value of land	223 570	264 881	157 227
	600 064	**515 572**	**195 663**

The difference of KZT 38 thousand resulting from change in fair value of investment property was charged to other expenses from revaluation of investment property.

In 2010 the Group completed a heavy repair of buildings for the total amount of KZT 9,286 thousand. This amount was charged to increase in value of investment property.

As at 31 December 2010 the fair value of investment properties of Velikaya Stena Joint Stock Investment Real Estate Fund, JSC, as per the Report of SOGLASIE LTD No. 011 dated 09.03.2011, was determined as follows with due account for facts and technical condition:

(KZT'000)

	Administrative building (MAB)	Administrative building (Demir Bank)	Administrative building at 7, M.Ozturk str.
Value of building	374 017	247 693	38 432
Value of land	223 614	264 892	157 269
	597 631	**512 585**	**195 701**

The difference of KZT 11,007 thousand resulting from change in fair value of investment property was charged to other expenses from revaluation of investment property.
These buildings recognised in investment property are let on lease.

16. Property, Plant and Equipment

(KZT'000)

	Land	**Buildings and constructions**	**Machinery and equipment**	**Vehicles**	**Other**	**Construction in progress**	**Total**
Historical cost							
Balance at 01.01.2011	**25 951 576**	**8 740 591**	**15 590 828**	**267 938**	**710 004**	**914 038**	**52 174 975**
Additions	2 215	53 706	480 198	56 661	86 184	227 800	906 764
Internal displacement	-	4 814	390 530	-	-	(395 344)	-
Disposals	(170 706)	(4 814)	(17 087)	(57 653)	(129 379)	-	(379 639)
Reclassification to non-current assets classified as held for sale	(23 930)	(1 871 259)	-	-	-	(5 844)	(1 901 033)
Reclassification to investment property	(25 010 341)	-	-	-	-	-	(25 010 341)
Change at revaluation	358 125	(96 963)	-	-	-	-	261 162
Balance at 31.12.2011	**1 106 939**	**6 826 075**	**16 444 469**	**266 946**	**666 809**	**740 650**	**26 051 888**
Balance at 01.01.2010	**26 092 874**	**8 657 911**	**14 238 406**	**276 438**	**763 837**	**565 140**	**50 594 606**
Additions	202 490	82 803	740 402	25 833	54 039	399 721	1 505 288
Other reclassifications	3	(53)	(31 040)	-	(5 163)	-	(36 253)
Reclassification from assets held for sale	-	-	676 418	-	-	-	676 418
Internal displacement	-	-	47 624	-	-	(47 624)	-
Change at revaluation	(116 548)	(70)	-	-	-	-	(116 618)
Disposals	(227 243)	-	(80 982)	(34 333)	(102 709)	(3 199)	(448 466)
Balance at 31 December 2010	**25 951 576**	**8 740 591**	**15 590 828**	**267 938**	**710 004**	**914 038**	**52 174 975**
Accumulated depreciation							

Balance at 01.01.2011	**-**	**1 350 380**	**5 830 371**	**103 799**	**435 636**	**-**	**7 720 186**
Accrued for the year	-	498 545	654 861	34 063	88 315	-	1 275 784
Disposals	-	-	(4 093)	(22 938)	(79 841)	-	(106 872)
Reclassification to non-current assets classified as held for sale	-	(618 426)	-	-	-	-	(618 426)
Change at revaluation	-	(106 928)	-	-	-	-	(106 928)
Balance at 31.12.2011	**-**	**1 123 571**	**6 481 139**	**114 924**	**444 110**	**-**	**8 163 744**
Balance at 01.01.2010	**-**	**837 085**	**4 935 917**	**68 846**	**359 072**	**-**	**6 200 920**
Accrued for the year	-	512 901	616 876	47 874	97 998	-	1 275 649
Reclassifications	-	394	(31 044)	-	(5 648)	-	(36 298)
Reclassification from assets held for sale	-	-	327 446	-	-	-	327 446
Disposals	-	-	(18 824)	(12 921)	(15 786)		(47 531)
Balance at 31.12.2010	**-**	**1 350 380**	**5 830 371**	**103 799**	**435 636**	**-**	**7 720 186**
Carrying amount							
Balance at 31.12.2011	**1 106 939**	**5 702 504**	**9 963 330**	**152 022**	**222 699**	**740 650**	**17 888 144**
Balance at 31.12.2010	**25 951 576**	**7 390 211**	**9 760 457**	**164 139**	**274 368**	**914 038**	**44 454 789**

The Group has property, plant and equipment received under finance lease as at 31 December 2011 and 2010 with net residual value of KZT 2,077,954 thousand and KZT 2,099,547 thousand, accordingly. Lessors' ownership rights for the leased items serve as collateral for the Group liabilities under finance lease (see Note 23).

As at 31 December 2011 and 2010 property, plant and equipment with the carrying amount of KZT 9,410,449 thousand and KZT 9,121,330 thousand, accordingly, were pledged as collateral of borrowings (see Note 20). The Group has no right to use this property, plant and equipment as a pledge for other borrowings or sell them.

17. Intangible Assets

(KZT'000)

	Software	Other	Total
Historical cost			
At 01 January 2011	**96 468**	**21 564**	**118 032**
Additions	9 506	2 470	11 976
Disposals	(38 030)	(41)	(38 071)
At 31 December 2011	**67 944**	**23 993**	**91 937**
At 1 January 2010	**92 606**	**17 268**	**109 874**
Additions	7 675	4 448	12 123
Disposals	(3 813)	(152)	(3 965)
At 31 December 2010	**96 468**	**21 564**	**118 032**
Accumulated amortisation			
At 1 January 2011	**51 764**	**6 670**	**58 434**
Accrued for the year	10 257	1 445	11 702
Disposals	(13 427)	-	(13 427)
At 31 December 2011	**48 594**	**8 115**	**56 709**
At 1 January 2010	**47 339**	**1 863**	**49 202**
Accrued for the year	4 425	4 933	9 358
Disposals	-	(126)	(126)
At 31 December 2010	**51 764**	**6 670**	**58 434**
Carrying amount at 31.12.2010	**44 704**	**14 894**	**59 598**
Carrying amount at 31.12.2011	**19 350**	**15 878**	**35 228**

18. Deferred Tax Assets

Deferred income tax reflects net tax effect of temporary differences between the carrying amount of assets and liabilities and the amount determined for tax purposes. As at 31 December 2011 and 31 December 2010 carrying amount to tax base ratio of temporary differences was as follows:

RG Brands JSC and its Subsidiaries

(KZT'000)

Tax effect of taxable temporary differences	31 December 2011	31 December 2010
Property, plant and equipment, depreciation accrued	(1 028 325)	(698 443)
Estimated liabilities	29 217	25 254
Deferred income	-	5 859
Taxes payable	1 978	1 918
Tax loss carried forward	939 622	1 197 865
Provision for impairment	28 997	28 287
Provision for hard-to-sell and obsolete inventories	1 567	1 544
Deferred tax asset	**(26 944)**	**562 284**

For the years ended 31 December 2010 and 2011 change in deferred tax of RG Brands JSC and its subsidiaries was as follows:

(KZT'000)

	31 December 2011	31 December 2010
Deferred tax asset in the beginning of the period	**562 284**	**62 667**
Deferred tax benefits recognised in profit or loss	(589 228)	529 584
Deferred tax expenses recognised in other comprehensive income	-	(29 967)
Deferred tax asset in the end of the period	**(26 944)**	**562 284**

INNOVA INVESTMENT LLP and its Subsidiaries

For the years ended 31 December 2010 and 2011 change in deferred tax of Astana Capital Advisors JSC was as follows:

(KZT'000)

	31 December 2011	31 December 2010
Deferred tax asset in the beginning of the period	**46**	**635**
Change in deferred income tax	909	(589)
Deferred tax asset in the end of the period	**955**	**46**

RESMI Group JSC and its Subsidiaries

For the years ended 31 December 2010 and 2011 change in deferred tax of Resmi Group JSC and its subsidiaries was as follows:

(KZT'000)

	31 December 2011	31 December 2010
Deferred tax asset in the beginning of the period	**1 331 437**	**832 409**
Change in deferred income tax recognised in other comprehensive income	2 638	-
Change in deferred income tax	(750 561)	499 028
Deferred tax asset in the end of the period	**583 514**	**1 331 437**

19. Goodwill

Goodwill of KZT 68,026 thousand resulted from acquisition by RG Brands JSC of 100% interest in Kosmis LLP on 01.07.2004.
On 28 December 2007 Innova Capital Partners JSC acquired 98.782% interest in Makta-Invest LLP for KZT 1,203,515 thousand.
In April 2008 Innova Capital Partners JSC acquired 1.218% interest in Makta-Invest LLP (which made KZT 14,658 thousand) for KZT 353,040 thousand, which was the reason why goodwill of KZT 338,382 thousand has appeared.
The Group tests goodwill for impairment annually or more frequently if there are evidences of possible impairment. According to the Group management, as at 31 December 2011 there were no evidences of goodwill impairment.

20. Borrowings

As at 31 December 2011 and 2010 borrowings were as follows:

	(KZT'000)	
	31 December 2011	**31 December 2010**
Long-term bank loans	7 371 202	10 314 972
Long-term bank loans – current portion	2 767 956	2 844 854
Short-term bank loans	2 856 300	503 852
	12 995 458	**13 663 678**

As at 31 December 2011 and 2010 borrowings were denominated in the following currencies:

	(KZT'000)	
	31 December 2011	**31 December 2010**
KZT	5 914 584	5 363 649
EUR	478 038	707 573
USD	6 602 836	7 592 456
	12 995 458	**13 663 678**

As at 31 December the above borrowings were due as follows:

	(KZT'000)	
	31 December 2011	**31 December 2010**
On demand or within a year	5 624 256	3 348 706
Within 2 – 5 years	5 756 554	9 242 096
More than 5 years	1 614 648	1 072 876
	12 995 458	**13 663 678**

Long-term loans –
(a) on 30 June 2005 the Group signed two loan agreements with Dresdner Bank Aktiengesellschaft for EUR 1,533 thousand and EUR 628 thousand, accordingly, for acquisition of equipment. Loans shall be repaid by 10 equal semi-annual payments starting from the equipment commissioning date but no later than 15 September 2006. Loan interest was determined as EURIBOR+1.5%. Interest was paid twice a year. The loans were repaid in full in 2011.

(b) on 27 February 2008 the Group entered into the 5-year bank loan agreement with the Development Bank of Kazakhstan (hereinafter "DBK") for the amount of USD 10,000 thousand for construction of Greenfield Plant buildings and infrastructure in Almaty Oblast (hereinafter "Greenfield Plant"). In March 2010 the Group entered into the additional agreement with DBK, under which loan term was extended up to 7 years, till 5 March 2015, and principal repayment grace period – till March 2011. In 2010 loan interest was reduced from 12% to 8% per annum. As it is stated below in Note 48, in February 2012 the bank loan agreement was amended and the loan currency changed from USD to KZT at the exchange rate of the National Bank of the Republic of Kazakhstan as at the date of the decision – KZT 147.95 for USD 1. Principal and interest is repaid twice a year.
The loan is secured with the land plots and equipment of the Group with the carrying amount of KZT 451,213 thousand and KZT 348,625 thousand as at 31 December 2011 and 2010, accordingly, as well as inventories with estimated value of USD 9,035 thousand (KZT equivalent as at 31 December 2011 and 2010: KZT 1,340,794 thousand and KZT 1,332,662 thousand, accordingly).

(c) on 20 March 2008 the Group signed two 7-year loan agreements with CATERPILLAR FINANCIAL SERVICES CORPORATION (hereinafter "CATERPILLAR") for the amount of EUR 1,867 thousand and EUR 247 thousand, accordingly, for acquisition of equipment. Loans shall be repaid by quarterly payments starting from July 2009. Loan interest is determined as EURIBOR+3% and paid monthly.
Loans are secured with the equipment acquired for the carrying amount of KZT 433,711 thousand and KZT 448,359 thousand as at 31 December 2011 and 2010, accordingly (see Note 16).

On 25 April 2008 the Group signed the 7-year loan agreement with CATERPILLAR for the amount of EUR 2,363 thousand for acquisition of equipment. Loan shall be repaid by quarterly payments starting from August 2010. Loan interest is determined as EURIBOR+3% and paid monthly.

Loan is secured with the equipment acquired for the carrying amount of KZT 504,045 thousand and KZT 514,006 thousand as at 31 December 2011 and 2010, accordingly (see Note 16).

(d) on 12 May 2008 the Group signed the credit facility agreement with the European Bank of Reconstruction and Development (hereinafter "EBRD") for the amount of USD 50,000 thousand for (1) construction, equipping, commissioning of and supply of working capital for Greenfield Plant and (2) refinancing of existing loans of the Group to the extent of USD 15,000 thousand. This loan shall be repaid by 11 equal semi-annual payments upon expiry of two years after receipt of borrowed funds. Loan interest is determined as LIBOR+3.5% and paid twice a year.

The loan is secured with the property, plant and equipment of the Group with the carrying amount of KZT 7,491,871 thousand and KZT 7,607,566 thousand as at 31 December 2011 and 2010, accordingly (see Note 16), as well as inventories with estimated value of at least USD 13,000 thousand (KZT equivalent as at 31 December 2011 and 2010: KZT 1,929,200 thousand and KZT 1,917,500 thousand, accordingly) and property, plant and equipment of related parties with the carrying amount of KZT 2,631,083 thousand and KZT 2,652,352 thousand as at 31 December 2011 and 2010, accordingly.

(e) on 30 June 2010 the Group restructured the existing debts to BTA Bank JSC. Letters of credit classified as short-term debts were reclassified to long-term debts of the Group. Agreement currency was changed from USD to KZT and maturity period was extended to June 2014. Interest rate was established as 16% per annum. In January 2011 interest rate was changed to 12% per annum. Besides, within the Government Program "2020 Business Road Map" the Group received 5% interest rate funding. So, the Group pays effective interest rate of 7%. On 29 December 2011 the Group received additional borrowings of KZT 1,000,000 thousand on the same conditions. Debts are repaid by monthly payments of principal and interest in accordance with the individual schedule.

As at 31 December 2011 and 2010 the loan was secured with the property, plant and equipment of the Group with the carrying amount of KZT 529,609 thousand and KZT 202,774 thousand, accordingly (see Note 16), inventories with the estimated value of at least KZT 350,369 thousand and guaranteed cash deposit of USD 1,000 thousand (KZT equivalent as at 31 December 2011 and 2010: KZT 148,400 thousand and KZT 147,500 thousand) (see Note 5).

(f) on 28 December 2011 the Group signed the master agreement with Al Hilal Bank JSC for KZT 1,500,000 thousand to refinance the existing loans of the Group and/or redeem own bonds. Loans received under this master agreement shall be repaid by 20 quarterly payments from the date when the borrowings are extended. Interest rate is 7.5% and paid quarterly. As it is stated below in Note 48, within the master agreement on 02 February 2012 and 27 March 2012 the Group signed 2 loan agreements for KZT 749,053 thousand and KZT 728,329 thousand accordingly.

On 7 December 2010 the Group signed the loan agreement with Sberbank of Russia for the amount of KZT 1,650,000 thousand. The agreement expires on 1 December 2017. Interest rate is 13.5% per annum.

Short-term bank loans – As at 31 December 2011 and 2010 short-term bank loans are funds received by the Group within the credit facilities extended by HSBC JSC, CitiBank Kazakhstan JSC, Alliance Bank JSC, and pledge free credit facility extended by Kazinvestbank JSC. The main objective of these loans was financing of working capital. These loans shall be repaid within a year from receipt of each tranche.

As at 31 December 2011 and 2010 the average interest rate on short-term bank loans made 10.88% and 12.17% per annum, accordingly. Interest is paid once a month.

As at 31 December 2011 and 2010 interest accrued but unpaid included in borrowings made KZT 85,121 thousand and KZT 97,462 thousand, accordingly.

21. Taxes Payable

(KZT'000)

	31 December 2011	**31 December 2010**
Corporate income tax payable	-	35 923

Value added tax	510 052	314 827
Social tax	12 833	10 550
Personal income tax	24 242	32 193
Other taxes	27 751	15 575
	574 878	**409 068**

22. Short-term Payables

(KZT'000)

	31 December 2011	31 December 2010
Raw materials and supplies	2 544 074	2 264 716
Goods	48 490	62 154
Packing materials	1 187 143	1 083 825
Services	607 465	780 742
Property, plant and equipment	149 073	47 483
Pending transactions in securities	222 830	-
Current portion of long-term payables for equipment	435 519	582 766
	5 194 594	**4 821 686**

23. Finance Lease

Finance lease payable resulted from consolidation of RG Brands JSC. Average lease term is five years. For the years ended 31 December 2011 and 2010 average effective loan interest rates made 4.50% and 4.54%. Interest rates are fixed at the contract date. All leases provide for fixed repayment and no contracts with conditional payments were concluded. All lease payable is denominated in EUR.

According to the management estimates, fair value of equipment received under finance lease does not materially differ from the carrying amount thereof.

Finance lease payable by the Group is secured by the lessors' ownership right for the leased items.

As at 31 December finance lease payable was as follows:

(KZT'000)

	Minimum lease payments		Present value of minimum lease payments	
	2011	**2010**	**2011**	**2010**
Finance lease payable				
Within a year	430 0	671 5	414 8	630 8
In 2 – 5 years	666 4	1 028 2	632 8	976 8
After more than 5 years	8 8		8 1	
	1 105 4	1 699 8	1 055 8	1 607 6
Less future finance costs	(49 5	(92 1		
Present value of lease payable	1 055 8	1 607 6	1 055 8	1 607 6
Less debts payable within 12 months (showed in current lease payable)			(414 8	(630 8
Amount payable upon expiry of 12 months (showed in non-current lease payable)			641 0	976 8

Below are terms and conditions of major lease contracts:

Tetra Laval Credit AB (hereinafter "Tetra Laval")

On 20 August 2004 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 1,946 thousand. Under the contract, finance lease term is five years from commissioning of the equipment, 1 November 2005. Interest rate established by the contract is 3-month LIBOR plus 4.25% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 292 thousand, whereas EUR 1,557 thousand shall be paid by quarterly payments throughout the lease term and final payment of EUR 97 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice. The debts were paid in 2011.

On 12 September 2005 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 2,559 thousand. Under the contract, finance lease term is five years from commissioning of the equipment, 1 January 2007. Interest rate established by the contract is 3-month LIBOR plus 3.00% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 384 thousand and EUR 2,047 thousand shall be paid by quarterly payments throughout the lease term and final payment of EUR 128 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice. The debts were paid in 2011 in full.

In December 2005 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 710 thousand. Under the contract, finance lease term is five years from commissioning of the equipment, 5 May 2007. Interest rate established by the contract is 6-month LIBOR plus 5.643% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 142 thousand and EUR 533 thousand shall be paid by semi-annual payments throughout the lease term and final payment of EUR 35 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice.

On 9 November 2006 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 1,631 thousand. Under the contract, finance lease term is seven years from commissioning of the equipment, 1 December 2007. Interest rate established by the contract is 3-month LIBOR plus 3.00% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 163 thousand and EUR 1,386 thousand shall be paid by quarterly payments throughout the lease term and final payment of EUR 82 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice.

On 6 June 2007 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 2,099 thousand. Under the contract, finance lease term is six years from commissioning of the equipment, 30 November 2008. Interest rate established by the contract is 3-month LIBOR plus 2.25% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 210 thousand and EUR 1,889 thousand shall be paid by quarterly payments throughout the lease term and final payment of EUR 105 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice.

On 17 July 2007 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 6,169 thousand. Under the contract, finance lease term is six years from arrival of the equipment to the customs post in Kazakhstan, 31 December 2009. Interest rate established by the contract is 3-month LIBOR plus 2.25% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 617 thousand and EUR 5,244 thousand shall be paid by quarterly payments throughout the lease term and final payment of EUR 308 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice.

Krones AG

On 6 September 2005 the Group entered into a finance lease for the amount of EUR 3,600 thousand with respect to the delivery of PET equipment for bottling of juice-containing beverages for the period of 5 years. Interest rate established by the contract was 4.8% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 540 thousand and EUR 3,060 thousand shall be paid by semi-annual payments throughout the lease term. Debts under this agreement were paid in 2011 except for the residual value of EUR 292 thousand, which will be paid in 2012.

Tetra Laval and Krones AG allow the lessee to acquire the respective assets in the end of the lease term through transfer-of-ownership agreement for the assets leased. The Group should notify the lessor of its intention to acquire the assets leased in writing at least ninety days prior to expiry of lease term or any other term agreed by the parties. Should the parties fail to agree acquisition conditions by expiry of the lease contract, the acquisition right shall automatically expire.

Kazagrofinance JSC

On 14 June 2011 the Group entered into a 7-year finance lease for the amount of KZT 38,035 thousand for supply of 4 motor vehicles. Under the contract, interest rate is 9% per annum. Under the lease terms and conditions, the initial payment made KZT 9,889 thousand and KZT 28,146 thousand shall be paid by semi-annual payments throughout the lease term.

24. Other Current Liabilities

(KZT'000)

	31 December 2011	**31 December 2010**
Employee leaves and bonuses accrued	146 087	139 667
Advances received	51 482	85 053
Personnel costs accrued	104 771	101 499
Other payables	108 455	67 490
	410 795	**393 709**

25. Long-term Payables

(KZT'000)

	31 December 2011	**31 December 2010**
Long-term payables for equipment	994 286	1 458 332

Long-term payables for equipment are presented by debts for assets acquired with deferred payment for the average period of 5 – 7 years. The Group revalued these debts at receipt to fair value equal to future payments discounted at 7.69% rate, which is in line with market interest rates of similar financial liabilities. As at 31 December 2011 and 2010 long-term payables for equipment made KZT 994,286 thousand and KZT 1,458,332 thousand, accordingly.

Payables for equipment were due as follows:

	31 December 2011	**31 December 2010**
On demand or within a year	435 519	582 766
1 – 2 years	447 124	442 420
3 – 5 years	510 932	950 589
more than 5 years	36 230	65 323
	1 429 805	**2 041 098**
Less: Amount payable within 12 months (showed as current liabilities)	(435 519)	(582 766)
Long-term payables for equipment	**994 286**	**1 458 332**

26. Bonds Payable

On 04 February 2009 Resmi Group JSC amended the Prospectus for the first bond issue upon the following conditions:

Par value of issue	KZT 12,000,000,000
NSIN	KZ2P0Y07C187
Par value per bond	KZT 10
Type of bond	Coupon
Issue currency	KZT
Total number of bonds	1,200,000,000
Maturity period from IPO (21.12.06)	Within 7 years
Established interest rate	12%
Assets pledged	None
IPO date	21 December 2006
Payment of interest	Twice a year: 21 June and 21 December

On 19.10.2007 RG Brands JSC registered the following coupon bonds:

Par value of issue	KZT 1,500,000,000
NSIN	KZPC1Y05B988
Par value per bond	KZT 1
Type of bond	Coupon
Total number of bonds	1,500,000,000
Maturity	Within 5 years
Established interest rate	8%
Assets pledged	None
IPO date	28 November 2007
Payment of interest	Twice a year: 19 April and 19 October

On 19.10.2007 RG Brands JSC registered the following coupon bonds:

Par value of issue	KZT 2,000,000,000
NSIN	KZPC1Y05B982
Par value per bond	KZT 1
Type of bond	Coupon
Total number of bonds	2,000,000,000
Maturity	Within 7 years
Established interest rate	8%
Assets pledged	None
IPO date	14 November 2007
Payment of interest	Twice a year: 19 April and 19 October

Final Bond Issue Information:

(KZT'000)

Registration date	Registration No.	Par value of issue	Placed value at par	Placed number of bonds (thousand pcs.)	% rate	Maturity date	Carrying amount net of discount/premium and coupon
RG Brands JSC Bond Issue							
19.10.2007	KZPC1Y05B988	1 500 000	1 500 000	1 500 000	8%	19.10.2012	945 508
19.10.2007	KZPC1Y05B982	2 000 000	2 000 000	2 000 000	8%	19.10.2014	1 515 500
Resmi Group JSC Bond Issue							
04.02.2009	KZ2P0Y03C187	12 000 000	9 925 109	992 510 859	12%	21.12.2013	7 028 376
Total		**15 500 000**	**13 425 109**	**996 010 959**			**9 489 384**

Less/including:

Discount on issue bonds, net	(330 053)
Cumulative coupon on issue bonds	15 573
TOTAL carrying amount	**9 174 904**

As at 31 December 2011, 229,839,649 bonds, of those placed and outstanding, were placed for the amount of KZT 3,938,078 thousand within the Group (2010: 243,318,229 bonds for the amount of KZT 4,748,502 thousand), accordingly these amounts were eliminated at consolidation.
As at 31 December 2011 and 2010 bonds were denominated in KZT.

27. Other Financial Liabilities

In accordance with the decision of the Shareholders' General Meeting held on 05 March 2010, RG Brands JSC issued 1,200,000 preferred shares with the guaranteed dividend of KZT 240 per preferred share a year, 789,500 of which were placed during 2010 for KZT 1,200 each.

As at 31 December 2011, 557,469 preferred shares of Resmi Group JSC were placed with the affiliated company – Innova Investment LLP.

As at 31 December 2011 and 2010 guaranteed accrued dividends made KZT 205,200 thousand and KZT 370,879 thousand.

28. Share Capital

Under the purchase and sale agreement dated 05.10.2011, RESMI Finance & Investment House JSC bought 3,058,889 common shares of RESMI Group JSC for KZT 106,2651 each.

29. Carrying Amount per Share

On 8 November 2010 the Kazakhstan Stock Exchange introduced new rules for listed companies requiring presentation of carrying amount per share in the financial statements of listed companies.

(KZT'000)

Value of common share	31 December 2011	31 December 2010
Assets of the Group	60 242 545	59 041 060
Intangible assets	(35 228)	(59 598)
Goodwill	(406 408)	(406 408)
Liabilities of the Group	(32 588 902)	(32 686 842)
Net assets	**27 212 007**	**25 888 212**
Number of share as at the reporting date (pcs)	**24 990 929**	**24 990 929**
Carrying amount per common share (KZT)	**1 088,90**	**1 035,90**

As at 31 December 2011 and 2010 there were no dilutive financial instruments or other financial instruments capable of making the Group to issue common shares.

Carrying Amount per Preferred Share:

In accordance with the decision of the Shareholders' General Meeting held on 30 April 2010, RESMI Group JSC issued 8,500,000 preferred shares with cumulative guaranteed dividend of KZT 120 per share a year. RESMI Group JSC classified these preferred shares in equity.

As at 31 December 2011, 557,469 preferred shares were placed with subsidiaries of RESMI Group JSC. Under the purchase and sale agreements, 105,000 preferred shares were not paid as at 31 December 2011.
Calculation of the carrying amount per preferred share of RESMI Group JSC is not presented as there is no balance of Share Capital, Preferred Shares item in the statement of financial position.

30. Revenue

(KZT'000)

	2011	2010
Proceeds from sale of juices, juice-containing drinks	8 604 743	8 016 519
Proceeds from sale of carbonated alcohol-free beverages	8 346 618	5 944 956
Proceeds from sale of packaged tea	9 265 346	8 450 071
Proceeds from sale of goods for resale	13 239	2 349
Proceeds from sale of packaged milk	4 382 767	3 238 383
Proceeds from sale of chips	337 645	242 115
Proceeds of services rendered	390 326	341 375
	31 340 684	**26 235 768**

31. Fee and Commission Income and Expenses

(KZT'000)

	2011	2010
Fee and commission income from pension asset investment management and asset trust management	3 429	15 903
Broker services	7 157	-
Securities underwriting services	1 646	-
Other financial services	4 791	5 071
Total fee and commission income	**17 023**	**20 974**
Fee and commission expenses for agents	-	(271)
Broker services	(675)	(320)
Total fee and commission expenses	**(675)**	**(591)**
	16 348	**20 383**

32. Proceeds from Trading in Financial Assets

(KZT'000)

	2011	2010
Proceeds from trading in financial assets	49 987	3 581 992
Realised gains from change in value of financial assets	-	516 772
Expenses for trading in financial assets	(405 315)	(2 973 285)
Realised expenses from change in value of financial assets	-	(130 978)
	(355 328)	**994 501**

33. Gains (Losses) from Change in Value of Financial Assets at Fair Value through Profit or Loss

(KZT'000)

	2011	2010
Gains from change in value of financial assets at fair value through profit or loss	54 352	-
Losses from change in value of financial assets at fair value through profit or loss	(92 339)	(171 968)
	(37 987)	**(171 968)**

34. Interest Income and Dividend Income

(KZT'000)

	2011	2010
Deposits with banks	14	471
Dividends	12 824	24 275
Interest income from financial assets at fair value through profit or loss	71 872	133 859
Interest on investments available for sale	-	6
	84 710	**158 611**

35. Other Gains

(KZT'000)

	2011	2010
Proceeds from write-off of payables	-	389 510
Proceeds from materials and services sold (net)	3 153	9 452
Proceeds from debt discounting (net)	39 578	27 961

Other gains	79 543	(179 039)
	122 274	**247 884**

36. Cost of Goods Sold and Services Provided

(KZT'000)

	2011	**2010**
Materials	17 730 115	15 201 887
Cost of goods acquired for resale	10 990	2 154
Amortization	721 792	717 136
Salaries and related taxes	577 045	392 096
Utilities	465 166	268 259
Repair	229 363	75 543
Other expenses	77 327	155 856
	19 811 798	**16 812 931**

37. Interest Expenses

(KZT'000)

	2011	**2010**
Bank loan interest	1 048 637	1 413 845
Bond interest accrued	1 174 101	1 141 551
Interest on finance lease payable	177 386	214 759
Dividends on preferred shares	192 601	370 879
	2 592 725	**3 141 034**

38. Administrative Expenses

(KZT'000)

	2011	**2010**
Write-off of defected goods	198 827	129 564
Consulting services	131 234	26 372
Provision for doubtful debts accrued/(reversed)	4 525	61 228
Amortization	116 773	140 776
Bank services	247 062	97 311
Fines and penalties	113 856	74 336
Taxes, other than income tax	234 292	157 624
Transportation charges	124 304	97 954
Repair	45 791	22 367
Security services	64 795	68 805
Provision for hard-to-sell and obsolete inventory accrued/(reversed)	112	(34 014)
Training	29 527	8 704
Communication services	20 682	28 125
Insurance	25 561	25 188
Utilities	97 486	40 479
Information services	7 555	(6 829)
Professional and custody services	15 401	(2 507)
KASE (Kazakhstan Stock Exchange) fees	6 951	17 196
Post services	624	585
Assignment of ratings, KKB membership fee	9 527	14 256
Operating lease expenses	45 882	8 495
Legal services	55 204	37 270
Travel expenses	63 741	52 639
General and administrative expenses	23 008	27 183
Maintenance of complexes	-	12 629
Other expenses	115 500	189 892
	1 798 220	**1 295 628**

39. Selling Costs

(KZT'000)

	2011	2010
Advertising campaigns and marketing research	989 505	643 099
Transportation charges	1 545 647	1 271 283
Salaries and related payments	488 789	410 366
Advertising expenses and advertising materials	832 285	692 997
Expenses for sales reps	509 528	385 380
Lease of vehicles, warehouses and office premises	252 589	206 771
Write-off of materials	21 455	62 991
Taxes, other than income tax	12 680	24 769
Travelling expenses	21 481	21 340
Reimbursement of selling costs	(199 097)	(247 378)
Amortization of deferred income	(29 296)	(38 165)
Depreciation of advertising equipment	451 148	443 380
Other selling costs	386 331	448 356
	5 283 045	**4 325 189**

40. Other Expenses

(KZT'000)

	2011	2010
Expenses for provisions and estimated liabilities	1 952 499	-
Other expenses	447 827	-
	2 400 326	

41. Discontinued Operations

On 25 August 2011 the Group entered into the Common Share Purchase and Sale Agreement with the third party for 2,435,000 shares of REPUBLIC Pension Saving Fund JSC for the total amount of KZT 5,423,198 thousand.

(KZT'000)

Income Statement
REPUBLIC Pension Savings Fund, Joint Stock Company
for the period ended 25 August 2011

Fee and commission income	**582 860**
including:	
from pension assets	230 441
from investment income (loss) on pension assets	352 419
Interest (coupon and/or discount) income from securities acquired	38 011
Income (loss) from trading in securities	9 851
Income (loss) from revaluation of securities carried at fair value through profit or loss	(14 590)
Other gains	118
Total income	**616 250**
Fee and commission expense	**25 675**
including:	
fees to custodian banks	25 675
interest (premium) expenses on securities acquired	4 148
General administrative expenses	**673 349**
including:	
labour costs and travelling expenses	465 504
amortisation and depreciation charges	10 694
current lease payable	46 611

taxes and other obligatory payments to the budget (other than corporate income tax)	48 452
other administrative expenses	102 088
Expenses from sale of non-financial assets and transfer of assets	42
Total expenses	**703 214**
Profit (loss) before reserves (provisions)	(86 964)
Net profit (loss) for the period	(86 964)

(KZT'000)

Statement of Financial Position
REPUBLIC Pension Savings Fund, JSC

	At 25.08.2011	At 31.12.2010
Assets		
Cash and cash equivalents	102 645	7 613
Securities at fair value through profit or loss	804 224	847 721
Receivables (less provisions for impairment)	20 157	5 806
Fee and commission income	25 258	95 020
Inventories	3 665	711
Intangible assets (less amortisation and impairment loss)	23 999	19 478
Property, plant and equipment (less depreciation and impairment loss)	42 329	35 981
Requirements to budget for taxes and other obligatory payments to the budget	167	182
Total assets	**1 022 444**	**1 012 512**
Liabilities		
Payables	4 254	16 259
Personnel costs accrued	40 589	18 116
Taxes and other obligatory payments to the budget	85	16 422
Negative fees and commissions payable	12 753	-
Other liabilities	57	45
Total liabilities	**57 738**	**50 842**
NET ASSETS	**964 706**	**961 670**

Non-cash benefits	423 203
Cash benefits	4 999 995
Total benefits	**5 423 198**
Net assets	**(964 706)**
Profit /(loss) from disposal	4 458 492
Profit /(loss) from discontinued operations for the period ended 25 August 2011	(86 964)
Profit /(loss) from discontinued operations	**4 371 528**

Cash benefits received	4 999 995
Less: cash and cash equivalents disposed of	(102 645)
Net inflow of cash at disposal	**4 897 350**

42. Income Tax Benefits (Expenses)

The Group makes tax computations based on the data of tax accounts kept in accordance with the tax laws of the Republic of Kazakhstan which may differ from International Financial Reporting Standards (IFRS). Corporate income tax rate for legal entities of the Republic of Kazakhstan in 2010 and 2011 made 20% in Kazakhstan.
Since certain expenses are not accounted for taxation purposes and the Group has non-taxable profit, the Group companies have certain tax differences.

(KZT'000)

	2011	2010
Profit (loss) before tax	**1 326 355**	**1 204 743**
Tax at established rate	(5 341)	(306 027)
Withholding tax (15%)	-	(77)
Tax effect of temporary differences	(789 804)	862 703
Effect of tax rate change	-	(70 710)
Income tax benefits/(expenses)	**(795 145)**	**485 889**

43. Non-controlling Interests

(KZT'000)

2011	Non-controlling interests	Income from subsidiaries	Non-controlling interest (%)
Velikaya Stena JSC	-	184 434	-
other shareholders	41 719	-	22.62
RG Brands JSC	-	1 120 483	-
other shareholders	150 705	-	13.45
Resmi Finance & Investment House JSC	-	176 371	-
other shareholders	32 982	-	18.7
	225 406		

44. Earnings per Share

Earnings / (loss) per share are calculated by dividing the net profit / (loss) for the year designated for distribution to holders of the parents' common shares by the weighted average number of common shares outstanding during the year.

(KZT'000)

	2011	2010
Net profit (loss)	**1 100 949**	**1 251 808**
Weighted average number of common shares	24 990 929	18 743 197
Earnings per share (KZT)	**44,05**	**66,79**

Adjustment due to Error

After the issue of the consolidated financial statements for the year ended 31 December 2010 the management of the Group found an error. In this connection the respective adjustment was made in the consolidated financial statements for the year ended 31 December 2010.
The results of the adjustment made to the consolidated financial statements for the year ended 31 December 2010 are as follows:

	Restated	Shown earlier	Restatement
Statement of comprehensive income for the year ended 31 December 2010:			
Earnings per share (KZT)	66,79	90,20	(23,41)

45. Contingent Liabilities

Litigations

As at the date of approval of these financial statements the Group has no current legal proceedings or pending claims which can have material effect on the Group performance or financial position, liabilities whereon would have been accrued or disclosed in these financial statements.

Economic Environment

The Group does business in the Republic of Kazakhstan in the conditions of inflation and general financial instability. The Group activities are subject to economic, political and social risks inherent in doing business in Kazakhstan. Accordingly, there are significant uncertainties capable of influencing future activities, recoverability of assets and ability of the Group to pay its debts.

Operating Environment

Notwithstanding the fact that economic situation as a whole in the Republic of Kazakhstan has improved in the recent years, its economy still shows certain features characteristic of developing countries including currency control and currency conversion restrictions, rather high rate of inflation and continuing structural reforms by the government.

Legal and regulatory base for doing business in the Republic of Kazakhstan undergoes frequent changes. Tax, currency and customs laws allow various interpretations, as well as other legal and fiscal restrictions, companies operating in the Republic of Kazakhstan face with. Future development of the Republic of Kazakhstan in many respects depends on efficiency of steps taken within the government economic, tax and monetary policies, changes in legal and regulatory base and political situation in the country.

Major economic activities of the Group are carried out in the Republic of Kazakhstan. Laws and regulations affecting the economic situation in the Republic of Kazakhstan undergo frequent changes, so assets and transactions of the Group may be exposed to risk in case of deterioration of political and economic situation.

Taxation and Legal Environment

The Government of the Republic of Kazakhstan still reforms business and commercial infrastructure in the course of transition to market economy. As a result, laws and regulations governing the company activities undergo frequent changes. These changes are characterised by unsatisfactory description of various interpretations and arbitrary application by authorities.

In particular, taxes are checked by several authorities having legal right to impose penalties and fines. Lack of references to regulations established in Kazakhstan entails lack of clarity and integrity in these regulations. Frequent conflicts of legal interpretations both within the state authorities and between businesses and state authorities result in uncertainties and discrepancies. These facts create tax risks in Kazakhstan being materially higher than those in the countries with developed tax systems.

Tax authorities have the right to inspect accounting records within five years after a period end, during which the taxable base is determined and the amount of taxes paid is assessed. Hence, the Group may be imposed with additional taxes resulting from tax inspections. The Group believes that it has adequately provided all tax liabilities based on its understanding of tax laws.

Loan Agreement Provisions

Some loan agreements of the Group contain articles requiring the Group to meet certain key performance indicators. In view of negative influence of 2008-2009 global financial crisis and persisting high economic uncertainty in 2011, the Group carries out continuous negotiations for revision of loan agreement provision with the borrowers. The Group management believes that the Group met all revised provisions of the loan agreements with the borrowers as at 31 December 2011 and 2010.

46. Post-Retirement Benefits

In accordance with the Republic of Kazakhstan Law “On Post-retirement Benefits in the Republic of Kazakhstan” enacted on 1 January 1998 and replaced the previous pay-as-you-go pension scheme to pension savings system, all employees have the right to receive guaranteed pension payments if they have working experience as at 1 January 1998 pro rata historical data. Besides, they have the right to receive pension payments from pension savings funds – from individual pension savings accounts secured by obligatory 10% pension contributions deducted from wages.

Subject to the requirements of the Republic of Kazakhstan laws, the Group makes 10% payments from employee wages. However, in accordance with the Republic of Kazakhstan laws, this amount per employee should not exceed KZT 130,793 a month since 1 January 2011; previously – in 2010 – monthly deduction per employee made KZT 112,140. Contributions to pension funds are deducted from employee wages and charged to salaries payable in the consolidated statement of comprehensive income.

As at 31 December 2011 and 2010 the Group was not liable to its current or former employees for additional pension contributions for post-retirement health services, insurance indemnities or other post-retirement benefits.

47. Related Parties

Persons ultimately controlling the Group are Mr. K.K. Mazhibayev and Mr. Ye.Zh. Koshkinbayev.
Related parties of the Group are those controlled by or related to RESMI Group JSC. Transactions between the Company and its subsidiaries were eliminated at consolidation and not disclosed in this note. Information of the transactions between the Group and its related parties is set forth below.

(a) Related Party Receivables (less provision for doubtful debts)

(KZT'000)

	31 December 2011	**31 December 2010**
Tree A LLP	-	329 022
Uni Commerce LLP	-	123 153
Textile Group LLP	-	132
Marnetic LLP	3	1 132
ACP LLP	882	261 618
7'YA Supermarket Chain	-	58 758
Perspectivnyi Closed Mutual Hedge Fund	-	72 575
Telman Offset & Print LLP	7	9
Successful Investment Trust LLP	32	-
Food Retail Invest LLP	-	3 851
	924	**850 250**

(b) Related Party Payables

(KZT'000)

	31 December 2011	**31 December 2010**
Nea Management LLP	-	24 938
Uni Commerce LLP	144	-
Textile Group LLP	10 093	-
Food Retail Invest LLP	40 340	-
	50 577	**24 938**

(c) Related Party Transactions

(KZT'000)

	2011 transaction amount	**2011 settlement balance**	**2010 transaction amount**	**2010 settlement balance**
Income and expenses	**-**	**-**	**116**	**107**
Parent company	-	-	107	107
Group companies	-		9	-
Other gains (expenses)	**3 333**	**3 333**	**(80 840)**	**4 925**
Parent company	(10)	-	-	-
Group companies	3 343	-	(85 765)	-
Transactions in securities	-	-	4 925	4 925
Proceeds from disposal of investments available for sale	**2 651**	**-**	**-**	**-**
Parent company	2 651	-	-	-
Group companies	-	-		
Services received	**-**	**-**	**(7 159)**	**-**
Parent company	-	-	(973)	-
Group companies	-	-	(6 186)	-
	5 984	**3 333**	**(87 883)**	**5 032**

Management Benefits

Key management benefits are established by the shareholders' meeting and senior management of the Group in accordance with the human resources management policy, staff list, personal employment contracts and decisions of the shareholders to accrue bonuses, etc.

All benefits paid to the key management of the Group during the years ended 31 December 2011 and 2010 were short-term payments amounting to KZT 359,159 thousand and KZT 401,476 thousand accordingly.

48. Events after the Reporting Period

The Group had the following events after the reporting period which do not require adjustments to the consolidated financial statements:

- In accordance with the Purchase and Sale Contract dated 06 January 2012, Velikaya Stena JSC sold Business Centre at 61A, Kurmangazy str., to the third party.
- On 13 January 2012 RG Brands JSC redeemed own bonds for the amount KZT 216,741 thousand
- During January – February 2012 RG Brands JSC additionally bought 144,025 own common shares back at the price of KZT 1,999 each for the total amount of KZT 287,893 thousand.
- On 27 January 2012 105,090,000 coupon unsecured bonds of Innova Investment LLP were placed.
- On 2 February 2012 and 27 March 2012 RG Brands JSC, under the Master Agreement with Al Hilal Islamic Bank JSC, entered into two loan agreements for the amount of KZT 749,053 thousand and KZT 728,329 thousand, accordingly. Designated purpose – refinancing of short-term loans: the first loan for refinancing of KZT 421,841 thousand in Kazinvestbank JSC and KZT 327,212 thousand – in Alliance Bank JSC; the second loan for refinancing of KZT 728,329 thousand in Alliance Bank JSC.
- On 2 March the Group borrowed KZT 740,000 thousand from Kazinvestbank JSC for the period of 3 years (till 2 March 2015) with the grace period for repayment of principal till March 2013. Interest is 8.5% per annum.
- In accordance with the Purchase and Sale Contract and dated 06.03.2012, RESMI Group JSC sold 603,757 shares of RG Brands JSC to INNOVA INVESTMENT LLP towards buy-back of own preferred shares.
- In accordance with the Contract of Exchange dated 06.03.2012, RESMI Group JSC exchanged 805,641 shares of RG Brands JSC for own bonds with RESMI Direct Investments LLP. RESMI Finance & Investment House JSC withdrawn from the shareholders of RESMI Group JSC.
- In February 2012 the Group signed the additional agreement to the bank loan contract with the Development Bank of Kazakhstan for the amount of KZT 1,148,830 thousand; loan currency was changed from USD to KZT at the rate of the National Bank of the Republic of Kazakhstan as at the date of decision – KZT 147.95 for USD 1.
- On 11 April 2012 the Group signed the additional agreement with Alliance Bank JSC for decrease of the interest rate from 12.5% to 7.7%-8.5% depending on the term of the tranche received.
- Principal debt of the loan from Sberbank of Russia JSC was repaid ahead of schedule as follows:

  - on 30 January 2012 – KZT 177,885,000
  - on 07 March 2012 – KZT 699,000,000
- In accordance with the Order dated 25.12.2011, on 24 January 2012 RESMI group JSC paid dividends on preferred shares for the period from placement to 31.12.2011 through transfer to the settlement accounts.

49. Business and Geographic Segments

The Group mainly operates in a sole geographic segment, i.e. Republic of Kazakhstan. Business segments of the Group are as follows:

1. Production, distribution and sale of products under the house brands of the Group and franchised brands:
   a. juices (Gracio, Da-Da, Nectar Solnechnyi), juice-containing drink (DaDa-Day), carbonated juice containing drink (Aport), and Asu bottled water;
   b. milk under the house brand of the Group (Moye);

c. Piala Tea and Grizzly Chips;
d. franchised products including carbonated alcohol-free beverages (Pepsi, Pepsi Light, Mirinda, Seven-Up, Lipton Ice Tea, and AquaFina);

2. Financial services – broker/dealer transactions, investing transactions, consulting in corporate finance, organisation of issue and placement of securities, obtaining of pension contributions and management of pension assets;
3. Management of real estate projects, consulting services on the real estate market, general business and agency activities;
4. Investment management.

(KZT'000)

2011	RG Brands JSC (production and trade in consumer goods)	Resmi F&I House (financial activities)	REPUBLIC PSF, JSC	Innova Investment LLP (investment property)	Resmi Group JSC (Managing company)	Eliminated amounts	Consolidated figures
Revenue from sale to external customers	30 950 358	16 348	-	390 326	-	-	31 357 032
Interest income	-	292 950	-	140 719	1 861	(350 820)	84 710
Proceeds from disposal of subsidiary	-	-	-	-	4 458 492	-	4 458 492
Revenue from inter-segment sales	-	33 572	-	1 471	160 710	(195 753)	-
Total segment revenue	**30 950 358**	**342 870**	**-**	**532 516**	**4 621 063**	**(546 573)**	**35 900 234**
Interest expense	(1 365 397)	-	-	(210 381)	(1 304 906)	287 959	(2 592 725)
Profit/(loss) before income tax	1 715 051	176 371	-	54 994	413 901	(151 853)	2 208 464
Corporate income benefits (expenses)	(594 568)	-	-	36 834	(237 411)	-	(795 145)
Profit (loss) from discontinued operations	-	-	(86 964)	-	-	-	(86 964)
Profit/(loss) for 2011	**1 120 483**	**176 371**	**(86 964)**	**91 828**	**176 490**	(151 853)	**1 326 355**
Segment assets	34 220 206	4 764 436	-	29 075 525	15 164 186	(22 981 808)	60 242 545
Total assets	**34 220 206**	**4 764 436**	**-**	**29 075 525**	**15 164 186**	**(22 981 808)**	**60 242 545**
Segment liabilities	25 282 008	1 393 121	-	2 492 170	13 724 709	(10 292 446)	32 599 562
Total liabilities	**25 282 008**	**1 393 121**	**-**	**2 492 170**	**13 724 709**	**(10 292 446)**	**32 599 562**

(KZT'000)

2010	RG Brands JSC (production and trade in consumer goods)	Resmi F&I House (financial activities)	REPUBLIC PSF, JSC	Innova Investment LLP (investment property)	Resmi Group JSC (Managing company)	Eliminated amounts	Consolidated figures
Revenue from sale to external customers	25 893 616	20 383	-	342 259	(107)	-	26 256 151
Interest income	-	130 157	-	27 705	112 196	(111 447)	158 611
Revenue from inter-segment sales	777	89 185	-	25 401	132 122	(247 485)	-
Total segment revenue	**25 894 393**	**239 725**	**-**	**395 365**	**244 211**	**(358 932)**	**26 414 762**
Interest expense	(1 784 359)	-	-	(14 231)	(1 437 267)	94 823	(3 141 034)
Profit/(loss) before income tax	1 530 137	553 561	-	147 644	(617 913)	(297 145)	1 316 284
Corporate income benefits (expenses)	486 555	-	-	(589)	(77)	-	485 889
Profit (loss) from discontinued operations	-	-	(111 550)	-	-	-	(111 550)
Profit/(loss) for the	**2 016 692**	**553 561**	**(111 550)**	**147 055**	**(617 990)**	**(297 145)**	**1 690 623**

year							
Segment assets	31 388 347	4 691 591	-	28 652 463	13 681 050	(20 384 903)	58 028 548
Total assets	**31 388 347**	**4 691 591**	**-**	**28 652 463**	**13 681 050**	**(20 384 903)**	**58 028 548**
Segment liabilities	23 586 646	1 531 736	-	2 177 624	12 494 305	(7 154 311)	32 636 000
Total liabilities	**23 586 646**	**1 531 736**	**-**	**2 177 624**	**12 494 305**	**(7 154 311)**	**32 636 000**

50. Risk Management Policy

Financial and economic activities of the Group are exposed to economic and social risks inherent in doing business in Kazakhstan: these risks result from such objective factors as political decisions of the Government, economic conditions, changes in tax laws and other regulations of the Republic of Kazakhstan, but the Group management controls and monitors all risk fluctuations to mitigate their influence on the Group financial performance.

Major risks inherent in the Group's activities are liquidity risks, credit risks, interest rate risks and exchange rate risks arising with the Group for the reporting period. Below is the description of the Group risk management policies.

Categories of Financial Instruments

Financial assets are classified with due account for credit ratings assigned by international rating agencies. The highest possible rating is AAA. Investment level of financial instruments varies from AAA to BBB. Financial assets with the rating below BBB are speculative grade assets.

Classification of financial assets by credit ratings as at 31 December 2011 were as follows:

(KZT'000)

Item	BBB- and higher	from BB+ to B-	No rating	Total
Cash	4 698 184	-	-	4 698 184
Cash related to broker activities	622 933	-	-	622 933
Deposits with banks	149 830	-	-	149 830
Cash taken in investment management	268 041	-	-	268 041
Short-term financial investments	159 701	26 709	146 770	333 180
Trade receivables	-	-	949 545	949 545
Fee and commission income receivable	-	-	7 602	7 602
Other financial assets	-	-	1 311 049	1 311 049
Long-term financial investments	-	-	136 287	136 287
Long-term receivables	-	-	336 873	336 873
	5 898 689	**26 709**	**2 888 126**	**8 813 524**

Classification of financial assets by credit ratings as at 31 December 2010 were as follows:

(KZT'000)

Item	BBB- and higher	from BB+ to B-	No rating	Total
Cash	712 187	-	-	712 187
Cash related to broker activities	1 291 926	-	-	1 291 926
Deposits with banks	148 694	-	-	148 694
Cash taken in investment management	43 083	-	-	43 083
Short-term financial investments	766 484	118 917	159 174	1 044 575
Trade receivables	-	-	1 116 638	1 116 638
Fee and commission income receivable	-	-	106 784	106 784
Other financial assets	-	-	1 725 073	1 725 073
Long-term financial investments	-	-	205 019	205 019

Long-term receivables	-	-	121 903	121 903
	2 962 374	**118 917**	**3 434 591**	**6 515 882**

Credit Risk

Credit risk is a risk related particularly to failure of security issuers and counterparties to perform their obligations. Below is the analysis of financial assets and liabilities grouped by the level of credit risk and collateral remaining from the reporting date to contractual payment date.

Credit risk exposure of the Group assets as at 31 December 2011:

(KZT'000)

Item	Maximum credit risk exposure	Offset amount	Net credit risk after offset	Collateral	Net credit risk after offset and collateral
Cash	4 698 184	-	4 698 184	-	4 698 184
Cash related to broker activities	622 933	-	622 933	-	622 933
Deposits with banks	149 830	-	149 830	-	149 830
Cash taken into investment management	268 041	-	268 041	-	268 041
Short-term financial investments	333 180	-	333 180	-	333 180
Trade receivables	949 545	-	949 545	-	949 545
Fee and commission income receivable	7 602	-	7 602	-	7 602
Other financial assets	1 311 049	-	1 311 049	-	1 311 049
Long-term financial investments	136 287	-	136 287	-	136 287
Long-term receivables	336 873		336 873		336 873
Total credit risk exposure	**8 813 524**	-	**8 813 524**	-	**8 813 524**

Credit risk exposure of the Group assets as at 31 December 2010:

(KZT'000)

Item	Maximum credit risk exposure	Offset amount	Net credit risk after offset	Collateral	Net credit risk after offset and collateral
Cash	712 187	-	712 187	-	712 187
Cash related to broker activities	1 291 926	-	1 291 926	-	1 291 926
Deposits with banks	148 694	-	148 694	-	148 694
Cash taken into investment management	43 083	-	43 083	-	43 083
Short-term financial investments	1 044 575	-	1 044 575	-	1 044 575
Short-term receivables	1 116 638	-	1 116 638	-	1 116 638
Fee and commission income receivable	106 784	-	106 784	-	106 784
Other financial assets	1 725 073	-	1 725 073	-	1 725 073
Long-term financial investments	205 019	-	205 019	-	205 019
Long-term receivables	121 903		121 903		121 903
Total credit risk exposure	**6 515 882**	-	**6 515 882**	-	**6 515 882**

Credit risk related to customer solvency **–** the Group is exposed to credit risk, i.e. risk of default by either party on its obligations to pay debts, both accounts receivable and financial instruments, and resulting financial loss of the other party.

Direct credit risk is a risk of loss due to default of a counterparty with respect to the items recognised in the statement of financial position. Decisions to invest in fixed-income instruments and short-term debt securities are based on strict solvency criteria. Treasury Department continuously monitors outstanding investments. The Group counterparties are not expected to default in view of their credit history.

The Group acquires annual insurance policies, both for special and general risks. Insurance covers the above risks to cut the likelihood of unforeseen sudden losses.

Liquidity Risk

Liquidity risk is a risk that the Group will fail to perform its payment obligations as they fall due under the normal or unforeseen circumstances. The management controls assets with due account for liquidity and daily monitors future cash flows and liquidity. This process includes assessment of expected cash flows and availability of high-quality collateral which can be used for additional financing, if needed.

The Group manages its liquidity risk using the Group liquidity risk management policy which defines a liquidity risk for the Group; establishes a minimum proportion of funds for satisfaction of urgent payment claims; establishes plans for contingency financing; determines sources of funding and events, which will bring the plan into play; establishes concentration of funding sources; reviews liquidity risk management policy for relevance and compliance with changes in circumstances.

Below is the analysis of financial assets and liabilities grouped based on the period from the reporting date to maturity.
The Group holds a portfolio of various, sought-after assets which can be readily sold for cash in case of unexpected break up of cash flows.

(KZT'000)

31 December 2011.

	On demand	**Within 1 month**	**1 – 3 months**	**3 months – 1 year**	**1 – 3 years**	**More than 3 years**	**Total**
FINANCIAL ASSETS:							
Cash	4 698 184	-	-	-	-	-	4 698 184
Cash related to broker activities	622 933	-	-	-	-	-	622 933
Deposits with banks	-	-	-	-	1 430	148 400	149 830
Cash taken into investment management	-	268 041	-	-	-	-	268 041
Short-term financial investments				333 180			333 180
Trade receivables	-	-	949 545	-	-	-	949 545
Fee and commission income receivable	-	7 602	-	-	-	-	7 602
Other financial assets	-	-	-	1 311 049	-	-	1 311 049
Long-term financial investments	-	-	-	-	-	136 287	136 287
Long-term receivables	-	-	-	-	-	336 873	336 873
	5 321 117	**275 643**	**949 545**	**1 644 229**	**1 430**	**621 560**	**8 813 524**
FINANCIAL LIABILITIES:							
Long-term and short-term payables	**-**	-	-	5 194 594	-	994 286	6 188 880
Loans	-	-	-	5 624 256	5 756 554	1 614 648	12 995 458
Finance lease payable	-	-	-	414 859	632 854	8 150	1 055 863
Bonds payable	-	-	-	946 156	8 228 748	-	9 174 904
Accounts payable to customers	-	775 640	-	-	-	-	775 640
Other financial liabilities	-	-	-	205 200	-	900 000	1 105 200
Financial assets taken into trust or investment management	-	268 041	-	-	-	-	268 041
	-	**1 043 681**	**-**	**12 385 065**	**14 618 156**	**3 517 084**	**31 563 986**
Net position	**5 321 117**	**(768 038)**	**949 545**	**(10 740 836)**	**(14 616 726)**	**(2 895 524)**	**(22 750 462)**

(KZT'000)

31 December 2010	On demand	Within 1 month	1 – 3 months	3 months – 1 year	1 – 3 years	More than 3 years	Total
FINANCIAL ASSETS:							
Cash	712 187	-	-	-	-	-	712 187
Cash related to broker activities	1 291 926	-	-	-	-	-	1 291 926
Deposits with banks	-	-	-	1 194	-	147 500	148 694
Cash taken into investment management	-	43 083	-	-	-	-	43 083
Short-term financial investments	221 052	238 597	1 354	524 345	-	59 227	1 044 575
Trade receivables	-	-	33 188	1 083 450	-	-	1 116 638
Fee and commission income receivable	-	106 784	-	-	-	-	106 784
Other financial assets	-	-	-	1 725 073	-	-	1 725 073
Long-term financial investments	-	-	-	-	-	205 019	205 019
Long-term receivables	-	-	-	-	-	121 903	121 903
	2 225 165	**388 464**	**34 542**	**3 334 062**	**-**	**533 649**	**6 515 882**
FINANCIAL LIABILITIES:							
Long-term and short-term payables	-	-	-	4 821 656	-	1 458 362	6 280 018
Loans	-	-	-	3 348 706	1 642 466	8 672 506	13 663 678
Finance lease payable	-	-	-	630 847	-	976 803	1 607 650
Bonds payable	-	-	-	572 804	5 035 871	1 888 618	7 497 293
Accounts payable to customers	-	1 437 235	-	-	-	-	1 437 235
Other financial liabilities	-	4 078	122	366 679	-	947 400	1 318 279
Financial assets taken into trust or investment management	-	43 083	7 533	-	-	-	50 616
	-	**1 484 396**	**7 655**	**9 740 692**	**6 678 337**	**13 943 689**	**31 854 769**
Net position	**2 225 165**	**(1 095 932)**	**26 887**	**(6 406 630)**	**(6 678 337)**	**(13 410 040)**	**(25 338 887)**

Market Risk

Market risk is a risk of fluctuations in value of a financial instrument as a result of change in market prices. The Group manages market risk through periodic assessment of potential losses due to negative changes of market conditions.
The market risk is a risk that fair value of the future cash flows of financial instruments will fluctuate due to changes in market conditions such as interest rates, exchange rates and prices of equity instruments.

Foreign Currency Risk

Short-term and long-term debts of the Group denominated in USD and EUR are carried in KZT. Weakening of KZT exchange rate versus foreign currencies may result in growth of the Group expenses due to growth of exchange rate. The Group limits its foreign currency risk through monitoring of changes in exchange rates of foreign currencies the Group’s cash, receivables and payables are denominated in.

Assets and liabilities denominated in a foreign currency and expected cash flows from purchases and sales are most probably exposed to foreign currency risk.
Changes in economic conditions may result in change of currency basket during the reporting year.

However, in a long-term perspective the Group limits its currency risk through balancing of funding sources among KZT, USD and EUR. Besides, the structure of liabilities is formed in such a manner that foreign currency liabilities are long-term liabilities maturing within 5 – 7 year, which enables the Group to adjust any sharp movements in exchange rates through commercial policies.

As for the structure of suppliers, the Group operates in various parts of the world and consequently is exposed to foreign currency risk resulting from mix of various currencies. Assets and liabilities expressed in a foreign currency and expected cash flows from purchases and sales are most probably to expose the Group to foreign currency risk. To mitigate these risks mainly affecting current liabilities denominated in a foreign currency the Group uses the following hedging instruments: short-term non-deliverable forwards for USD and EUR (as at 31 December 2011 there were no open positions under such contracts), special provisions in contracts with suppliers concerning sharp turnaround exceeding 10%, and commercial policies. As for the commercial policies, it should be noted that adjustment of prices in response to fluctuations of currency rates is not a proportional growth in line with devaluation rate. It is due to the fact that import content of finished goods makes 30% - 50%, the remaining portion is local raw materials and expenses denominated in local currency. This enables the Group to adjust negative effect of exchange difference smoothly without any damage to sales.

Changes in economic conditions may result in change of currency basket during the reporting year.

As at 31 December 2011 the Group had assets in the form of advances paid in a foreign currency.

(KZT'000)

	31 December 2011								
	KZT	**USD**	**EURO**	**GBP**	**CHF**	**KGS**	**UZS**	**RR**	**Total**
FINANCIAL ASSETS:	**5 634 516**	**3 085 857**	**48**	**19 900**	**7 331**	**20 595**	**40 927**	**4 350**	**8 813 524**
Cash	1 662 852	2 971 388	48	-	7 331	15 677	40 888	-	4 698 184
Cash related to broker activities	580 671	28 840	-	13 422	-	-	-	-	622 933
Deposits with banks	148 400	1 430	-	-	-	-	-	-	149 830
Cash taken into investment management	243 584	20 283	-	4 174	-	-	-	-	268 041
Short-term financial investments	303 295	27 581	-	2 304	-	-	-	-	333 180
Trade receivables	903 903	36 335	-	-	-	4 918	39	4 350	949 545
Fee and commission income receivable	7 602	-	-	-	-	-	-	-	7 602
Other financial assets	1 311 049	-	-	-	-	-	-	-	1 311 049
Long-term financial investments	136 287	-	-	-	-	-	-	-	136 287
Long-term receivables	336 873	-	-	-	-	-	-	-	336 873
FINANCIAL LIABILITIES	**19 621 810**	**8 516 249**	**3 386 461**	**17 596**	**-**	**3 482**	**5 803**	**12 585**	**31 563 986**
Long-term and short-term payables	2 450 160	1 864 290	1 852 560	-	-	3 482	5 803	12 585	6 188 880
Financial liabilities	5 914 584	6 602 836	478 038	-	-	-	-	-	12 995 458
Finance lease payable	-	-	1 055 863	-	-	-	-	-	1 055 863
Bonds payable	9 174 904	-	-	-	-	-	-	-	9 174 904
Accounts payable to customers	733 378	28 840	-	13 422	-	-	-	-	775 640
Other financial liabilities	1 105 200	-	-	-	-	-	-	-	1 105 200
Financial assets taken in trust or investment management	243 584	20 283	-	4 174	-	-	-	-	268 041
Net balance sheet position	**(13 987 294)**	**(5 430 392)**	**(3 386 413)**	**2 304**	**7 331**	**17 113**	**35 124**	**(8 235)**	**(22 750 462)**

As at 31 December 2010 the Group had assets in the form of advances paid in a foreign currency.

	31 December 2010								
	KZT	**USD**	**EURO**	**GBP**	**CHF**	**KGS**	**UZS**	**RR**	**Total**
FINANCIAL ASSETS	**6 076 555**	**266 575**	**90 670**	**6 493**	**7 331**	**17 450**	**50 689**	**119**	**6 515 882**
Cash	642 315	68	191	-	7 331	11 593	50 689	-	712 187
Cash related to broker activities	1 278 786	6 647	-	6 493	-	-	-	-	1 291 926
Deposits with banks	1 194	147 500	-	-	-	-	-	-	148 694
Cash taken into investment	41 802	1 281	-	-	-	-	-	-	43 083

management									
Short-term financial investments	1 044 575	-	-	-	-	-	-	-	1 044 575
Trade receivables	909 104	111 079	90 479	-	-	5 857	-	119	1 116 638
Fee and commission income receivable	106 784	-	-	-	-	-	-	-	106 784
Other financial assets	1 725 073	-	-	-	-	-	-	-	1 725 073
Long-term financial investments	205 019	-	-	-	-	-	-	-	205 019
Long-term receivables	121 903	-	-	-	-	-	-	-	121 903
FINANCIAL LIABILITIES	**19 219 098**	**9 729 379**	**2 872 610**	**6 493**	**-**	**20 902**	**6 057**	**230**	**31 854 769**
Long-term and short-term payables	1 958 797	2 128 995	2 165 037	-	-	20 902	6 057	230	6 280 018
Financial liabilities	5 363 649	7 592 456	707 573	-	-	-	-	-	13 663 678
Finance lease payable	1 607 650	-	-	-	-	-	-		1 607 650
Bonds payable	7 497 293	-	-	-	-	-	-	-	7 497 293
Accounts payable to customers	1 424 095	6 647	-	6 493	-	-	-	-	1 437 235
Other financial liabilities	1 318 279	-	-	-	-	-	-	-	1 318 279
Financial assets taken in trust or investment management	49 335	1 281	-	-	-	-	-	-	50 616
Net balance sheet position	**(13 142 543)**	**(9 462 804)**	**(2 781 940)**	**-**	**7 331**	**(3 452)**	**44 632**	**(111)**	**(25 338 887)**

The following sensitivity analysis is made based on the Group susceptibility to USD and EUR exchange rates versus KZT in case such rates were 5% higher or lower.

Currency	**Foreign currency rates**					
	at 31.12.2011	**Parallel shift**		**at 31.12.2010**	**Parallel shift**	
		10% growth	**10% decrease**		**10% growth**	**10% decrease**
USD	148.40	163.24	133.56	147.50	162.25	132.75
EUR	191.72	210.89	172.55	196.88	216.57	177.19

(KZT'000)

	31 December 2011	**31 December 2010**
	Effect on profit or loss	**Effect on profit or loss**
10% strengthening of USD	(543 039)	(946 280)
10% weakening of USD	543 039	946 280
10% strengthening of EUR	(338 641)	(278 194)
10% weakening of EUR	338 641	278 194

Interest Rate Risk

The Group is exposed to the interest rate risk. Interest rate risk mainly arises in connection with the interest earning assets and interest bearing liabilities.

The sensitivity analysis below has been made based on the exposure to interest rates for non-derivative instruments at the date of the consolidated statement of financial position. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the date of the statement of financial position was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2011 would decrease/increase by KZT 25,927 thousand (2010 – decrease/increase by KZT 31,410 thousand). This refers mainly to susceptibility of the Group to interest rate risk related to floating rate liabilities.

Risk of Changes in Market Prices of Securities

Issuer	Type of security	NIN	Currency	Market price 28.05.2012	31.12.2011	31.12.2010
EURASIAN NATURAL RESOURSES CORPORATION PLC	Shares	GB00B29BCK10	GBP	453,52	626,70	-
PHYSICAL PLATINUM SHARES	Shares	US26922V1017	USD	140,62	134,78	-
TARGET CORP	Shares	US87612E1064	USD	57,53	51,45	-
Kazakhstan Stock Exchange JSC	Shares	KZ1C10030019	KZT	-	-	3800
Kazkommertsbank JSC	Shares	KZ1C00400016	KZT	198,51	191,78	405,6
Halyk Savings Bank of Kazakhstan JSC	Shares	KZ1C33870011	KZT	215,00	211,09	370,75
KazMunaiGas Exploration Production JSC	Shares	KZ1C51460018	KZT	16 566,01	13826,54	17171,55
Rosa JSC	Shares	KZ1C07780014	KZT	-	-	-
Ulba Metallurgical Plant OJSC	Shares	KZ1P18700214	KZT	-	-	-
Kazkommertsbank JSC	Bonds	KZ2CKY10B513	KZT	97,6107	94,4543	-
ATF Bank JSC	Bonds	KZPC1Y07B598	KZT	-	100,6995	-
Bank CenterCredit JSC	Bonds	KZPC7Y10B656	KZT	91,6498	94,5313	90,0544
Bank CenterCredit JSC	Bonds	KZPC3Y10B655	KZT	93,9742	98,1399	-
Mortgage Organisation “Kazakhstan Mortgage Company”, JSC	Bonds	KZ2C0Y10A980	KZT	92,6646	99,3701	83,912
Halyk Savings Bank of Kazakhstan JSC	Bonds	KZPC5Y10B197	KZT	88,1194	97,5027	-
Halyk Savings Bank of Kazakhstan JSC	Bonds	KZPC6Y10B195	KZT	90,9216	89,9131	96,3038
Ministry of Finance of the Republic of Kazakhstan	Bonds	KZK2KY040451	KZT	100,0639	100,1726	-
Ministry of Finance of the Republic of Kazakhstan	Bonds	KZKDKY090014	KZT	111,8164	111,7604	103,5798
Ministry of Finance of the Republic of Kazakhstan	Bonds	KZK2KY030726	KZT	-	101,9609	107,2825

Sensitivity analysis of profit or loss and deficit to changes in quotations of securities, made based on the positions existing as at 31 December 2011 and 2010 and simplified scenario of 5% decrease or growth of quotations was as follows:

(KZT’000)

	2011 Profit (loss)	2010 Profit (loss)
5% growth of quotations	62 480	62 818
5% decrease of quotations	(62 480)	(62 818)

Cash Flow Risk

Cash flow risk is a risk that future cash flows of monetary financial instrument will fluctuate.
The Group manages this risk through regular budgeting and analysis of cash flows.

Fair Value Change

Fair value of financial instruments traded by the Group in an active market at the reporting date is determined based on the market quotations or dealer quotations without deductions for transaction costs.
Fair value of other financial instruments which are not traded by the Group in an active market is determined using the suitable valuation methods. Valuation methods include net present value model, comparison to similar instruments quoted on an observable market, option pricing models and other valuation methods.

To present the information, financial instruments at fair value are classified using the three-level hierarchy of valuation methods based on the available source data:

- Active market quotations (level 1) – valuation models based directly on observable market information of similar assets or liabilities. Neither valuation adjustments nor packaged discounts are used for these financial instruments. As valuation is based on quotations which are readily and regularly available on an active market, valuation of these products does not require significant judgment.

- Valuation models using observable source data (level 2) – valuation based on the data, for which all input data are directly or indirectly based on the observable market information, and valuation based on one or more observable quotations obtained as a result of normal operations on the markets which are not active.
- Valuation models based on the information other than observable market data (level 3) – valuation based on the information which is neither observable nor significant for the general fair value measurement.

Debt and equity securities designated as financial assets at fair value through profit or loss in the statement of comprehensive income are measured based on the active market quotations.

(KZT'000)

	31 December 2011		31 December 2010	
	Active market quotations (Level 1)	**Total**	**Active market quotations (Level 1)**	**Total**
Financial assets				
Shares	151 757	151 757	175 941	175 941
Bonds	181 423	181 423	868 634	868 634
TOTAL	**333 180**	**333 180**	**1 044 575**	**1 044 575**

The fair value of the unit in the unit investment funds is measured by the managing company – RESMI Finance & Investment House JSC.

(KZT'000)

	31 December 2011		31 December 2010	
	Fair value (Level 3)	**Total**	**Fair value (Level 3)**	**Total**
Financial assets				
Unit in unit investment funds	136 287	136 287	205 019	205 019
TOTAL	**136 287**	**136 287**	**205 019**	**205 019**

Early Repayment Risk

Early repayment risk is a risk that the Group will incur financial loss due to the fact that its customers or counterparties repay or demand repayment of obligations later or earlier than expected. As discussed above, in the reporting period the Group carried out activities at the expense of own means, however, the amount of payables and obligations as a whole is material to the Group. Besides, current liabilities of the Group exceeded its current assets by KZT 1,047,117 thousand as at 31 December 2010; as at 31 December 2011 there was no such excess.

Risks of Accidents and Acts of God

The Group uses its best efforts to minimize all financial, reputation and other losses of the Group and its customers using risk management preventive measures or acquiring insurance policies. Insurance policies are obtained for the risks which cannot be internally managed. The objective of the Group's Economic Security Function is to ensure optimum insurance of risks capable of causing damage to physical assets (for example, buildings), intellectual property (for example, RG Brands brand), or potential obligations (for example, with respect to products).

Operating Risk

Operating risk is a risk resulting from system failure, errors of personnel, fraud or external events. In case of control system failure, operating risks may injure reputation, result in legal implications or financial loss. The Group may not assume that all operating risks are eliminated, but the Group can manage those risks using the system of control and monitoring, as well as appropriately addressing the potential risks. The system of control provides for effective segregation of duties, access rights, approval and review procedures, personnel training, and assessment procedures.

51. Approval of the Consolidated Financial Statements

These consolidated financial statements were approved for issue by the management of the Group on 28 May 2012.