

Licenses:

General State License on audit activity #0000276 issued by Ministry of Finance of RK dated 24.06.2004 (original license #0000001 AK Kazakhstanaudit was reregistered due to change of name to BDO Kazakhstanaudit).



"APPROVED"

Mamleev Partner, General Director
BDO Kazakhstanaudit", LLP

S.Kh. Koshkimbayev

"30" April 2009

Almaty

INDEPENDENT AUDITOR'S REPORT

To the management of Kazakhstan Stock Exchange JSC

We have audited the accompanying consolidated financial statements of Kazakhstan Stock Exchange JSC including consolidated balance sheet as at 31 December 2008, consolidated income statement, consolidated cash flow statement, and consolidated statement of changes in equity for the year then ended as well as notes to these financial statements.

Responsibility of Kazakhstan Stock Exchange SC Management for the financial statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

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

Auditor

Qualifying certificate of auditors #0000195
issued by Qualifying Commission of RK
on attestation of auditors on 18.12.1995



L.A. Pogorelova





CONTENTS



Statement of Responsibility for Preparation of 2008 Consolidated Financial Statements	3
Consolidated Balance Sheet	5
Consolidated Income Statement	7
Consolidated Statement of Changes in Equity	9
Consolidated Cash Flow Statement	11
Notes to the Consolidated Financial Statements for 2008	13
Note 1. Business Description and Corporate Information	13
Note 2. Basis of Preparation of the Consolidated Financial Statements	15
Note 3. Key Accounting Estimates and Judgments	17
Note 4. Summary of Significant Accounting Policies	19
Note 5. Cash and Cash Equivalents	26
Note 6. Restricted Cash	27
Note 7. Trade and Other Receivables	29
Note 8. Rental Prepaid and Other Advances Paid	30
Note 9. Inventory	31
Note 10. Current Tax Assets	32
Note 11. Short-term and Long-term Financial Assets	33
Note 12. Investments Recognized Using Equity Method	36
Note 13. Property, Plant and Equipment	37
Note 14. Intangible Assets	39
Note 15. Liabilities on Taxes and Other Obligatory Payments to Budget	40
Note 16. Trade and Other Payables. Sub-rental Prepaid and Other Advances Received. Short-term Estimated Liabilities	41
Note 17. Deferred Tax Assets and Liabilities	42
Note 18. Share Capital	44
Note 19. Treasury Stock	46
Note 20. Fair Value of Financial Assets	47
Note 21. Earnings per Share (Basic and Diluted)	48
Note 22. Income Generated from Operations	49
Note 23. Other Operating Expenses	50
Note 24. Interest Income and Expenses	51
Note 25. Non-cash Transactions	52
Note 26. Other Information on Subsidiaries and Investments Recognized Using Equity Method	53



Note 27.	Related Party Transactions	55
Note 28.	Subsequent Events.....	61
Note 29.	Legal Suits	62
Note 30.	Risk Management Policy	63



ҚАЗАҚСТАН ҚОР БИРЖАСЫ
КАЗАХСТАНСКАЯ ФОНДОВАЯ БИРЖА
KAZAKHSTAN STOCK EXCHANGE

STATEMENT
of Responsibility for Preparation of
2008 Consolidated Financial Statements

The management of Kazakhstan Stock Exchange Inc. (hereinafter "the Stock Exchange") is responsible for preparation of the consolidated financial statements that present fairly in all material aspects the financial position of the Stock Exchange as at December 31, 2008 as well as its performance results, cash flows and changes in equity for the year ended on December 31, 2008 in accordance with the International Financial Reporting Standards (IFRS).

In preparing the consolidated financial statements the management of the Stock Exchange is responsible for:

- selecting suitable accounting principles and applying them consistently
- making judgments and estimates that are reasonable and prudent
- stating whether the combined financial reporting framework has been followed or any material departures from the framework have been disclosed in the Notes to the combined financial statements
- preparation of the consolidated financial statements based on the assumption that the Stock Exchange will continue as a going concern in foreseeable future unless it is inappropriate to presume that such assumption is reasonable

The management of the Stock Exchange is also responsible for:

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

The consolidated financial statements of the Stock Exchange for 2008 were approved for issue by the Management Board of the Stock Exchange on April 30, 2009.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina





KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated BALANCE SHEET*

KZT'000

Items	Note	December 31, 2008**	December 31, 2007
ASSETS			
I. SHORT-TERM ASSETS			
Cash and cash equivalents	5	452,598	70,295
Restricted cash	6	5,460	142,656
Trade and other receivables	7	64,160	52,698
Rental prepaid and other advances paid	8	119,964	152,607
Inventories	9	1,728	3,554
Advance corporate income tax payments		28,175	42,866
Current tax assets	10	5,634	3,885
Financial assets at fair value through profit or loss	11	–	114,050
Financial assets available for sale	11	9,830	7,964
Total short-term assets		687,549	590,575
II. LONG-TERM ASSETS			
Financial assets at fair value through profit or loss	11	68,387	62,181
Financial assets available for sale	11	337,734	513,869
Investments recognized using equity method	12	82,143	86,612
Property, plant and equipment	13	242,798	173,621
Intangible assets	14	4,386	5,549
Deferred tax assets	17	4,000	4,227
Total long-term assets		739,448	846,059
TOTAL ASSETS		1,426,997	1,436,634



Items	Note	December 31, 2008**	December 31, 2007
LIABILITIES AND EQUITY			
III. SHORT-TERM LIABILITIES			
Liabilities on restricted cash to the Stock Exchange members	6	5,460	142,656
Liabilities on taxes and payments to the budget	15	2,597	3,353
Trade and other payables	16	2,950	3,072
Sub-rental prepaid and other advances received	16	42,139	55,535
Short-term estimated liabilities	16	15,161	12,996
Total short-term liabilities		68,307	217,612
IV. LONG-TERM LIABILITIES			
Deferred tax liabilities	17	12,065	17,841
Total long-term liabilities		12,065	17,841
V. EQUITY			
Share capital	18	165,020	165,020
Treasury stock	19	–	(2,567)
Reserves	11	7,185	(16,179)
Retained earnings		1,159,251	1,043,816
Minority interest		15,169	11,091
Total equity		1,346,625	1,201,181
TOTAL LIABILITIES AND EQUITY		1,426,997	1,436,634

* Consolidated balance sheet should be read with the notes to the consolidated financial statements being an integral part thereof.

** Hereinafter in the consolidated balance sheet December 31 should be read as 12.00 p.m., Almaty time, on December 31 of the relevant year.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina





KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated INCOME STATEMENT*

KZT'000 unless stated otherwise

Items	Note	2008	2007
Income from operating activities	22	953,242	841,320
Income from rentals		130,450	129,396
Other income		8,820	4,291
Net income from financial assets sold	22	6,158	2,654
Unrealised gains from financial assets		6,206	4,632
Penalties, forfeits received		24,159	35,384
Loss, earlier recognized in equity, from sale of financial assets available for sale		(24,270)	-
Total income		1,104,765	1,017,677
Salary expenses and provisions for vacations		(398,581)	(361,878)
Taxes and other payments to the budget		(81,795)	(71,608)
Amortization		(32,482)	(20,867)
Travel and entertainment expenses		(24,343)	(13,324)
Expenses on communication and Internet		(17,099)	(13,221)
Materials write-off		(13,122)	(22,550)
Expenses on S.W.I.F.T., membership fees, certification		(5,815)	(8,353)
Rent		(306,191)	(200,346)
Net loss from property, plant and equipment sold		(132)	(2,811)
Financial consultants services		(12,100)	-
Other expenses	23	(62,082)	(42,368)
Total expenses		(953,742)	(757,326)
Operating income for the period		151,023	260,351
Interest income	24	29,203	30,392
Deposit interest income	24	565	-
Interest expenses	24	(381)	(1,614)
Interest income for the period		29,387	28,778
Share in profit/loss of entities recognized using equity method		(4,468)	26,028
Income before tax		175,942	315,157
Corporate income tax expenses	17	(54,784)	(93,861)
Net income for the period		121,158	221,296



Items	Note	2008	2007
Profits attributable to equity holders		115,435	215,962
Profits attributable to minority interest		5,723	5,334
Earnings per share (basic and diluted), tenge	21	257,52	494,48

* Consolidated income statements should be read with the notes to the financial statements being an integral part thereof.

President



Chief Accountant

A. Joldasbekov

L. Ryabushkina



KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated STATEMENT OF CHANGES IN EQUITY*

KZT'000

	Share capital ¹	Treasury stock	Revaluation surplus ²	Retained earnings ³	Minority interest	Total
As at December 31, 2006*	160,252	(2,934)	-	827,854	6,286	991,458
Own shares additionally offered in the reporting period	4,768	-	-	-	-	4,768
Treasury shares sold in the reporting period	-	733	-	-	-	733
Own shares additionally purchased in the reporting period	-	(366)	-	-	-	(366)
Change in value of securities available for sale	-	-	(16,179)	-	-	(16,179)
Retained earnings of the reporting period	-	-	-	215,962	5,334	221,296
Dividends	-	-	-	-	(529)	(529)
As at December 31, 2007	165,020	(2,567)	(16,179)	1,043,816	11,091	1,201,181
Treasury shares sold in the reporting period	-	2,567	-	-	-	2,567
Change in value of securities available for sale	-	-	(906)	-	-	(906)
Loss, earlier recognized in equity, from sale of financial assets available for sale	-	-	24,270	-	-	24,270



	Share capital ¹	Treasury stock	Revaluation surplus ²	Retained earnings ³	Minority interest	Total
Retained earnings of the reporting period	-	-	-	115,435	5,723	121,158
Dividends	-	-	-	-	(1,645)	(1,645)
As at December 31, 2008	165,020	-	7,185	1,159,251	15,169	1,346,625

* Consolidated statement of changes in equity should be read with the notes to the consolidated financial statements being an integral part thereof.

** Hereinafter in the consolidated statement of changes in equity December 31 should be read as 12.00 p.m., Almaty time, on December 31 of the relevant year.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina



¹ Share capital is the total value of shares placed at the offering price.

² Revaluation surplus is the total excess amount of the financial investment carrying amount over the market value thereof.

³ Retained earnings is the accumulated income of the Group (Kazakhstan Stock Exchange Inc. and its subsidiaries).



KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated CASH FLOW STATEMENT*

KZT'000

Items	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	175,943	315,157
Adjustment of net income	(150,800)	(91,529)
including:		
amortization	32,482	20,867
unrealized gain from financial assets revaluation	(6,206)	(4,632)
loss from property, plant and equipment disposals	132	2,811
gain from financial assets disposals	(6,158)	(2,654)
financial assets premium or discount amortization	381	1,614
interest income	(29,203)	(30,392)
share in income (loss) of entities recognized using equity method	4,468	(26,028)
loss, earlier recognized in equity, from sale of financial assets available for sale	24,270	-
increase in inventories	1,826	(710)
increase in trade and other receivables, rental prepaid and other advances paid	21,181	(85,769)
increase (decrease) in sub-rental prepaid and other advances received	(13,396)	16,622
increase (decrease) in taxes payable	(2,505)	709
increase (decrease) in trade and other receivables, short-term estimated liabilities	2,043	7,609
increase (decrease) in liabilities on restricted cash to the Stock Exchange members	(137,196)	141,361
corporate income tax paid	(42,919)	(132,937)
Net cash flows from operating activities	25,143	223,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE and intangible assets	(100,648)	(116,060)
Proceeds from PPE and intangible assets sold	-	2,004
Purchase of financial assets	(858,762)	(525,149)
Repayment of financial assets	1,150,160	407,083
Financial assets interest received	28,292	31,785
Transfer (inflow) of restricted cash	137,196	(141,361)
Net cash flows from investing activities	356,238	(341,698)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share offering	-	4,768
Purchase of treasury shares	-	(366)



Items	2008	2007
Proceeds from treasury shares sold	2,567	733
Dividends paid to minority	(1,645)	(529)
Net cash flows from financing activities	922	4,606
NET INCREASE IN CASH AND CASH EQUIVALENTS	382,303	(113,464)
Cash and cash equivalents at the beginning of the year	70,295	183,759
Cash and cash equivalents at the end of the year	452,598	70,295

* Consolidated cash flow statements should be read with the notes to the consolidated financial statements being an integral part thereof.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina





KAZAKHSTAN STOCK EXCHANGE INC.

NOTES

to 2008 consolidated financial statements

Note 1.

BUSINESS DESCRIPTION AND CORPORATE INFORMATION

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

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

The Kazakhstan Stock Exchange operations at the securities market are licensed by Kazakhstan Agency for regulation and supervision of financial market and financial organizations for activities on organization of trade in securities and other financial instruments on 2 February 2004 and the license is No. 0409200037.

Besides, the Company has license No. 3 for national and foreign currency transactions provided for by the bank legislation of the Republic of Kazakhstan, which was issued by Kazakhstan Agency for regulation and supervision of financial market and financial organizations on 20 February 2006.

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

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

The table below shows core activities of the Kazakhstan Stock Exchange subsidiaries established according to the legislation of the Republic of Kazakhstan:

Subsidiary	Core activities	Company's contribution to the Charter Capital, KZT'000	Company's interest in the Charter Capital, %
Information Agency for Financial Markets IRBIS LLP	Collects, processes and presents information in respect of financial markets and renders the related services and deals with relevant products	680	80.0
eTrade.kz LLP	Develops, supports and modifies software for the needs of the Stock Exchange and provides other information technology services to the Stock Exchange and other entities	1,000	51.4



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

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

The table below provides basic information on the Stock Exchange's associate established in accordance with the legislation of the Republic of Kazakhstan; the Stock Exchange's investments to this associate are accounted for in the consolidated financial statements of the Stock Exchange using equity method.

Associate	Core activities	Company's contribution to the Charter Capital, KZT'000	Company's interest in the Charter Capital, %
RTRS LLP	Performs functions of a reserve trade and settlement centres of the Stock Exchange and Securities Central Depository JSC; renders other administrative (accessory) services to the Stock Exchange and Securities Central Depository JSC	65,000	50.0

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

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

According to the Republic of Kazakhstan Law "On Securities Market", Central Securities Depository JSC is a non-commercial organization, and the profits of this company are not distributed among the shareholders. Kyrgyz Stock Exchange CJSC is also a non-commercial organization. Since the Group does not control these companies, the investments into them are recognized in the Group's consolidated financial statements at their cost as there are no market quotations for these equity instruments.



Note 2.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and with the Kazakhstan laws applicable to the companies preparing their financial statements according to IFRS.

FRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures, became effective in 2007 and were applied by the Group for the first time. These IFRS were applied by the Group when disclosing information on financial assets and equity including comparative information for 2008 and 2007.

The IFRS below have not come into effect yet but may be applied by the Group to the accounting periods beginning on or after 1 January 2008:

- 1) IAS 23, Borrowing Costs (revised in March 2007) (effective for accounting periods beginning on or after 1 January 2009). The main change from the previous version is the removal of the requirement to immediately recognize as expenses borrowing costs that relate to qualifying assets (broadly being assets that take a substantial period of time to get ready for use or sale). The standard will have no impact on the results or net assets of the Group;
- 2) Amendment to IFRS 2, Share-based payments: vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009). The Amendment to IFRS 2 is of particular relevance to companies that operate employee shares save schemes. This amendment is not relevant to the Group's operations due to absence of such arrangements;
- 3) Revised IFRS 3, Business Combinations, and complementary Amendments to IAS 27, Consolidated and separate financial statements (both effective for accounting periods beginning on or after 1 July 2009). The revised IFRS 3 and amendments to IAS 27 arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, and result in IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the accounts;
- 4) IFRS 8, Operating Segments (applicable to the accounting periods beginning on or after 1 January 2009). This standard establishes disclosure requirement in regards of information concerning company's operating segments as well as goods and services provided by the company, geographical zones it operates in and its main customers.

¹ International Financial Reporting Standards include International Accounting Standards (IAS; standards issued up to 2001), International Financial Reporting Standards (IFRS; standards issued after 2001), interpretations of the standards indicated and amendments thereto (including amendments to Interpretations of the standards indicated and amendments thereto), issued by Standing Interpretations Committee (SIC; up to 2001) and International Financial Reporting Interpretations Committee (IFRIC; after 2001), and other documents.



This standard replaces IAS 14, Segment reporting. The Group intends to apply this standard to the reporting period beginning on 1 January 2009. Since this is a disclosure standard, it will have no impact on the results or net assets of the Group;

- 5) IFRIC 12, Service Concession Arrangements (applicable to the reporting periods beginning on or after 1 January 2008). The interpretation provides guidance for accounting by operators of service concession arrangements concluded between public and private companies. IFRIC 12 is not applicable to the Group's activity as it has no such arrangements.
- 6) IFRIC 13, Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008). IFRIC 13 addresses sales transactions in which the entities grant their customers award credits that, subject to meeting any further qualifying conditions, the customers can redeem in future for free or discounted goods or services. IFRIC 13 is not relevant to the Group's operations due to absence of such arrangements.
- 7) IFRIC 14 to IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability.



CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. Assumptions and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The results that will actually be reached in future may differ from these assumptions and estimates.

Estimates and assumptions representing the risk of significant adjustments to be made to the carrying amount of assets and liabilities of the Group in the nearest financial year are stated below:

Carrying amount of property, plant and equipment

The Group monitors internal and external indicators of impairment concerning PPE. The management considered whether there are indicators of impairment in the Group's activity, particularly in respect to proceeds and income from operating activities and external estimates. Based on the estimate, the management came to conclusion that there was no impairment in respect to these assets during and after 2008.

Useful life of property, plant and equipment and intangible assets

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

Fair value of financial instruments

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

Income tax

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

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

Legal proceedings

According to IFRS the Group recognizes provisions only if there is a current liability as a result of past events or as a result of possibility of economic benefits transfer (when expenses associated with such transfer may be reliably evaluated). In case these criteria are not observed, a contingent liability may be disclosed in the notes to the financial statements. Accordingly fulfilment of a liability neither recognized in the financial statements nor



disclosed in the notes thereto may have significant impact on the financial position of the Group. Application of this accounting principle to the legal proceedings requires the management of the Group to make decisions on different operational and legal issues beyond its control. The Group reviews unsettled legal proceedings each time when there are any changes in their process as well as at each balance sheet date with the purpose to estimate if there is a need for provisions to be made in the financial statements. The factors taken into account while making decisions on provision formation include the nature of suit, claim or penalty; potential damage amount in case of unfavourable outcome of the legal proceedings; progress of the legal proceedings (including the period subsequent to the date of the financial statement, but prior to their issue); opinions of legal consultants, previous experience of similar proceedings; and any decisions made by the Group's management in response to the suit, claim or penalty.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

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

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

Income and expenses

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

Interest income and expense are recognized within the consolidated income statement on accrual basis and are calculated using effective interest method².

All indirect expenses, discounts and transaction costs are taken into account in interest income and expense calculation³. These cash flows are integral in calculating of the income statement items.

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

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

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

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

² Effective interest method is a method of a financial asset or financial liability (or a group of financial assets / financial liabilities) amortized cost calculation, and of allocating the interest income or interest expense over the relevant period. Effective interest rate is an interest rate that exactly discounts estimated future cash payments or receipts through its expected life of a financial asset or financial liability or, when appropriate, a shorter period to the net carrying amount of a financial instrument.

³ Transaction costs are incremental costs that are directly attributable to the purchase or disposal of a financial asset or liability.



Foreign currency translation

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

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

	31 December 2008 ⁴	31 December 2007
KZT / 1 US Dollar (USD)	120.77	120.30
KZT / 1 Euro (EUR)	170.89	177.17
KZT / 1 Russian Rubble (RUB)	4.11	4.92
KZT / 1 Pound Sterling (GBP)	175.12	240.14

Financial assets

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

Financial assets at fair value through profit or loss

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

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

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet of the Company at fair value with changes in fair value recognized in the consolidated income statement in 'Net proceeds from financial assets sold' or 'Financial assets unrealized gains' as appropriate.

Financial assets available for sale

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

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

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

⁴ Hereinafter in the notes to the consolidated financial statements 31 December should be read as 12.00 p.m., Almaty time, on 31 December of the relevant year.



De-recognition of financial assets

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

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

Impairment of financial assets

Any gain or loss on de-recognition is taken to 'Other operating income (loss)' in the consolidated income statement of the Company as appropriate.

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

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

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

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



Property, plant and equipment

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

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

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

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

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

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

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

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

Intangible assets

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

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

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



Impairment of non-financial assets (except for inventory and deferred tax assets)

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

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

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

Inventory

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

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

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

Cash and cash equivalents

Cash consists of cash in hand and gold coins, accounts in banks in the Republic of Kazakhstan and outside.

Trade receivables, advances and other current assets

The Group's trade receivables are carried at cost less impairment losses with creation of provisions for doubtful debts.

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

Trade and other payables

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

Provisions

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

Share capital and treasury shares

The share (authorized) capital is carried by the Stock Exchange as the total amount received for the shares placed. Treasury shares are subject to further sale.

Retirement benefits

The Group pays contributions into the retirement savings funds in accordance with the legislation of the Republic of Kazakhstan. These amounts are charged to expense as they occur. Payments to pension funds are withheld from the employees' salaries and included in the salaries payable in the consolidated income statement of the Stock Exchange. The Company has no any other obligations on pension payments.

Income tax. Deferred tax

Corporate income tax for the period comprises current and deferred tax and carried in the consolidated income statement of the Stock Exchange unless it relates to the items recognized in equity; this being the case, tax is also recognized in equity.



The amount of current tax is the estimated amount of corporate income tax assessed for the period and calculated based on the tax rates established or operating according to the legislation of the Republic of Kazakhstan at the balance sheet date as adjusted for tax debts of the preceding years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Temporary differences are not accounted for if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit; as well as differences relating to investments into subsidiaries if there is a probability that they will not be reversed in the foreseeable future. Deferred tax is determined using tax rates current at the balance sheet date based on the expected way of the related deferred tax asset realization or deferred tax liability settlement.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

Note 5.

CASH AND CASH EQUIVALENTS

	At 31 December 2008	At 31 December 2007
In bank accounts in tenge	441,787	61,144
In foreign currencies in banks of the Republic of Kazakhstan	1,111	2,252
In foreign currencies in foreign banks	6,597	5,979
Total cash in accounts	449,495	69,375
Cash in hand	3,103	920
Total cash	3,103	920
TOTAL	452,598	70,295



RESTRICTED CASH

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

As at 31 December 2008 the amount of such cash in foreign currency accounts made up: 45 thousand US dollars (5,435 thousand KTZ).

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

Correspondence account of the Stock Exchange	Account currency	Account balance		Owner of the account balance
		In account currency	In tenge	
At 31 December 2008				
With the Monetary Operations Department of the National Bank of Kazakhstan	KZT	20,000	20	Bank CenterCredit JSC
		5,000	5	Kazpost JSC
In The Bank of New York, New York, USA	USD	5,000	604	Halyk Savings Bank of Kazakhstan JSC
		5,000	604	BTA Bank JSC
		35,000	4,227	Kazakhstan Innovation Commercial Bank JSC
TOTAL	X	X	5,460	
At 31 December 2007				
With the Monetary Operations Department of the National Bank of Kazakhstan	KZT	20,000	20	Bank CenterCredit JSC
		5,000	5	Kazpost JSC
		50,000,000	50,000	Delta Bank JSC
In The Bank of New York, New York, USA	USD	5,000	601	Halyk Savings Bank of Kazakhstan JSC
		5,000	602	BTA Bank JSC
		200,000	24,060	Delta Bank JSC
In CitiBank N.A., New York, USA	USD	500,000	60,150	SUBSIDIARY BANK ZIRAAT INTERNATIONAL BANK JSC
		60,000	7,218	Kazinvestbank JSC
TOTAL	X	X	142,656	



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

Note 7. TRADE AND OTHER RECEIVABLES

KZT'000

	At 31 December 2008	At 31 December 2007
Listing fees	4,991	4,758
Penalties, forfeits	10,674	9,753
Membership fees	174	1,638
Commission fees	50,290	33,985
Remote access fees	94	214
Receivables from information services and software development	2,916	2,335
Provisions for doubtful trade debtors	(6,626)	(3,524)
Net trade receivables	62,513	49,159
Salary advances	–	1,343
Insurance premiums and other prepaid expenses	1,562	1,777
Employees' imprest amounts payable	85	419
Total other receivables	1,647	3,539
TOTAL	64,160	52,698

Flow of provision for doubtful debts is set below.

KZT'000

At 31 December 2006	(909)
Bad debts written off	250
Provisions for doubtful trade debtors formed	(2,865)
At 31 December 2007	(3,524)
Bad debts written off	621
Provisions for doubtful trade debtors formed	(3,723)
At 31 December 2008	(6,626)



RENTAL PREPAID AND OTHER ADVANCES PAID

In 2007 the Company concluded Office Rent Agreement, the office is located at: 291/3a Dostyk avenue, Almaty city. Rental for the 1st quarter made up 103,311 thousand KZT, for the 2nd quarter of 2008 – 90,000 thousand KZT and for the 3rd and 4th quarters of 2008 – 74,313 thousand KZT each, rental includes monthly reimbursement of expenses on maintenance of the office – 5,121 thousand KZT. The Company transferred a guarantee amount of 37,500 thousand KZT as collateral under the Rent Agreement. Rental fees are paid in full in advance for three months of rent.

KZT'000

	At 31 December 2008	At 31 December 2007
Rental prepaid	111,812	140,685
Other advances paid	8,152	11,922
TOTAL	119,964	152,607



Note 9.

INVENTORY

KZT'000

	At 31 December 2008	At 31 December 2007
Gasoline	15	124
Materials (stationery, materials for office equipment and vehicles)	1,713	3,430
Total	1,728	3,554



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

CURRENT TAX ASSETS

KZT'000

	At 31 December 2008	At 31 December 2007
Value added tax	4,514	2,971
Land tax	48	48
Social tax	423	163
Property tax	199	264
Transport tax	26	12
Personal income tax on individuals	374	-
Other taxes and payments to budget	50	427
TOTAL	5,634	3,885



Note 11.

SHORT-TERM AND LONG-TERM FINANCIAL ASSETS

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

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

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

The group "Shares" includes shares of Central Securities Depository JSC and Kyrgyz Stock Exchange CJSC for the total amount of 27,814 thousand tenge. There are no quoted market prices for these equity instruments at the active market and their fair value cannot be reliably estimated, so these securities are recognized in the consolidated financial statements of the Stock Exchange at cost.

The fair value of the portfolio of financial assets available for sale as at 31 December 2008 amounted to 310,117 thousand tenge including 309,920 thousand tenge – other long-term debt securities (corporate bonds), 197 – other short-term debt securities (partially paid nominal value). Cost of this portfolio without revaluation is 302,932 thousand tenge. The change of value reflected in financial assets revaluation provisions made 7,185 thousand tenge.

None of the above financial assets was impaired in 2008.



SHORT-TERM FINANCIAL ASSETS

Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

KZT'000

	Financial assets at fair value through profit or loss at the year end		Financial assets available for sale at the year end		TOTAL	
	2008	2007	2008	2007	2008	2007
Governmental securities	-	114,050	-	5,530	-	119,580
including:						
governmental securities	-	114,050	-	-	-	114,050
interest accrued	-	-	-	5,530	-	5,530
Other debt securities	-	-	9,830	2,434	9,830	2,434
including:						
other debt securities	-	-	197	219	197	219
interest accrued	-	-	9,633	2,215	9,633	2,215
Total	-	114,050	9,830	7,964	9,830	122,014
including:						
listed securities	-	-	9,830	2,434	9,830	2,434
unlisted securities	-	114,050	-	5,530	-	119,580



LONG-TERM FINANCIAL ASSETS

KZT'000

Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

	Financial assets at fair value through profit or loss at the year end		Financial assets available for sale at the year end		TOTAL	
	2008	2007	2008	2007	2008	2007
Governmental securities	-	-	-	414,725	-	414,725
Shares	-	-	27,814	27,814	27,814	27,814
Other securities	68,387	62,181	309,920	71,330	378,307	133,511
Total	68,387	62,181	337,734	513,869	406,121	576,050
including:						
listed securities	-	-	309,920	71,330	309,920	71,330
unlisted securities	68,387	62,181	27,814	442,539	96,201	504,720



INVESTMENTS RECOGNIZED USING EQUITY METHOD

The Stock Exchange is the participant of RTRS LLP with 50 % interest in its share capital and contribution to its charter capital amounting to 65,000 thousand tenge. The other participant of RTRS LLP is Central Securities Depository JSC. These investments of the Stock Exchange are carried in the consolidated balance sheet as investments recognized using equity method.

- at 31 December 2008 – for the amount of 82,143 thousand tenge;
- at 31 December 2007 – for the amount of 86,612 thousand tenge;

Profit/loss from the equity participation of the Stock Exchange in RTRS LLP recognized in 2008 is reflected in the consolidated income statement of the Stock Exchange for the amount of 4,468 thousand tenge. The difference between the amount of 82,143 thousand tenge and 86,612 thousand tenge is due to rounding.



PROPERTY, PLANT AND EQUIPMENT

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

As at 31 December 2008 there was no property, plant and equipment pledged as collateral for bank loans.

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

KZT'000

	Machinery and equipment, transmission devices	Vehicles	Other property, plant and equipment	TOTAL
Historical cost				
At 31 December 2006	104,512	25,123	36,120	165,755
cost of PP&E acquired in 2007	46,921	39,513	29,603	116,037
cost of PP&E written off in 2007	(8,514)	(5,215)	(15,070)	(28,799)
At 31 December 2007	142,919	59,421	50,653	252,993
cost of PP&E acquired in 2008	85,017	31	15,600	100,648
cost of inventory recognized as PP&E	3	-	-	3
cost of PP&E written off in 2008	(13,916)	-	(25)	(13,941)
At 31 December 2008	214,023	59,452	66,228	339,703
Accumulated amortization				
At 31 December 2006	50,326	9,741	24,134	84,201
accrued amortization on PP&E for 2007	12,765	4,173	2,242	19,180
accrued amortization on PP&E written off in 2007	(6,762)	(3,236)	(14,011)	(24,009)
At 31 December 2007	56,329	10,678	12,365	79,372
accrued amortization on PP&E for 2008	19,919	6,083	5,317	31,319
accrued amortization on PP&E written off in 2008	(13,786)	-	-	(13,786)
At 31 December 2008	62,462	16,761	17,682	96,905
Carrying amount				
At 31 December 2006	54,186	15,382	11,986	81,554
At 31 December 2007	86,590	48,743	38,288	173,621
At 31 December 2008	151,561	42,691	48,546	242,798





INTANGIBLE ASSETS

In 2008 there were no impairment indicators of intangible assets.

KZT'000

	Software	Licenses	TOTAL
Historical cost			
At 31 December 2006	8,813	5,379	14,192
cost of intangible assets written off in 2007	–	(31)	(31)
At 31 December 2007	8,813	5,348	14,161
cost of intangible assets acquired in 2008	–	–	–
cost of intangible assets written off in 2008	–	–	–
At 31 December 2008	8,813	5,348	14,161
Accrued amortization			
At 31 December 2006	4,261	2,692	6,953
accrued amortization for 2007	882	805	1,687
accrued amortization on intangible assets written off in 2007	–	(28)	(28)
At 31 December 2007	5,143	3,469	8,612
accrued amortization for 2008	361	802	1,163
At 31 December 2008	5,504	4,271	9,775
Carrying amount			
At 31 December 2006	4,552	2,687	7,239
At 31 December 2007	3,670	1,879	5,549
At 31 December 2008	3,309	1,077	4,386



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

LIABILITIES ON TAXES AND OTHER OBLIGATORY PAYMENTS TO BUDGET

KZT'000

	At 31 December 2008	At 31 December 2007
Value added tax	2,585	1,976
Social tax	–	489
Other taxes and payments to budget	12	888
TOTAL	2,597	3,353



**TRADE AND OTHER PAYABLES.
SUB-RENTAL PRPAID AND OTHER ADVANCES RECEIVED.
SHORT-TERM ESTIMATED LIABILITIES**

KZT'000

	At 31 December 2008	At 31 December 2007
Settlements with suppliers and contractors	2,085	1,812
Salaries payable	380	—
Other payables	485	1,260
Total trade and other payables	2,950	3,072
Sub-rental prepaid	100	14,977
Other advances received	42,039	40,558
Total sub-rental prepaid and other advances received	42,139	55,535
Employees' vacations estimated liability	15,161	12,996
Total short-term estimated liabilities	15,161	12,996

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



DEFERRED TAX ASSETS AND LIABILITIES

KZT'000

	2008	2007
Current corporate income tax expenses	60,334	84,471
Deferred corporate income tax refund (expenses) / deferred tax liability	8,315	9,390
Effect of change in tax rates	(13,865)	–
Total corporate income tax expenses	54,784	93,861

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

Article 147 item 1 of the Republic of Kazakhstan Code "On Taxes and Other Obligatory Payments to Budget" dated 10 December 2008 (enacted since 01 January 2009) and article 4 of the Republic of Kazakhstan Law "On Enactment of the Republic of Kazakhstan Code On Taxes and Other Obligatory Payments to Budget" dated 10 December 2008 establish the following corporate income tax rates:

- from 1 January 2009 to 1 January 2010 – 20 percent;
- from 1 January 2010 to 1 January 2011 – 17.5 percent;
- from 1 January 2011 – 15.0 percent.

Tax effect of the main temporary differences resulting in deferred corporate income tax assets and liabilities as at the end of 31 December 2008 is set forth below:

KZT'000

	At 31 December 2008	At 31 December 2007
Deferred tax asset	(4,000)	(4,227)
Including:		
taxes payable	–	(147)
vacations provision	(2,882)	(3,899)
property, plant and equipment and intangible assets	(225)	(181)
income/loss of organizations accounted for by equity method	(893)	–
Deferred tax liabilities	12,065	17,841
Including:		
property, plant and equipment and intangible assets	12,065	11,358
income/loss of organizations accounted for by equity method	–	6,483
Net deferred income tax liabilities (assets)	8,065	13,614

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

Corporate income tax rate in the Republic of Kazakhstan in 2008 was 30 %. Amount of corporate income tax charged for 2008 differs from the amount of



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

tax calculated using corporate income tax rate to income before tax.

KZT'000

	2008	2007
Income before tax	175,942	315,157
30 % tax on net income before tax	52,783	94,547
Adjustment for tax effect of profit (expense) which are not tax deductible	2,001	(686)
Corporate income tax expense	54,784	93,861



SHARE CAPITAL

On 19 November 2007 Justice Department for Almaty city registered changes and amendments No. 5 to the Stock Exchange Charter according to which its declared (only common) shares were increased up to 5 million shares, including split of 450 outstanding common shares of the Stock Exchange in proportion 1 : 1,000 up to 450,000 shares. New Share Issue Prospectus taking into account these amendments was registered by Kazakhstan Agency for Regulation and Supervision of Financial Market and Financial Organisations (FMSA) on 25 August 2008. The issue of the Stock Exchange declared shares was entered into the State Register of Securities under number A1003. Simultaneously to the above split, FMSA replaced the notification on the results of the Stock Exchange shares placement dated 4 May 2008. According to this notification and securities issue state registration certificate 450,000 shares of the Stock Exchange were placed and paid up with the paid authorized capital of 165,000 thousand tenge.

Share (authorized) capital of Kazakhstan Stock Exchange as at 31 December 2008 did not change as compared to the amount indicated (as well as compared to the amount of share (authorized) capital) as at 31 December 2007), made up 165,020 thousand tenge and was generated through offering of 450,000 shares of the Stock Exchange (including the above split of the Stock Exchange shares).

Changes in the outstanding shares of the Stock Exchange in 2007 – 2008 were as follows:

- 1) at 31 December 2006 437 of 450 declared shares of the Stock Exchange were placed with 8 treasury shares still available. During 2007 the Stock Exchange placed 13 shares for the total amount of 4,768 thousand tenge among 3 buyers, and sold to the same buyers 2 shares (of treasury shares) for the total amount of 733 thousand tenge and purchased one share at the price of 366 thousand tenge;
- 2) at 31 December 2007 all 450 declared shares of the Stock Exchange were placed with 7 treasury shares still available. During 2008 the Stock Exchange sold 7 shares (of treasury shares) for the total amount of 2,567 thousand tenge;
- 3) at 31 December 2008 450,000 of 5,000,000 declared shares of the Stock Exchange were placed without any treasury shares (including the above split of the shares).

Below are the changes in the share (authorized) capital of the Stock Exchange in 2007-2008.

	Number of outstanding shares	Authorized capital at the offering price
At 31 December 2006	437	160,252
Increase in authorized capital in 2007	13	4,768
At 31 December 2007	450	165,020
At 31 December 2008	450,000	165,020



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

At 31 December 2008 the shareholders of the Stock Exchange were as follows:

	Number of the Stock Exchange shares	Stake in the total number of outstanding shares, %
Shareholders each owning the Stock Exchange shares equal to 2 or more percent of the total outstanding shares	143,000	31,78
including:		
Regional Financial Center of Almaty city JSC	54,000	12,00
Kaspi Bank JSC	24,000	5,33
SUBSIDIARY BANK KAZAKHSTAN ZIRAAT INTERNATIONAL BANK JSC	18,000	4,00
Bank CenterCredit JSC	12,000	2,67
Subsidiary Bank RBS (Kazakhstan) JSC	12,000	2,67
Asia Broker Services JSC	12,000	2,67
Astana-Finance JSC	11,000	2,44
Shareholders each owning the Stock Exchange shares equal to less than 2 percent of the total outstanding shares	307,000	68,22
including:		
Individuals	10,000	2,22
TOTAL	450,000	100,00



TREASURY STOCK

In 2008 (prior to state registration of the New Share Issue Prospectus taking into account the above split of the Stock Exchange shares) Kazakhstan Stock Exchange sold 7 treasury shares for the amount of 2,567 thousand tenge at their offering price (366,710 tenge).

	Treasury shares	
	Pieces	KZT'000
At 31 December 2006	8	2,934
Shares purchased	1	366
Treasury shares sold	(2)	(733)
At 31 December 2007	7	2,567
Treasury shares sold	(7)	(2,567)
At 31 December 2008	-	-



Note 20.

FAIR VALUE OF FINANCIAL ASSETS

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

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

KZT'000

	At 31 December 2008		At 31 December 2007	
	BV*	FV**	BV*	FV**
Financial assets at fair value through profit or loss	68,387	68,387	176,231	176,231
Financial assets available for sale	347,564	319,750	521,833	494,019
including shares	27,814	n/a	27,814	n/a
Investments recognized using equity method	82,143	82,143	86,612	86,612
Cash and cash equivalents	452,598	452,598	70,295	70,295
Restricted cash	5,460	5,460	142,656	142,656
Trade and other receivables	64,160	64,160	52,698	52,698
TOTAL	1,020,312	992,498	1,050,325	1,022,511

* Book value.

** Fair value.

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

Investments recognized using equity method are carried at proportional interest belong to the Stock Exchange in RTRS LLP.

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



EARNINGS PER SHARE (BASIC AND DILUTED)

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

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

	KZT'000	
	2008	2007
Net income attributable to major shareholders (tenge thousands)	115,435	215,962
Weighted average number of common shares	448,250	436,750
Earnings per share (basic and diluted) (tenge) ⁵	257.52	494.48

There were no potential shares of the Stock Exchange for 2008.

⁵ Taking into account the above mentioned split of the Stock Exchange shares (including the conditional split of 2007 data).



Note 22.

INCOME GENERATED FROM OPERATIONS

	KZT'000	
	2008	2007
Membership fees	198,911	144,171
Listing fees	270,942	198,272
Commission fees	370,552	414,794
Remote access fees	20,653	15,208
S.W.I.F.T. system	-	487
Informational services and software development	92,184	68,388
Total income from operating activities	953,242	841,320

	KZT'000	
	2008	2007
Income from realization of financial assets at fair value through profit or loss	6,457	3,104
Income (loss) from realization of financial assets available for sale	(299)	(450)
Net income from financial assets sold	6,158	2,654



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

OTHER OPERATING EXPENSES

KZT'000

	2008	2007
Utilities	5,039	2,714
Penalties, fines	352	27
Bank services	3,767	2,783
Insurance	2,809	1,555
Training, seminars, conferences	3,783	1,492
Advertising costs	2,118	649
Provision for doubtful receivables	3,723	2,850
Other expenses	40,326	29,655
Total other expenses	61,917	41,725
Net exchange losses	165	643
Total other expenses	62,082	42,368



INTEREST INCOME AND EXPENSES

KZT'000

	2008	2007
Government securities interest income	7,019	20,596
Other debt securities interests	18,809	9,796
Discount amortization income	3,375	–
Total interest expenses	29,203	30,392
Deposit interests (Information Agency for Financial Markets IRBIS LLP)	565	–
Total deposit interest income	565	–
Governmental securities premium/discount amortization charges	(381)	(898)
Other debt securities premium/discount amortization charges	–	(716)
Total interest expenses	(381)	(1,614)
Net interest income	29,387	28,778



Note 25.

NON-CASH TRANSACTIONS

KZT'000

	2008	2007
Revaluation of securities available for sale to fair value	7,185	16,179
Other non-cash transactions	2,726	1,667

Withholding tax related to securities interest received by the Stock Exchange and other non-cash operations comprise other non-cash transactions.



Note 26.

**Information Agency
for Financial
Markets IRBIS LLP**

**OTHER INFORMATION ON SUBSIDIARIES AND INVESTMENTS
RECOGNIZED USING EQUITY METHOD**

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

This partnership was registered as a legal entity on 28 August 1998 with the charter capital of 1,020 thousand tenge. Its founders, along with the Stock Exchange, were Almaty Financial Instruments Exchange CJSC, the Kazakhstan National Association of Securities Market Brokers and Dealers, the state enterprise Republican Magazine "Kazakhstan Securities Market" at the NSC, the National Association of Professional Securities Market Participants, DANK LLP. The Stock Exchange and all stated organisations possessed equal shares in the charter capital of this partnership.

By the participants general meeting decisions dated 25 June 2003:

- Almaty Financial Instruments Exchange CJSC was excluded from the participants of this partnership in connection with its liquidation by joining to the Stock Exchange;
- the Kazakhstan National Association of Securities Market Brokers and Dealers was excluded from the participants of this partnership based on the application of the association with donation of its share in the charter capital to the Stock Exchange;
- the state enterprise Republican Magazine "Kazakhstan Securities Market" was excluded from the participants of this partnership based on the application thereof and in connection with failure to pay the interest in the charter capital of this partnership;
- the National Association of Professional Securities Market Participants was excluded from the participants of this partnership based on the application thereof with donation of its share to the charter capital to the Stock Exchange;
- DANK LLP was excluded from the participants of this partnership in connection with the liquidation thereof with transfer of its share in the charter capital to Kenes Service LLP;
- the charter capital of this partnership was reduced by 170 thousand tenge (by a share of the state enterprise Republican Magazine "Kazakhstan Securities Market" in the charter capital of the stated partnership) to 850 thousand tenge.

On 05 February 2004 this partnership was re-registered in connection with reduction of its charter capital and change of the participants' structure. Now the Stock Exchange owns a 80 % share in the paid charter capital of this partnership. In 2008 it was located at: 291/3a, Dostyk avenue, Almaty. Since February 2009 this partnership is located at: Maulenova str. 85, Almaty.

eTrade.kz LLP

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

On 20 June 2003 the Exchange Committee made the decision on partial privatization of this partnership with preservation of a 51 % share of the Stock Exchange in its charter capital and providing to this partnership employees with options for the charter capital shares purchase (Minutes of the meeting dated 20 June 2003 No.14). This decision of the Exchange Committee was approved by the decision of the annual shareholders' general meeting of the Stock Exchange (Minutes dated 31 July 2003 No. 6). By the decision of the participants' general meeting of this partnership dated 19 March 2004 its employees were admitted to the participants' structure thereof, and its charter



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

RTRS LLP

capital increased to 1,945 thousand tenge due to contributions of the new participants of this partnership.

On 27 May 2004 this partnership was re-registered in connection with increase in its charter capital and change of the participants' structure. Now the Stock exchange owns a 51.4 % share in the paid charter capital of this partnership. The partnership is located at: 291/3a, Dostyk avenue, Almaty.

This partnership was registered as a legal entity on 05 April 2005 with the charter capital of 65,000 thousand tenge. The sole founder of this partnership was the Stock Exchange.

On 04 August 2005 the Exchange Committee permitted 50 % participation of Central Securities Depository JSC in this partnership at the expense of the relevant increase in the charter capital of this partnership (Minutes dated 04 August 2005 No. 28). By the decision of the participants' general meeting of this partnership dated 01 September 2005 Central Securities Depository was admitted to the participants of this partnership with the relevant increase in the charter capital of the partnership up to 130,000 thousand tenge due to contribution of Central Securities Depository JSC.

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

Below are the operations of the Stock Exchange with its subsidiaries and associate, the Stock Exchange's investments whereof are accounted for in the consolidated financial statements using equity method.

KZT'000

	At 31 December 2008	At 31 December 2007
Short-term payables of the Stock Exchange to its subsidiaries and RTRS LLP	-	-
Short-term receivables of the Stock Exchange to its subsidiaries and RTRS LLP	67	38
Including that to:		
eTrade.kz LLP	67	38



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

KZT'000

Related party; type of goods, works, services	Goods, works and services acquired/provided by the Stock Exchange in 2008	
	acquired by the Stock Exchange	provided by the Stock Exchange
In 2008		
Information Agency for Financial Markets IRBIS LLP	2,409	2,552
Including:		
income from authorized capital participating interest	2,409	-
subletting of the office premises	-	2,552
eTrade.kz LLP	1,237	192
Including:		
income from authorized capital participating interest	1,103	-
Certification Center services	134	-
subletting of the office premises	-	192
TOTAL	3,646	2,744
In 2007		
Information Agency for Financial Markets IRBIS LLP	25	-
Including:		
acquisition of property	25 ⁶	-
eTrade.kz LLP	762	-
Including:		
income from authorized capital participating interest	560	-
Certification Center services	123	-
acquisition of property	79 ⁷	-
TOTAL	787	-

⁶ Mobile (as the General Director of Information Agency for Financial Markets IRBIS LLP A. Tsalyuk was elected a Vice President of the Stock Exchange).

⁷ Tokens (key information chip carriers).



RELATED PARTY TRANSACTIONS

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

The following are considered by the Stock Exchange as related parties in 2008:

Related party	Relations with the Stock Exchange
Persons who can (could) exercise control over the Stock Exchange operations	
Mr. Abdrazakov Yeldar Sovetovich	Member of the Exchange Committee (from 21 July 2005 to 19 November 2008)
Centras Securities JSC	In 2008 this company was controlled by Y.S. Abdrazakov
Ms. Ainabayeva Sholpan Rakhmankulovna	Member of the Exchange Committee (from 19 November 2008 up to date)
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	This company was controlled by Sh.R. Ainabayeva in 2008.
Mr. Akhanov Serik Akhmetzhanovich	Member of the Exchange Committee, Independent Director of the Stock Exchange (from 23 August 2007 up to date)
Kazakhstan Financiers Association LEA	This association was controlled by S.A. Akhanov in 2008
Mr. Babenov Bulat Bazartayevich	Vice President of the Stock Exchange (Member of its executive body)
Ms. Battalova Ayan Sovetovna	Member of the Exchange Committee (from 23 August 2007 up to 19 November 2008)
Compass Investment Portfolio Management Company JSC	This company was controlled by A.S. Battalova in 2008.
Mr. Bektanov Kairat Karibayevich	Member of the Exchange Committee (from 19 November 2008 up to date)
Alem Management Company JSC	This company was controlled by K.K. Bektanov in 2008.
Ms. Berdalina Zhanat Kolanovna	Member of the Exchange Committee, Independent Director of the Stock Exchange (from 19 November 2008 up to date)
KPMG Audit LLP	This partnership was controlled by Zh.K. Berdalina in 2008
Ms. Bidaibekova Ainur Muratovna	Member of the Exchange Committee (from 23 August 2007 up to 19 November 2008)
Asia Broker Services JSC	This company was controlled by A.M. Bidaibekova in 2008
Alan Securities JSC	This company was controlled by A.M. Bidaibekova in 2008
Mr. Joldasbekov Azamat Myrzadanovich	President of the Stock Exchange (Head of the Executive Body), Member of the Exchange Committee (according to the Stock exchange Charter)
Mr. Zhaksybek Dauren Adilbekuly	Member of the Exchange Committee (from 23 August 2007 up to 19 November 2008)



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

Mr. Smagulov Askar Sagidollayevich	Member of the Exchange Committee, Independent Director of the Stock Exchange (from 19 November 2008 to present)
	See line "Mr. Karabayev Dauren Saparaliyevich"
Ms. Tasbolat Aigul Nursainovna	Member of the Exchange Committee (from 19 November 2008 to present)
Regional Financial Center of Almaty JSC	This company was controlled by A.N. Tasbolat during 2008
RFCA Rating Agency JSC	This company was controlled by A.N. Tasbolat during 2008
RFCA Academy JSC	This company was controlled by A.N. Tasbolat during 2008
Mr. Tashmetov Mirlan Zhaparbekovich	Member of the Exchange Committee, Independent Director of the Stock Exchange (from 19 November 2008 to present), the Chairman of the Exchange Committee (from 27 November 2008)
Mr. Tsalyuk Andrey Yuriyevich	Vice President of the Stock Exchange (a member of the Executive Body) (from 12 October 2007) / General Director of Information Agency for Financial Markets IRBIS LLP (to April 2008)
Mr. Tsurkan Oleg Grigoriyevich	Member of the Exchange Committee (from 19 November 2008 to present)

Persons over the activities whereof the Stock Exchange can (could) exercise control

Central Securities Depository JSC	The Stock Exchange is the major shareholder of this company (owns 38.7 % shares of this company in the total number of its outstanding shares)
Kyrgyz Stock Exchange CJSC	The Stock Exchange is the major shareholder of this company (owns 10.6 % shares of this company in the total number of its outstanding shares)

In 2008 the Stock Exchange carried out transactions with related parties such as rendering of services, purchase of services and rent of premises. All such transactions were carried out at an arm's length. The table below describes such transactions.

KZT'000

	At 31 December 2008	At 31 December 2007
Short-term payables of the Stock Exchange to related parties	396	2.102
including:		
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	15	-
Astana-Finance JSC	-	224
Halyk Savings Bank of Kazakhstan JSC	-	1,655
Central Securities Depository JSC	381	223
Short-term receivables of the Stock Exchange to related parties	16,976	8,266
including:		
Centras Securities JSC	333	1,951



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

Tsesnabank JSC	This company was controlled by D.A. Zhaksybek in 2008
Mr. Zhandosov Oraz Aliyevich	Member of the Exchange Council, Independent Director of the Exchange (from 19 November 2008 up to date)
Rakurs Economic Analysis Center	This organization was controlled by O.A Zhandosov in 2008
Ms. Ivanova Irina Viktorovna	Member of the Exchange Committee (from 23 August 2007 up to 19 November 2008)
Mr. Islamov Kintal Kintaliyevich	Member of the Exchange Committee (from 23 August 2007 up to 19 November 2008)
Astana-Finance JSC	This company was controlled by K.K. Islamov and S.Kh. Mameshtegi in 2008
Mr. Karabayev Dauren Saparaliyevich	Member of the Exchange Committee (from 23 August 2007 up to date)
Halyk Saving Bank of Kazakhstan JSC	This company was controlled by D.S. Karabayev and A.S. Smagulov in 2008
Mr. Kim Lev Gennadiyevich	Member of the Exchange Committee (from 13 July 2006 up to 19 November 2008)
Mr. Kyshpanakov Viktor Alekseyevich	Member of the Exchange Committee (from 21 July 2005 up to date)
BCC Invest JSC – Subsidiary of Bank CenterCredit JSC	This company was controlled by V.A. Kyshpanakov in 2008
Mr. Niyazov Bakht Bulatovich	Member of the Exchange Committee (from 21 July 2005 up to 19 November 2008)
REAL-INVEST.kz Financial Company JSC	This partnership was controlled by B.B. Niyazov in 2008
SUN-Advertising LLP	This partnership was controlled by B.B. Niyazov in 2008
Golden Tau Group LLP	This partnership was controlled by B.B. Niyazov in 2008
Mr. Mameshtegi Saduakas Khalyksovetuly	Member of the Exchange Committee (from 6 January 1999 up to 19 November 2008), Chairman of the Exchange Committee (from 19 October 1999 up to 19 November 2008) See line "Islamov Kintal Kintaliyevich"
Mr. Orynbayev Kantar Bekaralovich	Member of the Exchange Committee, Independent Director of the Stock Exchange (from 17 January to 19 November 2008)
Pension Savings Fund of Halyk Bank of Kazakhstan JSC, subsidiary of Halyk Bank of Kazakhstan JSC	This company was controlled by K.B. Orynbayev during 2008
Mr. Ospanov Aidar Idrissovich	Member of the Exchange Committee (from 21 July 2005 to 19 November 2008)
RESMI Investment Financial House JSC	This company was controlled by A.I. Ospanov during 2008
Mr. Sabitov Idel Marsilyevich	The First Vice President of the Stock Exchange (a member of the Executive Body) / General Director of eTrade.kz LLP (the Stock Exchange's subsidiary)



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	366	985
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	152	517
Asia Broker Services JSC	1,360	1,544
Alan Securities JSC (former First Broker House JSC)	1,864	125
Tsesnabank JSC	136	1,149
Astana-Finance JSC	1,017	-
Halyk Savings Bank of Kazakhstan JSC	7,003	-
BCC Invest JSC – a subsidiary of Bank CenterCredit JSC	813	1,165
REAL-INVEST.kz Financial Company JSC	442	189
Pension Savings Fund of Halyk Bank of Kazakhstan JSC, subsidiary of Halyk Bank of Kazakhstan JSC	2,209	6
RESMI Investment Financial House JSC	900	412
Central Securities Depository JSC	381	223

For comparison: as at 31 December 2007 short-term payables of the Stock Exchange to the parties considered related during 2007 was 2,122 thousand tenge, short-term receivables – 14,799 thousand tenge (according to the notes to the consolidated financial statements of the Stock Exchange for the years ended 31 December 2007, 2006 and 2005).

KZT'000

Related party; type of goods, works, services	Goods, works, services provided by the Stock Exchange in 2008	
	Acquired by the Stock Exchange	Delivered by the Stock Exchange
Centras Securities JSC	6,128	3,430
including:		
financial consultant services	678	-
financial services	5,450	3,430
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC); financial services	91	3,662
Kazakhstan Financiers Association LEA; member fees	511	-
Compass Investment Portfolio Management Company JSC; financial services	-	252
Alem Management Company JSC; financial services	-	1,736
Asia Broker Services JSC; financial services	-	16,858
Alan Securities JSC (former First Broker House JSC); financial services	-	13,716
Tsesnabank JSC; financial services	-	10,024
Astana-Finance JSC; financial services	-	41,977

Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements



Halyk Savings Bank of Kazakhstan JSC	817	33,779
including		
account maintenance	817	-
financial services	-	33,779
BCC Invest JSC – a subsidiary of Bank CenterCredit JSC; financial services	-	15,503
REAL-INVEST.kz Financial Company JSC; financial services	-	8,097
Pension Savings Fund of Halyk Bank of Kazakhstan JSC, subsidiary of Halyk Bank of Kazakhstan JSC; financial services	-	6,586
RESMI Investment Financial House JSC; financial services	-	12,633
Central Securities Depository JSC	3,211	100,845
including		
services on execution and registration of transactions in securities	3,211	-
lease of the office premises	-	101,845
TOTAL	10,758	270,098

For comparison: in 2007 volume of goods, works and services acquired by the Stock Exchange from those the Stock Exchange considered related during 2007 was 3,544 thousand tenge; volume of goods, works and services delivered by the Stock Exchange to such persons – 276,586 thousand tenge (according to the notes to the consolidated financial statements of the Stock Exchange for the years ended 31 December 2007, 2006 and 2005).

Below is the information on the accrued key management benefits of the Stock Exchange from among the persons the Stock Exchange considers related during 2008.

KZT'000

	2008	2007
Mr. Abdrazakov Yeldar Sovetovich	950	1,108
Ms. Ainabayeva Sholpan Rakhmankulovna	133	-
Mr. Akhanov Serik Akhmetzhanovich	950	469
Mr. Babenov Bulat Bazartayevich	11,913	16,176
Ms. Battalova Ayan Sovetovna	1,030	447
Mr. Bektanov Kairat Karibayevich	133	680
Ms. Berdalina Zhanat Kolanovna	95	-
Ms. Bidaibekova Ainur Muratovna	981	479
Mr. Joldasbekov Azamat Myrzadanovich	30,879	31,071
Mr. Zhaksybek Dauren Adilbekuly	950	426
Mr. Zhandosov Oraz Aliyevich	133	-
Ms. Ivanova Irina Viktorovna	950	426
Mr. Islamov Kintal Kintaliyevich	950	426
Mr. Karabayev Dauren Saparaliyevich	1,045	426
Mr. Kim Lev Gennadiyevich	950	1,108



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

Mr. Kyshpanakov Viktor Alekseyevich	2,011	1,758
Mr. Niyazov Bakht Bulatovich	950	1,108
Mr. Mameshtegi Saduakas Khalyksovetuly	950	1,108
Mr. Orynbayev Kantar Bekaralovich	950	–
Mr. Ospanov Aidar Idrisovich	950	1,209
Mr. Sabitov Idel Marsilyevich	15,689	20,738
Mr. Smagulov Askar Sagidollayevich	132	–
Ms. Tasbolat Aigul Nursainovna	132	–
Mr. Tashmetov Mirlan Zhaparbekovich	132	–
Mr. Tsalyuk Andrey Yuriyevich	11,954	11,647
Mr. Tsurkan Oleg Grigoriyevich	132	–
TOTAL	86,024	90,810

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



SUBSEQUENT EVENTS

The following events occurred after 31 December 2008 can affect the assets and liabilities of the Stock Exchange.

1. The Stock Exchange has a firm intent to hold corporate bonds being a part of its financial assets portfolio to maturity. For this purpose such bonds were reclassified since 01 January 2009 from 'Financial assets available for sale' to 'Financial assets held to maturity'.
2. With the decision of Exchange Committee dated 29 January 2009 bonds of Ornek XXI JSC of the first issue, being a part of the financial assets portfolio of the Stock Exchange, were de-listed since 30 January 2009.
3. On 07 April 2009 the Stock Exchange filed a suit to the Specialized Interdistrict Economic Court of the city of Almaty (SIEC) requiring to collect a penalty from VITA JSC for untimely granting by the stated admission initiator of the information which should be provided to the Stock Exchange according to the legislation of the Republic of Kazakhstan, internal documents of the Stock Exchange and the listing contract for the amount of 3,222 thousand tenge, as well as the state duty paid by the Stock Exchange for the amount of 97 thousand tenge and the Stock Exchange's expenses incurred on its representative's fee for the amount of 322 thousand tenge.



LEGAL SUITS

In 2008 the Stock Exchange was sued with the following actions considered by the SIEC.

1. A suit of the Pension Assets Investment Management Organization Bailyk Asset Management JSC (subsidiary of Eurasian Bank JSC) laid to appeal the Stock Exchange official's actions and declare the securities purchase and sale transactions void. The claimant demanded "to declare void and cancel transactions on the disputable securities sale effected by RBNT SECURITIES JSC on 13 November 2007 through the exchange's trading platform of the Kazakhstan Stock Exchange JSC with restitution"; "to declare actions of the Kazakhstan Stock Exchange JSC aimed at organization and carrying out of trading and acknowledgement of the disputable transactions with RBNT SECURITIES JSC as well as actions connected with illegal refusal to suspend further transactions in disputable securities and consider this issue in the Arbitration Committee of the Kazakhstan Stock Exchange JSC void".

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

2. A suit of BCC Invest JSC – a subsidiary of Bank CenterCredit JSC laid to invalidate the decisions of the Exchange Committee dated 24 April 2008 on approval of certain amendments to the internal documents of the Stock Exchange. For the purposes of this suit on 29 April 2008 SIEC ruled to suspend the approval of amendments in the following internal documents of the Stock Exchange with the FMSA: "Regulation on Membership" and "Rules of REPO Transactions", introduced by the decisions of the Exchange Committee dated 24 April 2008, and to suspend the effect of these amendments. On 07 August 2008 the Exchange Committee cancelled its decisions dated 24 April 2008 on the approval of the specified amendments. On 08 August 2008 SIEC ruled to leave this civil claim undecided since the claimant had withdrawn the suit.



RISK MANAGEMENT POLICY

In common with all other companies the Stock Exchange is exposed to risks inherent to its activities. Quantitative information in respect of these risks is presented elsewhere in these financial statements.

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

The Group undertakes all necessary actions to reveal various kinds of risks, prevent them, eliminate, or minimize their influence on the activities.

The Group considers the following kinds of risks as the most significant:

- market risk;
- operational risk;
- credit risk.

Risks of other kinds (risk of asset and liability concentration, liquidity risk, interest rate risk, currency risk, legal risk) are considered by Group as immaterial.

Market risk

Though the Kazakhstan Stock Exchange is a monopolist in the field of exchange services and products in the Republic of Kazakhstan (though the legislation of the Republic of Kazakhstan does not prohibit the creation and operation of other organizers of trade in securities and other financial instruments) the Group is exposed to a certain market risk as it is highly dependent of the general condition of the country financial system and the governmental policy in relation thereof.

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

Operational risk

The major activity of the Stock Exchange is organizational and technical support of trading in financial instruments. Such trainings are accompanied by a number of pre- and post-trading processes, including distribution of the various exchange information. In this activity the Group uses various procedures and engineering software systems, the key whereof is the specialized software "Automated trading system" (hereinafter trading system).

Thereupon the Group is exposed to the relevant operational risk arising in the result of the potential restrictions and omissions in the specified procedures and systems, or their possible misuse, or unexpected changes in the applicable legislation entailing temporary irregularity of the procedures systems.

Operational risk arising due to restrictions and omissions in the engineering software systems is minimized by the Stock Exchange as follows:

- 1) the risk of the trading system) current and archival data loss is minimized by on-line replicating of these data and by regular data backup on durable carriers;
- 2) the risk of hardware and/or software failure of the Stock Exchange's main trading server is minimized by ensuring the possibility to promptly start-up the trading system copy available on the reserve server;
- 3) the risk of auxiliary servers failure (certification server, back-office server, web site server) - risk of the traders' access restriction to the



exchange information. The Stock Exchange duplicates auxiliary servers, back-ups and reserves critical data;

- 4) the risk of the Group's communication equipment failure - risk of access restriction for the traders to the Trading System. The Group duplicates key hardware (routers);
- 5) the risk of non-authorized access to the trading system of the persons not having sufficient powers (risk of the trading system wrecking, capture of the private (confidential) data, hostile substitution of the trading system data. The Stock Exchange applies software and hardware cryptographic means, allowing excluding non-authorized access to the trading system.

Besides, a principal way to minimize operational risk arising due to potential restrictions and omissions in the Stock Exchange's engineering software systems is its investment participation in RTRS LLP which upon the completion of the required construction and commissioning works will perform functions of the reserve trading and settlement centers of the Stock Exchange and Central Securities Depository JSC.

Operational risk connected with potential misuse of the procedures and engineering software systems of the Stock Exchange is minimized through the following:

- Internal documents of the Stock Exchange establish the rules of the procedures and systems use as well as the job responsibilities and functions of personnel while strictly limiting the authority and responsibility of each member of the Stock Exchange's Management Board and their ability to make individual decisions;
- The Stock Exchange teaches its employees of how to use these procedures and systems;
- The Stock Exchange acting by the members of its Management Board and the heads of the structural divisions supervises compliance with the rules of the above procedures and systems use;
- The Stock Exchange actively and regularly applies the result of the public control over the activities thereof on the part of the shareholders/members of the Stock Exchange and other consumers of the exchange goods and services.

Operational risk arising due to unexpected changes in the legal requirements is minimised by the Stock Exchange through continuous monitoring of the legislation as well as active participation of the Stock Exchange in the activities of the Kazakhstan Financiers Association and constant interaction with the state regulators of the Stock Exchange's activities and financial market.



Kazakhstan Stock Exchange Inc.:
Notes to 2008 consolidated financial statements

KZT'000

	At 31 December 2008		At 31 December 2007	
	BV*	MR**	BV*	MR***
Trade and other receivables	64,160	6,626	52,698	3,524
Financial assets at fair value through profit or loss	68,387	68,387	176,231	62,181
Financial assets available for sale	347,564	319,750	521,833	73,764
TOTAL	480,111	394,763	750,762	139,469

* carrying amount

** maximum risk exposure

*** maximum exposure including profits generated in 2008. Due to this data shown differ from those stated in note 30 to the consolidated financial statements of the Stock Exchange for the years ended 31 December 2007, 2006 and 2005.

The Group develops administrative methods of prevention and minimization of each separate type of risk.

The Group management bears full responsibility for determination of the Group risk management objectives and policy. General task of the Group management is to establish policies which are directed at risk reduction to the greatest possible extent and at the same time do not inadequately influence competitiveness, flexibility and profitability of the Group capital.

Risk management policy is considered to be an important element of the Group corporate culture and communicated to all employees of the functional divisions. The Group supports effective information exchange, necessary for day-to-day and strategic risk management, between the Exchange Committee, the Management Board of the Stock Exchange and all functional divisions of the Group.

President

A. Joldasbekov

Chief Accountant

L. Ryabushkina

