

**JOINT STOCK COMPANY
ASTANA FINANCE**

Consolidated Financial Statements
For the year ended 31 December 2004

And Independent Auditors' Report

JSC ASTANA FINANCE

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of JSC Astana Finance:

We have audited the accompanying consolidated balance sheet of JSC Astana Finance and its subsidiaries (hereinafter - the "Group") as at 31 December 2004, and the related consolidated profit and loss account, consolidated statements of cash flows and shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2004, and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

6 April 2005
Almaty

JSC ASTANA FINANCE

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 KZT'000	2003 KZT'000
Interest income	3,4,36	1,272,928	1,052,872
Interest expense	3,4,36	<u>(1,018,928)</u>	<u>(610,910)</u>
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES		<u>254,000</u>	<u>441,962</u>
Provision for loan losses	5	<u>(189,599)</u>	<u>(101,826)</u>
NET INTEREST INCOME		<u>64,401</u>	<u>340,136</u>
Net operating income from subsidiaries activities	3	2,469,219	1,730,406
Fees and commissions income and expense	6	51,102	(36,625)
Income from sales of fixed assets	3	27,959	140,303
Income from disposal of subsidiaries	12	6,265	13,932
Net gain on foreign exchange operations	3	74,623	200,077
Other income, net	7	<u>225,811</u>	<u>187,638</u>
NON-INTEREST INCOME		2,854,979	2,235,731
OPERATING INCOME		<u>2,919,380</u>	<u>2,575,867</u>
Administrative expenses	8	(1,939,168)	(1,655,641)
Sales expenses	9	(299,479)	(245,211)
Interest expense of subsidiaries	3	<u>(71,894)</u>	<u>(33,544)</u>
OPERATING EXPENSES		<u>(2,310,541)</u>	<u>(1,934,396)</u>
PROFIT BEFORE OTHER PROVISIONS AND LOSSES, INCOME TAX AND MINORITY INTEREST		608,839	641,471
Recovery/(provision) for other items	5	11,741	(140,848)
Loss from associates		<u>-</u>	<u>(7,610)</u>
PROFIT BEFORE INCOME TAX AND MINORITY INTEREST		620,580	493,013
Income tax expense	10	<u>(198,886)</u>	<u>(212,161)</u>
NET PROFIT BEFORE MINORITY INTEREST		421,694	280,852
Minority interest	11	<u>(97,584)</u>	<u>(30,945)</u>
NET PROFIT		<u>324,110</u>	<u>249,907</u>
Earnings per share (in KZT)	13	177.24	133.19

On behalf of the Board:

Islamov K.K.
Chairman

6 April 2005
Astana

Sedova R.I.
Chief Accountant

6 April 2005
Astana

JSC ASTANA FINANCE

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

The notes on pages 7 to 36 form an integral part of these consolidated financial statements.
The Independent Auditors' Report is on page 1.

JSC ASTANA FINANCE

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

	<u>Notes</u>	<u>2004</u> KZT'000	<u>2003</u> KZT'000
ASSETS:			
Fixed assets, less accumulated depreciation	14	4,650,242	3,020,430
Investment property	15	1,102,795	1,126,671
Construction	16	6,894,011	4,932,473
Inventory	17	625,434	538,713
Loans to banks, less allowance for loan losses	18, 36	84,659	93,920
Loans and advances to customers, less allowance for loan losses	19, 36	10,602,991	6,011,114
Trade debtors of subsidiaries	20	2,127,979	1,549,914
Advances paid, less allowance for losses	21	3,375,945	2,809,864
Other assets, less allowance for losses	22	859,756	517,693
Other investments	23	193,404	69,960
Cash and cash equivalents	24	887,011	717,711
TOTAL ASSETS	3	31,404,227	21,388,463
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share capital	25	1,828,675	1,876,343
Retained earnings		804,911	570,819
Total shareholders' equity		2,633,586	2,447,162
Minority interest	11	522,816	425,123
LIABILITIES:			
Payable to state organizations	26	3,086,056	3,229,215
Loans from banks	27, 36	9,424,880	3,485,361
Debt securities issued	28	7,505,470	5,195,150
Advances received	29	4,032,308	3,185,549
Trade creditors of subsidiaries	30	1,155,208	825,385
Deferred tax liability	10	185,225	128,513
Taxes payable	31	181,620	108,715
Deferred income		228,720	951
Other liabilities	32	228,499	137,500
		26,027,986	16,296,339
Subordinated debt	33, 36	2,219,839	2,219,839
Total liabilities	3	28,247,825	18,516,178
TOTAL EQUITY AND LIABILITIES		31,404,227	21,388,463
CONTINGENCIES	34	4,990,920	1,518,381

On behalf of the Board:

Islamov K.K.
Chairman

6 April 2005
Astana

Sedova R.I.
Chief Accountant

6 April 2005
Astana

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JSC ASTANA FINANCE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2004

	<u>Notes</u>	<u>2004</u> KZT'000	<u>2003</u> KZT'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax and minority interest		620,580	493,013
Adjustments for:			
Loss on equity investment		-	7,610
Provision for loan losses		189,599	101,826
(Recovery of provision)/provision for other assets		(11,741)	140,848
Depreciation and amortization		280,317	211,704
Net income on sales of fixed assets		(27,959)	(140,303)
Change in accrued interest expense		32,079	644,454
Income from disposal of subsidiaries		(6,265)	(13,932)
Loss on acquisition of subsidiaries		-	2,395
		<hr/>	<hr/>
Operating profit before changes in operating assets and liabilities		1,076,610	1,447,615
(Increase)/decrease in operating assets:			
Loans and advances to banks		9,748	(2,457)
Loans and advances to customers		(4,781,963)	(2,096,915)
Trade debtors and advances paid		(1,048,408)	(1,271,984)
Inventory		(86,721)	(390,225)
Other assets		(568,918)	(77,850)
Increase/(decrease) in operating liabilities:			
Payable to state organizations		(140,907)	(190,144)
Taxes payable		72,904	-
Trade creditors and advances received		1,176,582	766,901
Deferred income		227,769	(153,440)
Other liabilities		69,438	231,259
		<hr/>	<hr/>
Cash outflows from operating activities before income taxes		(3,993,866)	(1,737,240)
Income tax paid		(116,028)	(179,259)
		<hr/>	<hr/>
Net cash outflows from operating activities		(4,109,894)	(1,916,499)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Construction		(1,961,538)	(208,616)
Purchase of fixed and intangible assets		(2,333,136)	(2,353,655)
Proceeds on sale of fixed and intangible assets		474,842	1,028,738
Purchase of subsidiaries less cash acquired		-	(141,787)
Cash on disposal of subsidiaries		(364)	(465)
Proceeds from sale of investments to associated companies		-	240
Proceeds from sale of other investments		-	11,901
Purchase of other investments		-	(3,000)
		<hr/>	<hr/>
Net cash outflows from investing activities		(3,820,196)	(1,666,644)

JSC ASTANA FINANCE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

	<u>Notes</u>	<u>2004</u> KZT'000	<u>2003</u> KZT'000
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from debt securities issued		2,283,873	2,247,785
Proceeds from shares issued		-	1
Elimination of shares purchased by subsidiary		(47,668)	-
Proceeds from shares issued by subsidiaries paid by minorities		-	47,143
Loans from banks		5,931,634	1,712,424
Dividends paid		(68,449)	-
		<u>8,099,390</u>	<u>4,007,353</u>
Net cash inflows from financing activities		8,099,390	4,007,353
NET INCREASE IN CASH AND CASH EQUIVALENTS		169,300	424,210
CASH AND CASH EQUIVALENTS, at beginning of the period	24	<u>717,711</u>	<u>293,501</u>
CASH AND CASH EQUIVALENTS, at end of the period	24	<u><u>887,011</u></u>	<u><u>717,711</u></u>

On behalf of the Board:

Islamov K.K.
Chairman

6 April 2005
Astana

Sedova R.I.
Chief Accountant

6 April 2005
Astana

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JSC ASTANA FINANCE

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

	<u>Share capital</u> KZT'000	<u>Retained Earnings</u> KZT'000	<u>Total shareholders' equity</u> KZT'000
Balance 31 December 2002	1,876,342	320,912	2,197,254
Net profit	-	249,907	249,907
Share capital increase	1	-	1
Balance 31 December 2003	<u>1,876,343</u>	<u>570,819</u>	<u>2,447,162</u>
Net profit	-	324,110	324,110
Shares purchased by subsidiaries	(47,668)	-	(47,668)
Minority share in reserve capital of purchased subsidiaries	-	(109)	(109)
Dividends declared	-	(89,909)	(89,909)
Balance 31 December 2004	<u>1,828,675</u>	<u>804,911</u>	<u>2,633,586</u>

On behalf of the Board:

Islamov K.K.
Chairman

6 April 2005
Astana

Sedova R.I.
Chief Accountant

6 April 2005
Astana

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JSC ASTANA FINANCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. ORGANISATION

JSC Astana Finance (the “Company”) is a joint-stock company, which was incorporated in the Republic of Kazakhstan on 27 December 1997 as the State Enterprise Fund of Economic and Social Development of Akmola Special Economic Zone and was re-registered as the JSC Astana Finance on 30 March 2004.

The Company operates under the state license of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial market and financial operations and obtained an entitlement to perform the following operations: loan operations, trust operations; cash and securities management in favor and on behalf of the trustee – CJSC Kazakhstani Mortgage Company, leasing, factoring and other operations in compliance with the bank legislation, and the issuance of its own securities (except for shares).

The Company is a parent company of the Group (the “Group”) which consists of the following enterprises which are consolidated in the financial statements as at 31 December 2004 and 2003:

<u>Name</u>	<u>Country of operation</u>	<u>2004</u> Astana Finance ownership interest	<u>2003</u> Astana Finance ownership interest
JSC Atyrau Nedvizhimost	Kazakhstan	100.00%	100.00%
LLP Kumys Kaskyr	Kazakhstan	100.00%	100.00%
Standard Leasing Corporation	Seychelles Islands	100.00%	100.00%
JSC Astana City Palace	Kazakhstan	80.00%	100.00%
JSC Astana Nedvizhimost	Kazakhstan	80.00%	80.00%
JSC Astana Gas Service	Kazakhstan	91.35%	91.35%
JSC Ak Jaik Nedvizhimost	Kazakhstan	70.00%	70.00%
CJSC AREK	Kazakhstan	50.39%	50.39%
JSC Ecoton Plus	Kazakhstan	50.00%	50.00%

The number of employees of the Group at 31 December 2004 and 2003 was 3,335 and 3,067, respectively.

These consolidated financial statements were authorized for issue by the Management Board on 6 April 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting basis

These consolidated financial statements of the Group have been prepared on the accrual basis of accounting, under the historical cost convention.

The Group maintains its accounting records in accordance with Kazakhstani law and the legislation of Seychelles Islands. These consolidated financial statements have been prepared from the Kazakhstan statutory accounting records and have been adjusted to conform with International Financial Reporting Standards (“IFRS”).

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to change relate to the provisions for losses and the fair value of financial instruments.

Reporting currency

The currency used in these consolidated financial statements is the Kazakhstani Tenge (“KZT”).

Principles of consolidation

The consolidated financial statements include the accounts of majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated. The ownership interest of the Group and proportion of voting power of the Group in the significant subsidiaries as at 31 December 2004 and 2003 is presented in Note 1.

Investments in other subsidiaries and associated companies

Investments in corporate shares where the Group owns more than 20% of share capital, but does not have the ability or intent to control or exercise significant influence over operating and financial policies, or non-consolidation of such companies does not have a significant effect on the consolidated financial statements taken as a whole, or the Group intends to resell such investments in the near future, as well as investments in corporate shares where the Group owns less than 20% of share capital, are accounted for at cost of acquisition, if the fair value of investments cannot be determined.

Management periodically assesses the carrying values of such investments and provides valuation allowances, if required.

Revenue Recognition

Sales of goods are recognized when goods are delivered and title has passed.

Revenue from construction contracts are recognized in accordance with the Group’s accounting policy on construction contracts (see below). Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income from investments is recognized when the shareholders’ rights to receive payment have been established.

Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract **costs**. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Cash and cash equivalents

Cash and cash equivalents include petty cash balances and advances to banks.

Originated loans

Loans originated by the Group are financial assets that are created by the Group by providing money directly to a borrower or by participating in a loan facility, other than those that are originated with the intent to be sold immediately or in the short term, which are classified as held-for-trading. Originated loans are carried at amortized cost, less any provision for possible loan losses.

Allowance for possible loan losses

The determination of the allowance for loan losses is based on an analysis of the loan portfolio and reflects the amount, which, in the judgment of management, is adequate to provide for losses inherent in the loan portfolio. Specific provisions are made as a result of a detailed appraisal of risk assets. In addition, provisions are carried to cover potential risks, which although not specifically identified, are present in the loan portfolio judging by the previous experience.

The total increase in the allowance for loan losses is charged to profit and the total of the allowance for possible loan losses is deducted in arriving at loans and advances to customers and banks. Management's evaluation of the allowance is based on the Group's past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions.

It should be understood that estimates of possible loan losses involve an exercise of judgment. While it is possible that in particular periods the Group may sustain losses, which are substantial relative to the allowance for loan losses, it is the judgment of management that the allowance for loan losses is adequate to absorb losses inherent in the loan portfolio.

Write off of loans

Loans are written off against allowance for loan losses in case of uncollectibility of loans and advances, including through repossession of collateral. In accordance with the internal policies of the Group, loans may only be written off with the approval of the Credit Committee.

Non-accrual loans

Loans are placed on non-accrual status when interest or principal is delinquent for a period in excess of 90 days, except when all amounts due are fully secured by cash or marketable securities and collection proceedings are in process. Interest income is not recognized where recovery is doubtful.

Advances paid

Advances paid are recorded at historic cost less allowance for losses.

Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable value. The difference being an impairment loss is recognized as an expense in the consolidated profit and loss account for the year in which it arises.

Depreciation

Depreciation and amortization of fixed and intangible assets is designed to write off assets over their useful economic lives and is calculated on a straight-line basis at the following annual prescribed rates:

Buildings and constructions	4% - 6%
Machinery and equipment and other assets	8% - 20%
Vehicles	15%
Intangible assets	15% - 20%

After the recognition of an impairment loss the depreciation charge for fixed assets is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below). Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated at the appropriate spot rates of exchange ruling at the balance sheet date. Profits and losses arising from these translations are included in net profit/(loss) on foreign exchange operations.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported net on the balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Rates of exchange

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

	31 December 2004	31 December 2003
KZT/USD	130.00	144.22
KZT/EUR	177.10	180.23

Income tax

Taxes on income are computed in accordance with the laws of the Republic of Kazakhstan. Deferred taxes, if any, are provided on items recognized in different periods for financial reporting purposes and income tax purposes, using the liability method at the statutory tax rate. Deferred tax liabilities, if any, which result from temporary differences, are provided for in full. Deferred tax assets are recorded to the extent that there is a reasonable expectation that these assets will be realized. Deferred income tax assets and liabilities are offset when:

- The Group has a legally enforceable right to offset the recognized amounts of current tax assets and current tax liabilities;
- The Group has an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- The deferred tax assets and the deferred tax liabilities of the Group relate to income taxes levied by the same taxation authority.

Investment property

Investment property which is property held to earn rentals and/or for capital appreciation, is stated at historical cost less accumulated depreciation. Depreciation of investment property is calculated on a straight-line basis at the 2% annual rate.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Subordinated loan

Subordinated loan consists of interest free long term loans from government bodies stated at amortized cost.

Debt securities issued

Debt securities issued represent bonds issued by the Group to customers. They are accounted for according to the same principles used for customer and bank deposits.

Bank loans

Loans and borrowings are initially recorded at the proceeds received, net of direct issue costs. After initial recognition all loans and borrowings are subsequently measured at amortized cost, which is calculated by taking into account any discount or premium on settlement.

Accounts payable of subsidiaries

Accounts payable of subsidiaries is stated at their nominal value.

Advances received

Advances received are recorded at their nominal value.

Construction contracts in progress and construction held for sale

Construction contracts in progress and construction held for sale are stated at the lower of cost or net realizable value. Cost comprises direct materials, customs duties, transportation and handling costs. Cost is calculated using the specific identification method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Reclassification

The consolidated financial statements as at 31 December 2003 and for the year then ended were reclassified to comply with the consolidated financial statements presentation requirements as at 31 December 2004 and for the year then ended.

3. ANALYSIS BY SEGMENT

For management purposes, the Group is currently organized into the following operating divisions – finance services, real estate, gas, electricity and other. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Finance services – lending, factoring and finance lease transactions.

Real estate – sale of apartments and houses and construction of properties on a contract basis.

Gas – sale of gas.

Electricity – transportation and sale of electricity.

Other – manufacturing of construction materials, security services and others.

Segment information about these businesses is presented below:

	<u>Finance services</u> KZT'000	<u>Real estate</u> KZT'000	<u>Electricity</u> KZT'000	<u>Gas</u> KZT'000	<u>Other</u> KZT'000	<u>Eliminations</u> KZT'000	<u>2004 Consolidated</u> KZT'000
INTEREST INCOME							
External interest income	1,272,928	-	-	-	-	-	1,272,928
Inter-segment interest income	1,046,282	-	-	-	-	(1,046,282)	-
Total interest income	2,319,210	-	-	-	-	(1,046,282)	1,272,928
INTEREST EXPENSE							
External interest expense	(1,018,928)	-	-	-	-	-	(1,018,928)
Inter-segment interest expense	-	-	-	-	-	-	-
Total interest expense	(1,018,928)	-	-	-	-	-	(1,018,928)
Net interest income before provision for loan losses	1,300,282	-	-	-	-	(1,046,282)	254,000
Provision for loan losses	(297,417)	-	-	-	-	107,818	(189,599)
Net interest income	1,002,865	-	-	-	-	(938,464)	64,401
Net operating income on subsidiaries operations							
SEGMENT SALES							
External sales	655,617	4,264,441	2,982,153	696,637	193,245	-	8,792,093
Inter-segment sales	32,598	18,813	-	20,346	53,915	(125,672)	-
Total sales	688,215	4,283,254	2,982,153	716,983	247,160	(125,672)	8,792,093
SEGMENT COST OF SALES							
External cost of sales	-	(3,317,431)	(2,339,535)	(428,757)	(237,151)	-	(6,322,874)
Inter-segment cost of sales	-	(86)	-	(18,454)	(2,241)	20,781	-
Total cost of sales	-	(3,317,517)	(2,339,535)	(447,211)	(239,392)	20,781	(6,322,874)
Net operating income from subsidiaries activities	688,215	965,737	642,618	269,772	7,768	(104,891)	2,469,219
Fee and commissions income and expense							
External	51,102	-	-	-	-	-	51,102
Inter-segment	8,076	-	-	-	-	(8,076)	-
Total fee and commission income and expense	59,178	-	-	-	-	(8,076)	51,102

Income/(loss) from sales of fixed assets	131,811	40,857	-	(10,315)	(233)	(134,161)	27,959
Income from disposal of subsidiaries		3,424		2,841			6,265
Net gain on foreign exchange operations	(12,154)	(370)	-	(792)	87,939		74,623
Other income, net	<u>94,002</u>	<u>10,928</u>	<u>140,762</u>	<u>15,326</u>	<u>65,209</u>	<u>(100,416)</u>	<u>225,811</u>
Administrative expenses	(978,135)	(617,195)	(281,993)	(85,009)	(110,276)	133,440	(1,939,168)
Sales expenses	-	(50,649)	(133,092)	(123,063)	(4,898)	12,223	(299,479)
Interest expense of subsidiaries	<u>-</u>	<u>(231,188)</u>	<u>(30,216)</u>	<u>(45,491)</u>	<u>(90,652)</u>	<u>325,653</u>	<u>(71,894)</u>
Recovery of provision for other items	<u>89,741</u>	<u>(78,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,741</u>
Income tax expense	(55,532)	(33,790)	(109,564)	-	-	-	(198,886)
Minority interest	-	2,997	(113,357)	(1,767)	14,543	-	(97,584)
Net profit/(loss)	<u>1,019,991</u>	<u>12,751</u>	<u>115,158</u>	<u>21,502</u>	<u>(30,600)</u>	<u>(814,692)</u>	<u>324,110</u>
Segment assets:							
Consolidated total assets	<u>23,808,611</u>	<u>14,336,789</u>	<u>1,101,908</u>	<u>318,700</u>	<u>3,522,693</u>	<u>(11,684,474)</u>	<u>31,404,227</u>
Consolidated total liabilities	<u>20,733,756</u>	<u>14,077,441</u>	<u>750,578</u>	<u>308,912</u>	<u>2,873,296</u>	<u>(10,496,158)</u>	<u>28,247,825</u>

	<u>Finance services</u> KZT'000	<u>Real estate</u> KZT'000	<u>Electricity</u> KZT'000	<u>Gas</u> KZT'000	<u>Other</u> KZT'000	<u>Eliminations</u> KZT'000	<u>2003 Consolidated</u> KZT'000
INTEREST INCOME							
External interest income	1,052,872	-	-	-	-	-	1,052,872
Inter-segment interest income	612,144	-	-	-	-	(612,144)	-
Total interest income	1,665,016	-	-	-	-	(612,144)	1,052,872
INTEREST EXPENSE							
External interest expense	(610,910)	-	-	-	-	-	(610,910)
Inter-segment interest expense	-	-	-	-	-	-	-
Total interest expense	(610,910)	-	-	-	-	-	(610,910)
Net interest income before provision for loan losses	1,054,106	-	-	-	-	(612,144)	441,962
Provision for loan losses	(151,547)	-	-	-	-	49,721	(101,826)
Net interest income	902,559	-	-	-	-	(562,423)	340,136
Net operating income on subsidiaries operations							
SEGMENT SALES							
External sales	-	4,631,070	2,809,919	557,248	61,897	-	8,060,134
Inter-segment sales	-	206,907	-	4,942	67,452	(279,301)	-
Total sales	-	4,837,977	2,809,919	562,190	129,349	(279,301)	8,060,134
SEGMENT COST OF SALES							
External cost of sales	-	(3,502,326)	(2,370,256)	(383,960)	(73,186)	-	(6,329,728)
Inter-segment cost of sales	-	(217,375)	-	(90,045)	-	307,420	-
Total cost of sales	-	(3,719,701)	(2,370,256)	(474,005)	(73,186)	307,420	(6,329,728)
Net operating income from subsidiaries activities	-	1,118,276	439,663	88,185	56,163	28,119	1,730,406
Fee and commissions income and expense							
External	(36,625)	-	-	-	-	-	(36,625)
Inter-segment	(26,757)	-	-	-	-	26,757	-
Total fee and commission income and expense	(63,382)	-	-	-	-	26,757	(36,625)

Income from sales of fixed assets	140,798	(293)	-	(7)	-	(195)	140,303
Income from disposal of subsidiaries	13,932	-	-	-	-	-	13,932
Net gain on foreign exchange operations	158,734	13,888	-	-	27,455	-	200,077
Other income, net	<u>320,216</u>	<u>(8,826)</u>	<u>44,610</u>	<u>3,869</u>	<u>(14,513)</u>	<u>(157,718)</u>	<u>187,638</u>
Administrative expenses	(849,093)	(496,704)	(440,637)	(85,278)	(48,754)	264,825	(1,655,641)
Sales expenses	-	(136,985)	(30,649)	(99,602)	-	22,025	(245,211)
Interest expense of subsidiaries	<u>-</u>	<u>(91,307)</u>	<u>-</u>	<u>(43,163)</u>	<u>-</u>	<u>100,926</u>	<u>(33,544)</u>
Provision for other items	-	(136,898)	-	(3,950)	-	-	(140,848)
Loss from associates	-	-	-	-	(7,610)	-	(7,610)
Income tax expense	(139,341)	(34,056)	(38,764)	-	-	-	(212,161)
Minority interest	-	(1,604)	(21,121)	36	(8,256)	-	(30,945)
Net profit/(loss)	<u>484,423</u>	<u>225,491</u>	<u>(46,898)</u>	<u>(139,910)</u>	<u>4,485</u>	<u>(277,684)</u>	<u>249,907</u>
Segment assets:							
Consolidated total assets	<u>24,364,905</u>	<u>10,309,415</u>	<u>878,424</u>	<u>287,517</u>	<u>2,469,383</u>	<u>(16,921,181)</u>	<u>21,388,463</u>
Consolidated total liabilities	<u>20,737,569</u>	<u>9,953,354</u>	<u>755,609</u>	<u>300,998</u>	<u>1,792,417</u>	<u>(15,023,769)</u>	<u>18,516,178</u>

The average number of employees for the year for each of the Groups principal divisions was as follows:

	<u>2004</u>	<u>2003</u>
Finance service	167	125
Real estate	207	184
Electricity	2,305	2,249
Gas	230	289
Others	426	220
	<u>3,335</u>	<u>3,067</u>

4. NET INTEREST INCOME

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Interest income		
Interest on loans and advances to customers	1,263,424	1,042,111
Interest on loans to banks	9,504	10,761
Total interest income	<u>1,272,928</u>	<u>1,052,872</u>
Interest expenses		
Debt securities issued	(623,223)	(375,463)
Loans from banks	(333,272)	(162,368)
Due to state organizations	(62,433)	(73,079)
Total interest expense	<u>(1,018,928)</u>	<u>(610,910)</u>
Net interest income before provision for loan losses	<u>254,000</u>	<u>441,962</u>

5. PROVISIONS FOR LOAN LOSSES, IMPAIRMENT AND OTHER ITEMS

The movements in allowance for losses on interest earning assets, were as follows:

	<u>Loans to banks</u> KZT'000	<u>Loans and advances to customers</u> KZT'000	<u>Total</u> KZT'000
31 December 2002	4,821	265,678	270,499
Provision	122	101,704	101,826
31 December 2003	<u>4,943</u>	<u>367,382</u>	<u>372,325</u>
Provision/(Recovery of provision)	(487)	190,086	189,599
31 December 2004	<u>4,456</u>	<u>557,468</u>	<u>561,924</u>

The movements in allowances for other losses were as follows:

	Advances paid KZT'000	Other assets KZT'000	Investments KZT'000	Guarantees KZT'000	Total KZT'000
31 December 2002	-	-	-	18,035	18,035
Provision	99,647	23,947	3,090	14,164	140,848
Write-offs	-	-	(3,090)	-	(3,090)
31 December 2003	<u>99,647</u>	<u>23,947</u>	<u>-</u>	<u>32,199</u>	<u>155,793</u>
Provision/(Recovery of provision)	(95,738)	83,895	-	102	(11,741)
Write-offs	156,251	(12,180)	-	-	144,071
31 December 2004	<u>160,160</u>	<u>95,662</u>	<u>-</u>	<u>32,301</u>	<u>288,123</u>

Allowances for losses on assets are deducted from the related assets. Provisions for guarantees are recorded in liabilities.

6. FEES AND COMMISSIONS INCOME AND EXPENSE

Fees and commissions income and expense comprise:

	2004 KZT'000	2003 KZT'000
Fees and commissions income:		
Commission income from loans to legal entities	60,106	31,879
Agency fee	29,194	9,476
Commission income from loans to individuals	21,813	5,680
Commission income from loans to banks	-	1,042
Other operations	10,062	6,355
Total fees and commissions income	<u>121,175</u>	<u>54,432</u>
	2004 KZT'000	2003 KZT'000
Fees and commissions expense:		
Bank commission on loans	27,731	15,354
Bank charges	20,473	40,058
Underwriter's fee on bonds issue	20,831	32,219
Other operations	1,038	3,426
Total fees and commissions expense	<u>70,073</u>	<u>91,057</u>
Net fees and commissions income and expense	<u>51,102</u>	<u>(36,625)</u>

7. OTHER INCOME, NET

	2004 KZT'000	2003 KZT'000
Income from rent	89,728	-
Income from penalties	86,196	114,846
Income from factoring operations	-	12,850
Other	49,887	59,942
	<u>225,811</u>	<u>187,638</u>

8. ADMINISTRATIVE EXPENSES

	2004 KZT'000	2003 KZT'000
Staff costs	832,878	740,467
Taxes other than income tax	241,315	286,995
Rent and maintenance	130,534	149,461
Depreciation	124,634	161,741
Advertising and marketing	98,530	35,005
Business trip expenses	74,763	57,306
Professional fees	66,061	93,676
Telecommunications and stationary	60,096	69,008
Representation expenses	47,701	31,393
Transportation services	41,537	-
Sponsorship and charity	24,406	10,365
Credit rating	6,650	9,110
Exchange listing	1,819	1,583
Other	188,244	9,531
	1,939,168	1,655,641

9. SALES EXPENSES

	2004 KZT'000	2003 KZT'000
Staff costs	152,157	44,512
Advertising and marketing	46,106	63,087
Inventory	20,191	18,356
Depreciation	10,067	10,258
Transportation services	6,953	3,509
Business trip expenses	6,608	-
Utilities	3,576	15,022
Taxes other than CIT	3,306	19,327
Security	1,495	-
Other	49,020	71,140
	299,479	245,211

10. INCOME TAXES

The Group provides for taxes based on the statutory tax accounts maintained and prepared in Tenge and in accordance with the Kazakhstan statutory tax regulations, which may differ from IFRS.

The Group is subject to certain permanent tax differences due to non-tax deductibility of exchange losses and other expenses and tax-free regime under tax regulations of the Republic of Kazakhstan.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2004 and 2003 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Tax effect from temporary differences at 31 December 2004 and 2003 were as follows:

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Deferred assets:		
Accrued taxes, other than income tax	5,908	7,036
Intangible assets	824	850
Total deferred assets	<u>6,732</u>	<u>7,886</u>
	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Deferred liabilities:		
Fixed assets	190,737	136,399
Accrued taxes, other than income tax	1,220	-
Total deferred liabilities	<u>191,957</u>	<u>136,399</u>
Net deferred tax liability	<u><u>185,225</u></u>	<u><u>128,513</u></u>

Relationships between tax expenses and accounting profit for the years ended 31 December 2004 and 2003 are explained as follows:

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Profit before income tax and minority interest	<u>620,580</u>	<u>493,013</u>
Tax at the statutory tax rate (30%)	186,174	147,904
Tax effect of permanent differences	12,712	64,257
Tax expense	<u>198,886</u>	<u>212,161</u>
Current tax expense	142,174	176,200
Deferred tax expense	56,712	35,961
Income tax expense	<u><u>198,886</u></u>	<u><u>212,161</u></u>

11. MINORITY INTEREST

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
At beginning of the year	425,123	28,062
Share of net profit of subsidiaries	97,584	30,945
Minority share in reserve capital of purchased subsidiaries	109	-
Interest in net assets of subsidiaries acquired	-	318,973
Payment of share capital of subsidiaries by minority	-	47,143
At end of the year	<u><u>522,816</u></u>	<u><u>425,123</u></u>

12. DISPOSALS OF SUBSIDIARIES

Disposals

On 1 January 2004 the Group disposed of 100% of the share capital of LLP Gazkvzmet and LLP Engineering Corporation. The details of the assets and liabilities disposed of are as follows:

<u>2004</u>	<u>LLP Gazkvzmet</u> KZT'000	<u>LLP Engineering Corporation</u> KZT'000	<u>Total</u> KZT'000
Intangible assets	15	214	229
Fixed assets	385	1,478	1,863
Inventory	3,039	230,491	233,530
Accounts receivable	549	175,124	175,673
Taxes receivable	-	33,873	33,873
Other assets	153	235	388
Cash	310	54	364
Advances received	(906)	-	(906)
Accounts payable	(4,001)	(427,795)	(431,796)
Taxes payable	(885)	(6,160)	(7,045)
Other payables	(1,500)	(10,938)	(12,438)
Net accumulated deficit of subsidiaries disposed	<u>(2,841)</u>	<u>(3,424)</u>	<u>(6,265)</u>
Net income on disposal of subsidiaries	<u>(2,841)</u>	<u>(3,424)</u>	<u>(6,265)</u>

The Group has recorded a gain from disposal of subsidiaries of KZT 6,265 thousand.

On 1 January 2003 the Group disposed of 100% of the share capital of LLP Kulager and LLP Priozernyi. The details of the assets and liabilities disposed of and disposal considerations are as follows:

<u>2003</u>	<u>LLP Kulager</u> KZT'000	<u>LLP Priozernvi</u> KZT'000	<u>Total</u> KZT'000
Fixed and intangible assets	35,474	87,216	122,690
Investments	948	-	948
Other assets	12,424	23,720	36,144
Cash	126	339	465
Other liabilities	(77,402)	(7,126)	(84,528)
Net (accumulated deficit)/assets of subsidiaries disposed	<u>(28,430)</u>	<u>104,149</u>	<u>75,719</u>
Less: receivable on disposal	-	(89,651)	(89,651)
Net (income)/loss on disposal of subsidiaries	<u>(28,430)</u>	<u>14,498</u>	<u>(13,932)</u>

The Group has recorded a gain from disposal of subsidiaries of KZT 13,932 thousand.

13. EARNINGS PER SHARE

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Net income	324,110	249,907
Weighted average number of shares	1,828,675	1,876,342
Earnings per share in KZT	<u>177.24</u>	<u>133.19</u>

14. FIXED ASSETS, LESS ACCUMULATED DEPRECIATION

	<u>Land</u> KZT'000	<u>Buildings and constructions</u> KZT'000	<u>Equipment and other fixed assets</u> KZT'000	<u>Vehicles</u> KZT'000	<u>Construction in progress</u> KZT'000	<u>Intangible assets</u> KZT'000	<u>Total</u> KZT'000
At cost							
31 December 2003	59,814	800,309	881,116	361,703	1,169,340	24,522	3,296,804
Additions	221,830	377,772	393,714	214,972	1,122,789	2,059	2,333,136
Internal transfers	30,855	303,722	1,900,334	132	(2,235,043)	-	-
Disposals	<u>(37,190)</u>	<u>(88,112)</u>	<u>(312,507)</u>	<u>(73,751)</u>	<u>-</u>	<u>(2,274)</u>	<u>(513,834)</u>
31 December 2004	<u>275,309</u>	<u>1,393,691</u>	<u>2,862,657</u>	<u>503,056</u>	<u>57,086</u>	<u>24,307</u>	<u>5,116,106</u>
Accumulated depreciation							
31 December 2003	-	(61,532)	(137,610)	(71,311)	-	(5,921)	(276,374)
Charge for the period	-	(40,876)	(145,791)	(66,562)	-	(3,212)	(256,441)
Internal transfers	-	166	(166)	-	-	-	-
Disposals	<u>-</u>	<u>7,775</u>	<u>33,756</u>	<u>25,403</u>	<u>-</u>	<u>17</u>	<u>66,951</u>
31 December 2004	<u>-</u>	<u>(94,467)</u>	<u>(249,811)</u>	<u>(112,470)</u>	<u>-</u>	<u>(9,116)</u>	<u>(465,864)</u>
Net book value							
31 December 2004	<u>275,309</u>	<u>1,299,224</u>	<u>2,612,846</u>	<u>390,586</u>	<u>57,086</u>	<u>15,191</u>	<u>4,650,242</u>
31 December 2003	<u>59,814</u>	<u>738,777</u>	<u>743,506</u>	<u>290,392</u>	<u>1,169,340</u>	<u>18,601</u>	<u>3,020,430</u>

15. INVESTMENT PROPERTY

	<u>2004</u> KZT'000
Cost	
As at 1 January	1,193,761
Additions	<u>-</u>
As at 31 December	1,193,761
Accumulated depreciation	
As at 1 January	(67,090)
Charge for the period	<u>(23,876)</u>
As at 31 December	(90,966)
Net book value	
As at 31 December 2004	<u>1,102,795</u>
As at 31 December 2003	<u>1,126,671</u>

16. CONSTRUCTION

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Construction contracts in progress	3,821,173	3,750,283
Construction held for sale	3,072,838	1,182,190
	<u>6,894,011</u>	<u>4,932,473</u>

17. INVENTORY

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Goods purchased for transfer to financial lease	270,295	13,992
Goods	101,466	13,922
Spare parts	74,973	12,379
Materials for repair and electricity networks	69,393	49,427
Raw materials	35,962	35,425
Fuel	14,726	3,544
Construction materials	7,535	226,037
Equipment to be installed	-	159,452
Other materials	51,084	24,535
	<u>625,434</u>	<u>538,713</u>

18. LOANS TO BANKS

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Loans to banks	89,115	98,863
Less allowance for loan losses	(4,456)	(4,943)
	<u>84,659</u>	<u>93,920</u>

19. LOANS AND ADVANCES TO CUSTOMERS

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Originated loans	11,160,459	6,378,496
Less allowance for loan losses	(557,468)	(367,382)
	<u>10,602,991</u>	<u>6,011,114</u>

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Finance lease	5,235,876	1,612,464
Loans collateralized by real estate	4,740,248	4,266,831
Loans collateralized by others	1,009,247	440,054
Unsecured loans	25,000	-
Accrued interest income on loans and advances to customers	150,088	59,147
	<u>11,160,459</u>	<u>6,378,496</u>
Less allowance for loan losses	(557,468)	(367,382)
	<u>10,602,991</u>	<u>6,011,114</u>

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Analysis by sector of economy:		
Finance lease	5,235,876	1,612,464
Real estate	3,352,708	2,560,144
Retail and wholesale	1,359,655	664,690
Hospitality	228,204	293,917
Construction	218,778	6,399
Agriculture	208,538	10,869
Transport and communication	157,518	397,537
Food industry	41,601	143,994
Electricity	28,500	-
Health care	6,110	158,553
Aircraft	-	437,355
Other	172,883	33,427
Accrued interest income on loans and advances to customers	150,088	59,147
	<u>11,160,459</u>	<u>6,378,496</u>
Less allowance for loan losses	(557,468)	(367,382)
	<u>10,602,991</u>	<u>6,011,114</u>

The components of net investment in finance lease as at 31 December 2004 and 2003 are as follows:

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Total future minimum lease payments	6,604,342	2,076,851
Less: unearned finance income	(1,368,466)	(464,387)
Net investment in finance lease	<u>5,235,876</u>	<u>1,612,464</u>
Current portion	1,607,989	228,524
Long-term portion	3,627,887	1,383,940
Net investment in finance lease	<u>5,235,876</u>	<u>1,612,464</u>

The present value of future minimum lease payments due from customers under finance lease as at 31 December 2004 and 2003 are as follows:

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Not later than one year	2,018,563	388,178
Later than one year not later than five years	4,585,779	1,688,673
Total future minimum lease payments	<u>6,604,342</u>	<u>2,076,851</u>

20. TRADE DEBTORS OF SUBSIDIARIES

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Accounts receivable from services rendered	1,556,174	72,026
Accounts receivable from apartments sold	225,920	597,159
Accounts receivable from gas and energy supply	45,780	111,133
Accounts receivable from rent	10,780	15,019
Accounts receivable from construction works and materials	4,000	656,900
Accounts receivable from factoring agreements	2,164	82,164
Commission receivables	1,074	2,562
Other	282,087	12,951
	<u>2,127,979</u>	<u>1,549,914</u>

21. ADVANCES PAID, LESS ALLOWANCE FOR LOSSES

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Advances paid for construction works	3,250,964	1,794,167
Advances paid for agriculture equipment and vehicles	151,696	272,789
Advances paid for materials	49,604	121,849
Advances paid for services	49,254	149,903
Advances paid for construction equipment	34,587	570,803
	<u>3,536,105</u>	<u>2,909,511</u>
Less allowance for losses	(160,160)	(99,647)
	<u><u>3,375,945</u></u>	<u><u>2,809,864</u></u>

22. OTHER ASSETS, LESS ALLOWANCE FOR LOSSES

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Taxes receivable	773,489	364,034
Prepaid commissions to guarantor	86,136	-
Receivables from employees	19,159	11,498
Penalties	1,552	-
Accounts receivable from associated companies	-	98,228
Other	75,082	67,880
	<u>955,418</u>	<u>541,640</u>
Less allowance for losses	(95,662)	(23,947)
	<u><u>859,756</u></u>	<u><u>517,693</u></u>

23. OTHER INVESTMENTS

	<u>Share in equity</u> %	<u>2004</u> KZT'000	<u>Share in equity</u> %	<u>2003</u> KZT'000
Aurado Energy Share	1.37	116,110	-	-
Tsesna Bank	9.90	52,596	9.90	52,596
Entertainment Center Duman	10.00	15,000	10.00	9,045
Astana Energoservice	0.10	6,689	0.08	5,319
Zhenis Football club	0.50	3,000	0.50	3,000
Akzhaik Stroi	5.00	5	0.00	-
Stroimontazh nedvizhimost	5.00	4	0.00	-
		<u>193,404</u>		<u>69,960</u>

24. CASH AND CASH EQUIVALENTS

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

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Advances to banks	851,767	711,735
Cash	35,244	5,976
Cash and cash equivalents	<u><u>887,011</u></u>	<u><u>717,711</u></u>

25. SHARE CAPITAL

At 31 December 2004 and 2003 share capital authorized, issued and fully paid comprised of 1,828,675 and 1,876,343 ordinary shares with par value of KZT 1000 each, respectively. All shares are ranked equally and carry one vote. During 2004 47,668 of the Company's shares were purchased by JSC Astana Nedvizhimost (subsidiary). These shares were eliminated for the purposes of the consolidated financial statements.

26. PAYABLE TO STATE ORGANISATIONS

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Payable to Administrative Counsel of Astana	2,400,000	2,400,000
Payable to Atyrau Akimat (city administration)	550,000	550,000
Payable to Small Business Development Fund	133,617	274,524
Accrued interest expense on payable to state organizations	2,439	4,691
	<u>3,086,056</u>	<u>3,229,215</u>

27. LOANS FROM BANKS

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Loans from Kazakhstani banks	4,704,896	1,173,169
Loans from foreign banks	4,598,512	2,198,605
Accrued interest expense on loans from banks	121,472	113,587
	<u>9,424,880</u>	<u>3,485,361</u>

28. DEBT SECURITIES ISSUED

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Unsecured indexed bonds with maturity of 1 April 2005	4,474,491	4,421,928
Unsecured indexed bonds with maturity of 18 May 2011	1,952,859	-
Mortgage-backed indexed bonds with maturity of 27 November 2008	946,520	668,069
Accrued interest expense on debt securities issued	131,600	105,153
	<u>7,505,470</u>	<u>5,195,150</u>

Discount on the securities is amortized over the life of the note and is recorded in interest expense on debt securities issued using the effective interest rate method.

29. ADVANCES RECEIVED

Advances received primarily represent prepayments for the purchase of apartments.

30. TRADE CREDITORS OF SUBSIDIARIES

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Payables for goods	431,431	117,051
Payables for construction works	314,749	428,125
Payables for construction materials	168,611	53,724
Payables for services	95,122	121,164
Payables for electricity	3,521	73,148
Payables from purchase of land	-	20,685
Other	141,774	11,488
	<u>1,155,208</u>	<u>825,385</u>

31. TAXES PAYABLE

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
VAT payable	158,141	11,168
Payroll related taxes	14,086	53,934
Withholding tax	1,122	43,613
Other	8,271	-
	<u>181,620</u>	<u>108,715</u>

32. OTHER LIABILITIES

	<u>2004</u> KZT'000	<u>2003</u> KZT'000
Salaries payable	73,367	77,909
Allowance for possible losses for guarantees	32,301	32,199
Dividends payable	21,799	339
Other	101,032	27,053
	<u>228,499</u>	<u>137,500</u>

33. SUBORDINATED DEBT

During the year 2000 the Group entered into directive agreements with the Administrative Council of Special Economic Zone of Astana city ("ACSEZ") and the Department of Capital Construction of Astana ("DCC") for the implementation of mortgage construction financing program. In accordance with factoring agreement #22 dated 19 January 2001 the Group's liabilities to ACSEZ were transferred to DCC in full. On 10 January 2003 in accordance with an Amendment to the agreement, the loan for KZT 2,219,839 thousand tenge was recognized as a subordinated interest free loan and is to be repaid by equal payments annually during 2011 – 2016.

34. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

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

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

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

The risk-weighted amount is obtained by applying credit conversion factors and counterparty risk weightings according to the principles employed by the Basle Committee on Banking Supervision.

As at 31 December 2004 and 2003, the nominal or contract amounts and the risk weighted credit equivalents of instruments with off-balance sheet risks were:

	<u>31 December 2004</u>		<u>31 December 2003</u>	
	<u>Nominal Amount</u>	<u>Risk Weighted Amount</u>	<u>Nominal Amount</u>	<u>Risk Weighted Amount</u>
Guarantees and similar commitments	4,990,920	4,990,920	1,518,381	1,518,381

35. CONTINGENCIES

Capital commitments

The Group had no material commitments for capital expenditures outstanding as at 31 December 2004.

Construction

As at 31 December 2004 and 2003, the Group had outstanding expenditure commitments with respect to construction of KZT 3,472,522 thousand and KZT 4,097,356 thousand, respectively.

Operating environment

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

Legal proceedings

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

Lease commitments

The Group had no material lease commitments outstanding as at 31 December 2004.

Taxes

Kazakhstani commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments, which may be retrospective. In addition, as Management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. Tax years remain open to review by the tax authorities for five years.

36. TRANSACTIONS WITH RELATED PARTIES

Related parties, as defined by IAS 24, are those counter parties that represent:

- (a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group. (This includes holding companies, subsidiaries and fellow subsidiaries);
- (b) associates – enterprises in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group;
- (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers of the Group and close members of the families of such individuals; and
- (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Group and enterprises that have a member of key management in common with the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties:

	<u>2004</u> KZT'000		<u>2003</u> KZT'000	
	<u>Related party</u> <u>transactions</u>	<u>Total category as</u> <u>per financial</u> <u>statements</u> <u>caption</u>	<u>Related party</u> <u>transactions</u>	<u>Total category as</u> <u>per financial</u> <u>statements</u> <u>caption</u>
Loans to banks, gross	89,115	89,115	98,863	98,863
Allowance for loans and advances to banks	(4,456)	(4,456)	(4,943)	(4,943)
Loans to customers, gross	3,368	11,160,459	3,968	6,378,496
Allowance for loans to customers	-	(557,468)	(79)	(367,382)
Loans from banks	143,700	9,424,880	92,027	3,485,361
Subordinated debt	2,219,839	2,219,839	2,219,839	2,219,839

The Group has interest income accrued in respect of loans and advances granted to related parties totaling KZT 0 and KZT 11,459 thousand, respectively, as at 31 December 2004 and 2003.

During the years ended 31 December 2004 and 2003 the Group received loans from banks - related parties of KZT 203,700 thousand and KZT 182,027 thousand, respectively, and repaid loans and advances totaling KZT 152,027 thousand and KZT 409,472 thousand, respectively. The Group has interest expense accrued in respect of deposits and advances received from related parties, totaling KZT 16,032 thousand and KZT 25,250 thousand for the year ended 31 December 2004 and 2003, respectively.

Included in the profit and loss account for the years ended 31 December 2004 and 2003 are the following amounts which arose due to transactions with related parties:

	<u>2004</u> KZT'000		<u>2003</u> KZT'000	
	<u>Related party</u> <u>transactions</u>	<u>Total category as</u> <u>per financial</u> <u>statements</u> <u>caption</u>	<u>Related party</u> <u>transactions</u>	<u>Total category as</u> <u>per financial</u> <u>statements</u> <u>caption</u>
Interest income	11,535	1,272,928	11,459	1,052,872
- related companies	10,884		10,761	
- directors	651		698	
Interest expense	(16,032)	(1,018,928)	(25,250)	(610,910)
- related companies	(16,032)		(25,250)	

Transactions with related parties entered by the Group during the years ended 31 December 2004 and 2003 and outstanding as at 31 December 2004 and 2003 were made in the normal course of business and mostly under arm-length conditions.

37. PENSIONS AND RETIREMENT PLANS

Employees receive pension benefits from the Republic of Kazakhstan in accordance with the laws and regulations of the country. As at 31 December 2004 and 2003, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments is made in accordance with the requirements of IFRS 32 and IFRS 39. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

As at 31 December 2004 and 2003 the following methods and assumptions were used by the Group to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash

For these short-term instruments the carrying amount is a reasonable estimate of fair value.

Loans and advances to banks

For these assets, the carrying amount is a reasonable estimate of fair value.

Loans and advances to customers

The fair value of the loan portfolio is based on the credit and interest rate characteristics of the individual loans within each sector of the portfolio. The estimation of the provision for loan losses includes consideration of risk premiums applicable to various types of loans based on factors such as the current situation of the economic sector in which each borrower operates, the economic situation of each borrower and guarantees obtained. Accordingly, the provision for loan losses is considered a reasonable estimate of the discount required to reflect the impact of credit risk.

Loans from banks

As at 31 December 2004 and 2003 the carrying amount of short-term loans from banks of KZT 1,937,202 thousand and KZT 1,286,756 thousand, respectively, is a reasonable estimate of their fair value. As at 31 December 2004 and 2003 the fair value of long-term borrowings with carrying value of KZT 10,573,734 thousand and KZT 5,427,820 thousand, respectively is a reasonable estimate of their fair value.

Debt securities issued

Debt securities issued are stated at cost, adjusted for amortization of premium and discounts, which approximates fair value.

Subordinated loan

The fair value of the interest free subordinated loan as at 31 December 2004 and 2003 in the amount of KZT 1,029,682 thousand and KZT 944,663 thousand, respectively, was determined based on discounted cash flow model using interest rates on loans with similar credit risk level and maturity period current at the inception.

39. RISK MANAGEMENT POLICY

Management of risk is fundamental to the banking business and is an essential element of the Group's operations. The main risks inherent to the Group's operations are those related to credit exposures, liquidity and market movements in interest rates and foreign exchange rates. A description of the Group's risk management policies in relation to those risks follows.

The Group is exposed to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry and geographical segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by borrower and by industry sector are approved monthly by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Credit-related commitments ensure that funds are available to a customer as required. Guarantees, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

With respect to undrawn loan commitments the Group is potentially exposed to loss in an amount equal to the total amount of such commitments. However, the likely amount of loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

As at 31 December 2004 and 2003, cash assets and liabilities, except for bank loans of the Group are concentrated in the Republic of Kazakhstan.

40. MATURITY ANALYSIS

The following table presents an analysis of interest rate risk and liquidity risk. Interest bearing assets and liabilities generally have relatively short maturities and interest rates are reprised only at maturity.

	Up to <u>1 month</u> KZT'000	1 month to <u>3 months</u> KZT'000	3 month to <u>1 year</u> KZT'000	1 year to <u>5 years</u> KZT'000	Over <u>5 years</u> KZT'000	Maturity undefined (incl. Allowance for losses and <u>impairment</u>) KZT'000	31 December 2004 <u>Total</u> KZT'000
ASSETS							
Loans to banks, less allowance for loan losses	-	-	-	89,115	-	(4,456)	84,659
Loans and advances to customers, less allowance for loan losses	664,956	655,325	217,475	6,629,327	2,843,288	(557,468)	10,452,903
Total interest bearing assets	664,956	655,325	217,475	6,718,442	2,843,288	(561,924)	10,537,562
Cash	887,011	-	-	-	-	-	887,011
Trade debtors of subsidiaries	120,311	179,065	1,260,446	568,157	-	-	2,127,979
Advances paid, less allowance for losses	227,990	320,323	2,011,893	952,223	23,676	(160,160)	3,375,945
Loans and advances to customers, less allowance for loan losses	150,088	-	-	-	-	-	150,088
Other investments	-	-	-	-	193,404	-	193,404
Inventory	214,212	284,069	125,490	1,663	-	-	625,434
Construction	15,308	107,139	4,588,822	2,182,742	-	-	6,894,011
Investments in property, less accumulated depreciation	-	-	-	-	1,102,795	-	1,102,795
Fixed and intangible assets, less accumulated depreciation	54,211	160,526	12,102	525,887	3,897,516	-	4,650,242
Other assets, less allowance for losses	546,729	57,576	181,449	28,426	141,237	(95,661)	859,756
TOTAL ASSETS	2,880,816	1,764,023	8,397,677	10,977,540	8,201,916	(817,745)	31,404,227
LIABILITIES							
Payable to state organizations	-	-	-	3,083,617	-	-	3,083,617
Loans from banks	135,745	767,874	1,105,800	7,038,538	255,451	-	9,303,408
Debt securities issued	-	4,474,491	-	946,520	1,952,859	-	7,373,870
Total interest bearing liabilities	135,745	5,242,365	1,105,800	11,068,675	2,208,310	-	19,760,895
Advances received	137,564	17,196	2,095,328	1,782,220	-	-	4,032,308
Payables to state organizations	2,439	-	-	-	-	-	2,439
Loans from banks	61,000	-	60,472	-	-	-	121,472
Debt securities issued	131,600	-	-	-	-	-	131,600
Taxes payable	181,620	-	-	-	-	-	181,620
Deferred tax liability	-	-	-	-	185,225	-	185,225
Deferred income	-	-	3,941	224,779	-	-	228,720
Trade creditors	138,033	59,982	534,308	422,885	-	-	1,155,208
Subordinated loan	-	-	-	-	2,219,839	-	2,219,839
Other liabilities	175,740	5,983	14,475	-	-	32,301	228,499
TOTAL LIABILITIES	963,741	5,325,526	3,814,324	13,498,559	4,613,374	32,301	28,247,825
Liquidity gap	1,917,075	(3,561,503)	4,583,353	(2,521,019)	3,588,542		
Interest sensitivity gap	529,211	(4,587,040)	(888,325)	(4,350,233)	634,978		
Cumulative interest sensitivity gap	529,211	(4,057,829)	(4,946,154)	(9,296,387)	(8,661,409)		
Cumulative interest sensitivity gap as a percentage of total assets	1.69%	(12.92%)	(15.75%)	(29.60%)	(27.58%)		

	<u>Up to 1 month</u> KZT'000	<u>1 month to 3 months</u> KZT'000	<u>3 month to 1 year</u> KZT'000	<u>1 year to 5 years</u> KZT'000	<u>Over 5 years</u> KZT'000	<u>Maturity undefined (incl. Allowance for losses and impairment)</u> KZT'000	<u>31 December 2003 Total</u> KZT'000
ASSETS							
Loans to banks, less allowance for loan losses	-	-	-	98,863	-	(4,943)	93,920
Loans and advances to customers, less allowance for loan losses	-	68,319	168,966	797,342	5,284,722	(367,382)	5,951,967
Total interest bearing assets	-	68,319	168,966	896,205	5,284,722	(372,325)	6,045,887
Cash	717,711	-	-	-	-	-	717,711
Trade receivables and advances paid, less allowance for losses	882,111	553,999	2,359,959	458,154	205,202	(99,647)	4,359,778
Loans and advances to customers, less allowance for loan losses	-	-	-	59,147	-	-	59,147
Other investments	-	-	-	-	-	69,960	69,960
Inventory	268,057	50,421	205,781	14,454	-	-	538,713
Construction	1,352,777	449,571	1,632,696	1,285,096	212,333	-	4,932,473
Investments in property, less accumulated depreciation	-	-	-	-	1,126,671	-	1,126,671
Fixed and intangible assets, less accumulated depreciation	7,708	15,437	69,376	2,474,857	453,052	-	3,020,430
Other assets, less allowance for losses	88,363	213,734	91,208	148,335	-	(23,947)	517,693
TOTAL ASSETS	3,316,727	1,351,481	4,527,986	5,336,248	7,281,980	(425,959)	21,388,463
LIABILITIES							
Payable to state organizations	-	-	-	274,524	2,950,000	-	3,224,524
Loans from banks	502,160	378,090	1,818,604	378,259	274,661	-	3,351,774
Debt securities issued	-	-	-	5,089,997	-	-	5,089,997
Total interest bearing liabilities	502,160	378,090	1,818,604	5,742,780	3,224,661	-	11,666,295
Advances received	458,699	139,525	1,132,219	1,455,106	-	-	3,185,549
Payables to state organizations	-	-	4,691	-	-	-	4,691
Loans from banks	-	-	133,587	-	-	-	133,587
Debt securities issued	-	-	105,153	-	-	-	105,153
Taxes payable	108,702	13	-	-	-	-	108,715
Deferred tax liability	-	-	115	128,398	-	-	128,513
Deferred income	-	-	-	951	-	-	951
Trade creditors	367,452	28,942	428,360	631	-	-	825,385
Subordinated loan	-	-	-	-	2,219,839	-	2,219,839
Other liabilities	74,545	12,891	12,484	5,042	339	32,199	137,500
TOTAL LIABILITIES	1,511,558	559,461	3,635,213	7,332,908	5,444,839	32,199	18,516,178
Liquidity gap	1,805,169	792,020	892,773	(1,996,660)	1,837,141		
Interest sensitivity gap	(502,160)	(309,771)	(1,649,638)	(4,846,575)	2,060,061		
Cumulative interest sensitivity gap	(502,160)	(811,931)	(2,461,569)	(7,308,144)	(5,248,083)		
Cumulative interest sensitivity gap as a percentage of total assets	(2.3%)	(3.8%)	(11.5%)	(34.2%)	(24.5%)		

Substantially all of the Group's interest earning assets and interest bearing liabilities are at fixed rates of interest.

Asset and liability maturity periods and the ability to replace interest liabilities at an acceptable cost when they mature are crucial in determining the Group's liquidity and its susceptibility to fluctuation of interest rates and exchange rate.

41. EFFECTIVE INTEREST RATE ANALYSIS

The following table presents an analysis of interest rate risk and thus the potential of the Group for gain or loss as at 31 December 2003 and 2004. Effective interest rates are presented by categories of financial assets and liabilities to determine interest rate exposure and effectiveness of the interest rate policy used by the Group.

	<u>Euro</u> %	<u>2004</u> <u>KZT</u> %	<u>USD</u> %
ASSETS			
Loans to banks	-	-	11
Loans and advances to customers	9.50	13.40	10.04
LIABILITIES			
Loans from banks	3.36	13	3.29
Payable to state organizations	-	2	-
Debt securities issued	-	9.83	-
	<u>Euro</u> %	<u>2003</u> <u>KZT</u> %	<u>USD</u> %
ASSETS			
Loans to banks	-	-	11
Loans and advances to customers	-	15	11.95
LIABILITIES			
Deposits from banks	3.25	13.3	3.7
Payable to state organizations	-	1.64	-
Debt securities issued	-	9	-

42. CURRENCY ANALYSIS

	<u>Tenge</u>	<u>USD</u> 1 USD= KZT 130.00	<u>EUR</u> 1 EUR=KZT 177.10	<u>Other currency</u>	<u>2004 Total</u> KZT'000
ASSETS					
Fixed and other intangible assets, less accumulated depreciation	4,650,242	-	-	-	4,650,242
Investment property	1,102,795	-	-	-	1,102,795
Construction	6,894,011	-	-	-	6,894,011
Inventory	625,434	-	-	-	625,434
Loans to banks, less allowance for loan losses	84,659	-	-	-	84,659
Loans and advances to customers, less allowance for loan losses	6,435,031	2,144,555	2,023,345	60	10,602,991
Trade debtors and advances paid, less allowance for losses	5,334,418	151,696	16,737	1,073	5,503,924
Other assets, less allowance for losses	859,564	-	192	-	859,756
Other investments	77,294	116,110	-	-	193,404
Cash and cash equivalents	844,167	19,081	21,660	2,103	887,011
TOTAL ASSETS	26,907,615	2,431,442	2,061,934	3,236	31,404,227
LIABILITIES					
Payable to state organizations	3,086,056	-	-	-	3,086,056
Loans from banks	2,864,915	2,714,699	3,845,266	-	9,424,880
Debt securities issued	7,505,470	-	-	-	7,505,470
Advances received	3,967,310	64,998	-	-	4,032,308
Trade creditors	721,469	119,974	173,665	140,100	1,155,208
Deferred tax liability	185,225	-	-	-	185,225
Taxes payable	181,620	-	-	-	181,620
Deferred income	228,720	-	-	-	228,720
Other liabilities	228,344	155	-	-	228,499
Subordinated debt	2,219,839	-	-	-	2,219,839
TOTAL LIABILITIES	21,188,968	2,899,826	4,018,931	140,100	28,247,825
OPEN BALANCE SHEET POSITION	5,718,647	(468,384)	(1,956,997)	(136,864)	

	<u>Tenge</u>	<u>USD</u> 1 USD= KZT 144.22	<u>EUR</u> 1 EUR=KZT 180.23	<u>Other currency</u>	<u>2003 Total</u> KZT'000
ASSETS					
Fixed and other intangible assets, less accumulated depreciation	3,020,430	-	-	-	3,020,430
Investment property	1,126,671	-	-	-	1,126,671
Construction	4,932,473	-	-	-	4,932,473
Inventory	538,713	-	-	-	538,713
Loans to banks, less allowance for loan losses	93,920	-	-	-	93,920
Loans to customers, less allowance for loan losses	4,148,457	498,136	1,364,521	-	6,011,114
Trade debtors and advances paid, less allowance for losses	3,644,040	326,489	367,234	22,015	4,359,778
Other assets, less allowance for losses	513,187	-	4,506	-	517,693
Other investments	69,960	-	-	-	69,960
Cash and cash equivalents	696,078	21,633	-	-	717,711
TOTAL ASSETS	18,783,929	846,258	1,736,261	22,015	21,388,463
LIABILITIES					
Payable to state organizations	3,229,215	-	-	-	3,229,215
Loans from banks	989,538	279,354	2,216,469	-	3,485,361
Debt securities issued	5,195,150	-	-	-	5,195,150
Advances received	3,140,131	-	45,418	-	3,185,549
Trade creditors	825,385	-	-	-	825,385
Deferred tax liability	128,513	-	-	-	128,513
Taxes payable	108,715	-	-	-	108,715
Deferred income	951	-	-	-	951
Other liabilities	133,751	144	3,605	-	137,500
Subordinated debt	2,219,839	-	-	-	2,219,839
TOTAL LIABILITIES	15,971,188	279,498	2,265,492	-	18,516,178
OPEN BALANCE SHEET POSITION	2,812,741	566,760	(529,231)		

43. GEOGRAPHICAL ANALYSIS

	<u>Kazakhstan</u>	<u>OECD Countries</u>	<u>Non-OECD countries</u>	<u>2004 Total KZT'000</u>
Fixed and other intangible assets, less accumulated depreciation	4,650,242	-	-	4,650,242
Investment Property	1,102,795	-	-	1,102,795
Construction	6,894,011	-	-	6,894,011
Inventory	625,434	-	-	625,434
Loans to banks, less allowance for loan losses	84,659	-	-	84,659
Loans and advances to customers, less allowance for loan losses	10,602,991	-	-	10,602,991
Trade debtors and advances paid	5,334,418	168,433	1,073	5,503,924
Other assets, less allowance for losses	859,756	-	-	859,756
Other Investments	193,404	-	-	193,404
Cash and cash equivalents	887,011	-	-	887,011
TOTAL ASSETS	<u>31,234,721</u>	<u>168,433</u>	<u>1,073</u>	<u>31,404,227</u>
LIABILITIES				
Payable to state organizations	3,086,056	-	-	3,086,056
Loans from banks	7,116,148	2,308,732	-	9,424,880
Debt securities issued	7,505,470	-	-	7,505,470
Advances received	4,032,308	-	-	4,032,308
Trade creditors	869,766	284,438	1,004	1,155,208
Deferred tax liability	185,225	-	-	185,225
Taxes payable	181,620	-	-	181,620
Deferred income	228,720	-	-	228,720
Other liabilities	227,719	780	-	228,499
Subordinated debt	2,219,839	-	-	2,219,839
TOTAL LIABILITIES	<u>25,652,871</u>	<u>2,593,950</u>	<u>1,004</u>	<u>28,247,825</u>
TOTAL OPEN POSITION	<u>5,581,850</u>	<u>(2,425,517)</u>	<u>69</u>	

	<u>Kazakhstan</u>	<u>OECD Countries</u>	<u>Non-OECD countries</u>	<u>2003 Total</u> KZT'000
Fixed and other intangible assets, less accumulated depreciation	3,020,430	-	-	3,020,430
Fixed assets invested	1,126,671	-	-	1,126,671
Construction	4,932,473	-	-	4,932,473
Inventory	538,713	-	-	538,713
Loans to banks, less allowance for loan losses	93,920	-	-	93,920
Loans and advances to customers, less allowance for loan losses	6,011,114	-	-	6,011,114
Trade debtors and advances paid	3,644,040	465,196	250,542	4,359,778
Other assets, less allowance for losses	517,693	-	-	517,693
Other Investments	69,960	-	-	69,960
Cash	717,711	-	-	717,711
TOTAL ASSETS	<u>20,672,725</u>	<u>465,196</u>	<u>250,542</u>	<u>21,388,463</u>
LIABILITIES				
Payable to state organizations	3,229,215	-	-	3,229,215
Loans from banks	1,268,892	2,216,469	-	3,485,361
Debt securities issued	5,195,150	-	-	5,195,150
Advances received	3,185,549	-	-	3,185,549
Trade creditors	825,385	-	-	825,385
Deferred tax liability	128,513	-	-	128,513
Taxes payable	108,715	-	-	108,715
Deferred income	951	-	-	951
Other liabilities	137,500	-	-	137,500
Subordinated debt	2,219,839	-	-	2,219,839
TOTAL LIABILITIES	<u>16,299,709</u>	<u>2,216,469</u>	<u>-</u>	<u>18,516,178</u>
TOTAL OPEN POSITION	<u>4,373,016</u>	<u>(1,751,273)</u>	<u>250,542</u>	

44. EVENTS AFTER THE BALANCE SHEET DATE

On 21 January 2005 the Group issued unsecured coupon bonds for KZT 5,000,000 thousand. The bonds have a coupon rate of 9% and maturity of 21 January 2010. All borrowed funds will be used for general corporate purposes.

In accordance with the decision of the Shareholders' meeting dated 23 December 2004 the Group's share capital was increased by 1,500,000 shares. The issue was registered on 2 February 2005.

On 1 April 2005 the Group repaid in full the second issue of unsecured coupon bonds for the nominal amount of KZT 4,500,000 thousand.