



BDO Kazakhstanaudit
International audit

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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"

Managing partner, General Director
"BDO Kazakhstanaudit", LLP

S.Kh. Koshkimbayev

March 31, 2010

Almaty

INDEPENDENT AUDITOR'S REPORT

To Kazakhstan Stock Exchange shareholders

We have audited the accompanying consolidated financial statements for shareholders of Kazakhstan Stock Exchange and its subsidiaries (hereinafter – the Group), which comprise the consolidated statement of financial position as of December 31, 2009, the consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for year ended as of the mentioned date, and the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

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



procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of Kazakhstan Stock Exchange as of December 31, 2009 and of its financial performance and its cash flow for year, ended as of the mentioned date, in accordance with International Financial Reporting Standards.

Auditor

Qualifying Certificate # 0000497 issued by
Qualifying Commission of RK on attestation
of auditors dated 18.01.2000



R.K. Taipova



TABLE OF CONTENT

Statement of Management Responsibility for the 2009 Consolidated Financial Statements	3
Consolidated Statement of Financial Position.....	5
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Changes in Equity.....	9
Consolidated Statement of Cash Flows	11
Notes to the 2009 consolidated financial statements.....	13
Note 1. Business description and corporate information	13
Note 2. Basis of preparation of the consolidated financial statements.....	15
Note 3. Critical accounting estimates and judgments.....	18
Note 4. Summary of significant accounting policies	20
Note 5. Cash and cash equivalents	26
Note 6. Restricted cash.....	27
Note 7. Trade and other receivables.....	28
Note 8. Rental prepaid and other advances paid	29
Note 9. Inventories.....	30
Note 10. Current tax assets	31
Note 11. Current and non-current financial assets	32
Note 12. Investments in associates	37
Note 13. Property, plant and equipment.....	38
Note 14. Intangible assets	40
Note 15. Liabilities on taxes and payments to budget	41
Note 16. Trade and other payables. Sub-rental prepaid and other advances received. Current provisions.....	42
Note 17. Deferred income tax assets and liabilities.....	43
Note 18. Share capital.....	44
Note 19. Fair value of financial assets.....	46
Note 20. Earnings per share (basic and diluted)	47
Note 21. Operating income	48
Note 22. Other expenses	49
Note 23. Interest income and expenses	50
Note 24. Non-cash transactions.....	51
Note 25. Other information on subsidiaries and investments in associates	52
Note 26. Related party transactions.....	55



Note 27.	Subsequent events.....	60
Note 28.	Legal suits	61
Note 29.	Risk management policy	62



ҚАЗАҚСТАН ҚОР БИРЖАСЫ
КАЗАХСТАНСКАЯ ФОНДОВАЯ БИРЖА
KAZAKHSTAN STOCK EXCHANGE

STATEMENT
of Management Responsibility
for the 2009 Consolidated Financial Statements

We undersigned, representing the management of Kazakhstan Stock Exchange Inc. (hereinafter – KASE) responsible for preparation of its consolidated financial statements, hereby assert that the KASE financial statements for the year ended 31 December, 2009 reliably reflect the results of its operations, cash flows and changes in equity for 2009 in all significant aspects in compliance with the International Financial Reporting Standards (IFRS).

In terms of financial reporting KASE's management is responsible for:

- selecting suitable accounting principles and applying them consistently
- making judgments and estimates that are reasonable and prudent
- observing the IFRS requirements or disclosing significant deviations from IFRS in notes to the consolidated financial statements
- preparing the consolidated financial statements based on the assumption that KASE will continue as a going concern in foreseeable future, as long as it doesn't contradict with the existing law.

The KASE's management is also responsible for:

- designing, implementing and maintaining efficient and reliable internal control system
- maintaining proper accounting records, which enable them, with reasonable accuracy at any time, to prepare information on KASE's financial position and to ensure that its consolidated financial statements comply with the IFRS requirements
- maintaining statutory accounting records in compliance with the legislation of the Republic of Kazakhstan
- undertaking measures within their competence to protect KASE assets
- detecting and preventing fraud and misuse

These consolidated financial statements have been approved by KASE's management represented by the President and the Chief Accountant.

President

Chief Accountant

Date

K. Damitov

L. Ryabushkina

31 March 2010



KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated STATEMENT OF FINANCIAL POSITION*

KZT'000

Items	Note	December 31, 2009**	December 31, 2008
ASSETS			
I. CURRENT ASSETS			
Cash and cash equivalents	5	906,550	452,598
Restricted cash	6	1,504	5,460
Trade and other receivables	7	52,203	64,160
Rental prepaid and other advances paid	8	38,399	119,964
Inventories	9	1,091	1,728
Advance corporate income tax payments		–	28,175
Current tax assets	10	2,190	5,634
Available-for-sale financial assets	11	–	9,830
Financial assets held to maturity	11	34,859	–
Total current assets		1,036,796	687,549
II. NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	11	–	68,387
Available-for-sale financial assets	11	27,814	337,734
Financial assets held to maturity	11	483,533	–
Investments in associates	12	35,053	82,143
Property, plant and equipment	13	221,206	242,798
Intangible assets	14	3,576	4,386
Deferred income tax assets	17	612	4,000
Total non-current assets		771,794	739,448
TOTAL ASSETS		1,808,590	1,426,997
LIABILITIES AND EQUITY			
III. CURRENT LIABILITIES			
Liabilities to the Stock Exchange members on restricted cash	6	1,504	5,460
Current corporate income tax liabilities		12,075	–
Liabilities on taxes and payments to the budget	15	5,604	2,597
Trade and other payables	16	7,897	2,950
Sub-rental prepaid and other advances received	16	31,762	42,139
Current provisions	16	17,493	15,161
Total current liabilities		76,335	68,307



Items	Note	December 31, 2009**	December 31, 2008
IV. NON-CURRENT LIABILITIES			
Deferred income tax liabilities	17	14,947	12,065
Total non-current liabilities		14,947	12,065
V. EQUITY			
Share capital	18	194,418	165,020
Reserves	11	(572)	7,185
Retained earnings		1,523,462	1,159,251
Minority interest		–	15,169
Total equity		1,717,308	1,346,625
TOTAL LIABILITIES AND EQUITY		1,808,590	1,426,997

* Consolidated Statement on Financial Position should be considered with the notes to the consolidated financial statements as its integral part.

** Hereinafter December 31 in the Consolidated Statement on Financial Position should be considered as 12.00 a.m., Almaty time, of December 31 of the relevant year.

President

Chief Accountant

Date



K. Damitov

L. Ryabushkina

31 March 2010



KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated STATEMENT OF COMPREHENSIVE INCOME *

KZT'000, unless otherwise specified

Items	Note	2009	2008
Operating income	21	1,196,993	953,242
Rent income		60,968	130,450
Other income		11,251	8,820
Gain from sale of financial assets, net	21	(2,709)	6,158
Unrealized gain from financial assets		4,271	6,206
Penalties, forfeits received		26,858	24,159
Loss from sale of available-for-sale financial assets		—	(24,270)
Total income		1,297,632	1,104,765
Salary and vacation provisions expenses		(383,540)	(398,581)
Taxes and other payments to the budget		(63,628)	(81,795)
Amortization		(36,292)	(32,482)
Travel and allowance expenses		(17,382)	(24,343)
Communication and Internet expenses		(16,753)	(17,099)
Materials write-off		(8,974)	(13,122)
Expenses on S.W.I.F.T., membership fees, certification		(6,309)	(5,815)
Rent		(186,406)	(306,191)
Net loss from property, plant and equipment sold		(1,863)	(132)
Financial consultants services		—	(12,100)
Other expenses	22	(120,365)	(62,082)
Total expenses		(841,512)	(953,742)
Operating profit for the period		456,120	151,023
Interest income	23	55,829	29,203
Deposit interest income	23	27,558	565
Interest expenses	23	(326)	(381)
Interest income for the period		83,061	29,387
Share in loss of associates		(47,090)	(4,468)
Profit before income tax		492,091	175,942
Corporate income tax expense	17	(122,421)	(54,784)
Profit for the period		369,670	121,158
Other comprehensive income/loss		(7,757)	7,185
Total comprehensive income for the year		361,913	128,343



Items	Note	2009	2008
Profits attributable to equity holders		369,670	115,435
Profits attributable to minority interest		–	5,723
Earnings per share (basic and diluted), tenge	20	820,29	257,52

* Consolidated Statements of Comprehensive Income should be considered with the notes to the financial statements as its integral part (http://www.kase.kz/files/for_shareholders/kasef6_2009.pdf).

President



Chief Accountant

Date

K. Damitov

L. Ryabushkina

31 March 2010



KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated STATEMENT OF CHANGES IN EQUITY*

KZT'000

	Share capital ¹	Treasury stock	Reserves ²	Retained earnings ³	Minority interest	Total
Balance at 31 December 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 fair value of available-for-sale financial assets	–	–	(906)	–	–	(906)
Loss from sale of available-for-sale financial assets	–	–	24,270	–	–	24,270
Total comprehensive income for the year	–	–	–	115,435	5,723	121,158
Dividends	–	–	–	–	(1,645)	(1,645)
Balance at 31 December 2008	165,020	–	7,185	1,159,251	15,169	1,346,625
Issue of share capital	29,398	–	–	–	–	29,398
Minority interest acquisition	–	–	–	(5,459)	(13,528)	(18,987)
Minority interest decrease	–	–	–	–	(1,115)	(1,115)

¹ Share capital is a total cost of offered shares at offering value.

² Reserves are an amortizable part after re-classification of assets from the "available for sale" to "held to maturity" category.

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



	Share capital ¹	Treasury stock	Reserves ²	Retained earnings ³	Minority interest	Total
Total comprehensive income for the year	–	–	(7,757)	369,670	–	361,913
Dividends	–	–	–	–	(526)	(526)
Balance at 31 December 2009	194,418	–	(572)	1,523,462	–	1,717,308

* Consolidated Statement of Changes in Equity should be considered with the notes to the financial statements as its integral part.

** Hereinafter December 31 in the Statement of Financial Position should be considered as 12.00 a.m., Almaty time, of December 31 of the relevant year

President



K. Damitov

Chief Accountant

L. Ryabushkina

Date

31 March 2010



KAZAKHSTAN STOCK EXCHANGE INC.

Consolidated STATEMENT OF CASH FLOWS*

KZT'000

Items	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	492,091	175,943
Adjustment of net income	94,475	(150,800)
including:		
amortization	36,292	32,482
unrealized gain from financial assets revaluation	(4,271)	(6,206)
loss from property, plant and equipment disposals	1,863	132
gain from financial assets disposals	2,709	(6,158)
financial assets premium or discount amortization	326	381
interest earnings	(55,829)	(29,203)
accrued income on deposits	(19,588)	–
share in loss of associates	47,090	4,468
loss from sale of available-for-sale financial assets	–	24,270
loss from financial assets devaluation	65,292	–
increase in inventories	637	1,826
increase in trade and other receivables, rental prepaid and other advances paid	93,522	21,181
increase (decrease) in sub-rental prepaid and other advances received	(10,377)	(13,396)
Increase (decrease) in taxes payable	6,451	(2,505)
Increase (decrease) in trade and other receivables, current provisions	7,279	2,043
increase (decrease) in liabilities to the Stock Exchange members on restricted cash	(3,956)	(137,196)
corporate income tax paid	(72,965)	(42,919)
Net cash flows from operating activities	586,566	25,143
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of PPE and intangible assets	(16,269)	(100,648)
Proceeds from sale of PPE and intangible assets	567	–
Purchases of financial assets	(1,213,305)	(858,762)
Proceeds from disposal	1,005,920	1,150,160
Interest on financial assets received	40,995	28,292
Interest on deposits received	16,650	–
Transfer (inflow) of restricted cash	3,956	137,196
Net cash flows from investing activities	(161,486)	356,238
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	29,398	–
Proceeds from sale of treasury shares	–	2,567
Dividends paid to minority interests	(526)	(1,645)
Net cash flows from financing activities	28,872	922



Items	2009	
NET INCREASE IN CASH AND CASH EQUIVALENTS	453,952	382,303
Cash and cash equivalents at beginning of year	452,598	70,295
Cash and cash equivalents at end of year	906,550	452,598

* Consolidated Statement of Cash Flow should be considered with the notes to the financial statements as its integral part.

President



K. Damitov

Chief Accountant

L. Ryabushkina

Date

31 March 2010



KAZAKHSTAN STOCK EXCHANGE INC.

NOTES

to 2009 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	850	100.0
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	1,945	100.0



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	Cost 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 Standards¹ (IFRS) and with the Kazakhstan laws.

As of January 1, 2009, the Group applied the following new and revised Standards and interpretations that influenced on the financial statements:

- 1) IFRS 7 "Financial Instruments: Disclosures" (with amendments). The amendment made to the standard requires an additional information disclosure related to valuation at fair value and liquidity risk. The information on valuation at fair value of items, reflected at fair value, needs to be disclosed by the basic data using three-level hierarchy of fair value sources for each financial instrument class, recognized at fair value. In addition, the standard changed version require verification between balances as of the beginning and end of a period for the level 3 valuation at fair value, and the information disclosure on substantial transfers between the fair value sources hierarchy levels. Amendments also explain requirements for the information disclosure on the liquidity risk for transactions in derivatives and assets, sued to manage the liquidity. The disclosure of information on valuation at fair value is specified in Note 19. Amendments did not have an impact on the information disclosure on the liquidity risk, specified in Note 19;
- 2) IAS 1 "Presentation of Financial Statements" (new version). The standards new version differentiates changes in equity to given transactions with owners and other changes in equity. The statement of changes in equity contains only the information on transactions with owners, all other changes in equity shall be presented by each equity component verification. Moreover, the Standard introduces the requirement for consolidated income statement preparation that includes all items of recognized income and expenses, which can be presented in the single or two interrelated statements. The Group decided to present the required information in the single statement.

New and revised Standards and interpretations became effective beginning 2009;

- 3) IFRS 2 "Share-based Payment" (with amendments). The IFRS Board published an amendment to IFRS 2, which explains defining of vesting conditions and appointing an interest accounting method, which is annulled;
- 4) IFRS 3 "Business Combinations" (new version) and и IAS 27 "Consolidated and Separate Financial Statements" (with amendments), revised IFRS 3 and amendments to IAS 27 resulted in the joint project with Financial Accounting Standards Board (USA), under which IFRS were merged with the appropriate USA requirements. There are exist significant amendments to IFRS standards and some options of

¹ International Financial Reporting Standards include International Accounting Standards interpretations of specified standards and amendments thereto (including amendments to Interpretations of the standards indicated and amendments thereto), adopted by Standing Interpretations Committee and International Financial Reporting Interpretations Committee, and other documents.



preparation of consolidated financial statements on the main business and affiliates.

- 5) IFRS 8 "Operating Segments". This standard defines requirements for the information disclosure on a company operating activities segments as well as the company provided services and products, geographic area of its operation and its main clients. This standard replaces standard IAS 14 "Segment Reporting";
- 6) The amendment to IAS 32 "Financial Instruments, Presentation" and IAS 1 "Presentation of Financial Statements": "Putable Financial Instruments and Obligations Arising on Liquidation". According to amendments made to standards is admitted a removal from an application area that allows classifying certain financial instruments with the sell back right to an issuer as equity instruments provided observance of certain criteria;
- 7) Amendment to IAS 39 "Financial Instruments: Recognition and Measurement": "Subjects eligible for hedging". The amendment explains that the company may define as a hedging subject the part of fair value change or volatility of cash flows on the financial instrument. In addition, the amendment considers an issue on defining of inflation as the hedging risk or its part in certain cases. The Group came to the conclusion that these changes shall not have an effect on its financial condition or its activities outcomes as the Group does not implement any hedging operations;
- 8) Amendments to interpretation of IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement". According to the amendment to interpretation of IFRIC 9 the Group must assess the need in separation of an embedded derivative out of the basic agreement in cases, when they reclassify the financial asset out of revaluated at fair value through profit or loss. Such assessment needs to be made based on circumstances existed on the latest of the following dates: the date, when the company for the first time becomes an agreement party and the date of making amendments to this agreement that essentially change cash flows under the agreement. The standard is not applied to the Group activities due to the absence of such financial instruments;
- 9) Interpretation IFRIC 13 "Customer Loyalty Programmes" clarifies that sales, when the company provides to its customers bonuses, which, provided observance of any qualification conditions, customers may use in the future to buy goods or services either for free or at discounted price. The interpretation is not applicable as the Group does not have such operations;
- 10) Interpretation IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". The interpretation explains net investments hedging requirements for hedge accounting. The interpretation is not applicable as the Group does not have such operations;
- 11) IFRS 1 (the amendment) "First-time Adoption of IFRS" and IAS 27 "Consolidated and Separate Financial Statements" – The cost price of investments to jointly controlled affiliates or associated enterprises. The amendments relate to cost price of investments to jointly controlled affiliates or associated enterprises at the first-time adoption of IFRS and with recognition of affiliates' dividend income on the parent company separate financial statements;
- 12) Interpretation IFRIC 15 "Agreements for the Construction of Real Estate" considers two issues: (a) whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18; or

(b) when entities should recognize revenue on such transactions. The interpretation is not applicable as the Group does not have such operations;

The standards amendments and interpretations of published standards effective for annual periods beginning on or after 1 January 2010.

- 13) IAS 17 "Leases". Under "IFRS Improvement (2009)", issued in April 2009, Financial Accounting Standards Board made amendments to IAS 17 requirements for the land lease classification. Prior to amendments according to the standard the land lease with uncertain term has been classified as the operating lease. According to amendments the land lease is classified as either the financial or operating in compliance with IFRS general IAS 17 principles. These amendments are effective for annual periods beginning on or after 1 January 2010 and with retrospective application for the lease effective till 1 January 2010, if such information was available before the lease;
- 14) IFRS 5 (the amendment) "Non-current assets, held for sale and discontinued operations". Financial Accounting Standards Board explanations (under the improved IFRS (2009)), specify that requirements for disclosure, stipulated by other Standards, besides IFRS 5 do not cover non-current assets classified as held for sale or discontinued operations;
- 15) IAS 7 (amendments): "Cash Flow Statement". The amendments (under the improved IFRS (2009)) define that only expenditures that result in a recognized asset are eligible for classification as investing activities.





Note 3.

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 operating income 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 2009.

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 of 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.



Note 4.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of 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 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 2009 ⁴	31 December 2008
KZT / 1 US Dollar (USD)	148.36	120.77
KZT / 1 Euro (EUR)	212.84	170.89
KZT / 1 Russian Rubble (RUB)	4.92	4.11
KZT / 1 Pound Sterling (GBP)	235.58	175.12

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, plus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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 statement of financial position of the Company at fair value with changes in fair value recognized in the consolidated income statement in 'Liabilities to the Stock Exchange members on restricted cash' or 'unrealized gains from financial assets as appropriate.'

Financial assets, held to maturity

Financial assets, held to maturity are designated as listed non-derivative debt securities with the fixed or determinate payments and fixed maturity terms, which the group intends and has the possibility to retain to maturity.

Available-for-sale financial assets

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.

Available-for-sale financial assets are carried at fair value with changes in fair value recognized directly in equity as reserve. Upon sale, the amount held in

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.



the available for sale reserve associated with such assets is removed from the equity and recognized in the consolidated income statement in 'Other comprehensive 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.

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.

Residual 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.

Residual 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	3–10	10.0–40.0
Vehicles	7-9	15.0
Other	8–10	6.0–15.0

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 income tax assets)	<p>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.</p> <p>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.</p> <p>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.</p>
Inventory	<p>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.</p> <p>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.</p> <p>Net realisable value is the estimated selling price less all estimated expenses on works required for such sale and selling expenses.</p>
Cash and cash equivalents	<p>Cash consists of cash in hand and gold coins, accounts in banks in the Republic of Kazakhstan and outside, cash on savings accounts.</p>
Trade receivables, advances and other current assets	<p>The Group's trade receivables are carried at cost less impairment losses with creation of provisions for doubtful debts.</p> <p>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.</p>
Trade and other payables	<p>Trade and other short-term payables of the Group are recognized at cost of formation when occur.</p>
Provisions	<p>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.</p>
Share capital and treasury shares	<p>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.</p>
Retirement benefits	<p>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.</p>
Income tax. Deferred income tax	<p>Corporate income tax for the period comprises current and deferred income 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.</p>



The amount of current tax is the estimated amount of corporate income tax accrued 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 income 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 income 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 income tax is determined using tax rates current at the balance sheet date based on the expected way of the related deferred income tax asset realization or deferred income tax liability settlement.

Deferred income 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.



Note 5. CASH AND CASH EQUIVALENTS

	Currency	As of December 31, 2009	As of December 31, 2008
In bank accounts	KZT	243.490	421.247
	USD	4.291	5.347
	EUR	27	18
	RUR	8.146	2.015
	GBR	441	328
Cash in hand	KZT	523	3.103
Cash on savings accounts	KZT	641.122	20.000
Accrued interest	KZT	8.510	540
TOTAL	X	906.550	452.598

Below are the data on cash in the Group savings accounts. No limits by the agreement terms, cash can be called at any time.

KZT'000

Bank	Period	Interest rate	Amount
As of December 31, 2009			
Bank CenterCredit JSC	Nov 9, 09 – May 12, 10	7.30	301,122
SB Sberbank of Russia JSC	Nov 10, 09 – May 12, 10	7.00	300,000
ATFBank JSC	May 29, 09 – May 29, 10	10.00	10,000
Kazkommertsbank JSC	May 21, 09 – May 21, 10	9.50	10,000
ATFBank JSC	Apr 6, 09 – Apr 6, 10	10.00	20,000
TOTAL	X	X	641,122
As of December 31, 2008			
ATFBank JSC	May 27, 08 – May 21, 09	9.00	10,000
BTA Bank JSC	Nov 26, 08 – Nov 26, 09	12.80	10,000
TOTAL	X	X	20,000



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 of 31 December 2009 the amount of such cash in foreign currency accounts made up: 10 thousand US dollars (1,504 thousand KTZ).

It should be noted that this item of the consolidated statement of financial position 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	
As of December 31, 2009				
With the Monetary Operations Department of the National Bank of Kazakhstan	KZT	20,000	20	Bank CenterCredit JSC
In The Bank of New York, New York, USA	USD	5,000	742	Halyk Savings Bank of Kazakhstan JSC
		5,000	742	BTA Bank JSC
TOTAL	X	X	1,504	
As of December 31, 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	Kazakh Innovation Commercial Bank JSC
TOTAL	X	X	5,460	



Note 7. TRADE AND OTHER RECEIVABLES

KZT'000

	At 31 December 2009	At 31 December 2008
Listing fees	9,154	4,991
Penalties, forfeits	14,833	10,674
Membership fees	254	174
Commission fees	39,616	50,290
Remote access fees	262	94
Receivables from information services and software development	4,995	2,916
Provisions for doubtful trade debtors	(18,508)	(6,626)
Net trade receivables	50,606	62,513
Salary advances	273	–
Insurance premiums and other prepaid expenses	1,168	1,562
Receivables from employees	156	85
Total other receivables	1,597	1,647
TOTAL	52,203	64,160

Flow of provision for doubtful debts is set below.

KZT'000

At 31 December 2007	(3,524)
Bad debts written off	621
Accrued for the year	(3,723)
At 31 December 2008	(6,626)
Bad debts written off	20
Accrued for the year	(11,902)
At 31 December 2009	(18,508)



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 74,313 thousand KZT, for the 2nd quarter of 2009 – 57,000 thousand KZT and for the 3rd and 4th quarters of 2009 – 34,950 thousand KZT each, rental includes monthly reimbursement of expenses on maintenance of the office – 5,121 thousand KZT. In the 3rd quarter of 2009 the actual transferred amount for rental fees made up – 32,400 thousand KZT. The Company transferred 2,550 thousand KZT as collateral under the Rent Agreement (collateral agreement of June 24, 2009 # 4 to the specified agreement). The guarantee amount transferred by the exchange to ensure fulfillment of obligations under the specified agreement as of 31 December, 2009 made up 34,950 thousand KZT. This amount can be used by the landlord to remedy substantial violation by the landlord of financial liabilities and reimbursement of damages. In 2009 the Exchange did not receive notifications on writing off the guarantee amount part. If the Exchange fulfills its obligations in good faith, the guarantee amount shall be repaid as of the agreement expiry termination date. The agreement is valid till 31 December 2010.

KZT'000

	At 31 December 2009	At 31 December 2008
Rental prepaid	34,735	111,812
Other advances paid	2,164	8,152
Financial aid RTRS LLP	1,500	–
TOTAL	38,399	119,964



Note 9.

INVENTORIES

KZT'000

	At 31 December 2009	At 31 December 2008
Gasoline	31	15
Materials (stationery, materials for office equipment and vehicles)	1,060	1,713
TOTAL	1,091	1,728



CURRENT TAX ASSETS

KZT'000

	At 31 December 2009	At 31 December 2008
Value added tax	487	4,514
Land tax	48	48
Social tax	466	423
Property tax	199	199
Transport tax	26	26
Personal income tax on individuals	295	374
Other taxes and payments to budget	669	50
TOTAL	2,190	5,634



Note 11.

CURRENT AND NON-CURRENT FINANCIAL ASSETS

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

Current financial assets include investments in securities and interest accrued thereon.

Non-current 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 book value of the portfolio of financial assets held to maturity as of 31 December 2009 amounted to 483,710 thousand tenge (including the accrued provision for impairment in amount 63,834 thousand tenge), including 287,105 thousand tenge - long term government securities, 196,428 thousand tenge – other non-current debt securities (corporate bonds), 177 thousand tenge – other short-term debt securities (partially paid nominal value). The change of value reflected in financial assets revaluation provisions made (7,757) thousand tenge.

During 2009 securities portfolio has been reclassified of the "financial assets, available for sale" category to the "financial assets, held to maturity" as the Exchange intends to hold them to maturity. The fair value as of the reclassification date made up 310,117 thousand KZT.

In 2009, due to the financial assets fair value drop the provision has been accrued for impairment on corporate bonds in the amount of 63,834 thousand KZT. In case of issuers financial conditions improvement, according to IFRS 39 "Financial Instruments: Recognition and Measurement", impairment loss shall be reversed.



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

FINANCIAL ASSETS PORTFOLIO AS OF 31 DECEMBER 2009:

Issuer	NIN	Circulation term	Bond name	Current coupon rate (%)	Quantity (units)	Nominal value
Government securities						
Ministry of Finance Kazakhstan	KZK2KY060087	May 27, 09 – Aug 18, 10	government mid-term treasury obligations (MEOKAM)	5.8	189,780	189.780
	KZK2KY070052	May 15, 09 – Mar 29, 11	government mid-term treasury obligations (MEOKAM)	6.1	100,000	100.000
	KZK2KY060061	Oct 12, 04 – Jan 11, 10	government mid-term treasury obligations (MEOKAM)	6.1	22,000	22.000
Total	–	–	–	–	–	311,780
Including short-term government securities	–	–	–	–	–	22,000
Corporate bonds						
ASIA AVTO JSC	KZPC2Y03C346	July 1, 08 – Apr 30, 10	coupon bonds	7.5	27,000	27,000
ATFBank JSC	KZPC2Y07B596	June 26, 08 – Feb 26, 14	subordinated coupon bonds	7.2	237,000	23,700
Subsidiary mortgage organization of BTA Bank JSC BTA Ipoteka JSC	KZPC2Y05B335	June 25, 08 – May 11, 10	coupon bonds	7.8	265,000	26,500
BTA Bank JSC	KZ2CKY08A535	Aug 28, 03 – Apr 29, 10	indexed subordinated coupon bonds	9.0	466	6,776
	KZ2CKY10A887	Dec 22, 08 – Nov 6, 13	subordinated coupon bonds	8.2	1,636	24,540
Bank CenterCredit JSC	KZ2CKY07A750	July 15, 03 – June 7, 10	subordinated coupon bonds	11.8	13,150,000	13,150
Kazkommertsbank JSC	KZ2CKY10B513	June 26, 08 – Mar 25, 15	subordinated coupon bonds	8.2	2,600	26,000
Mortgage Organization Kazakhstan Mortgage Company JSC	KZ2C0Y10A980	Dec 11, 03 – Apr 1, 14	secured coupon bonds	7.0	767,637	768
	KZ2C0Y10A980	Dec 26, 03 – Apr 1, 14	secured coupon bonds	7.0	1,003,833	1,004
Delta Bank JSC	KZ2CKY07B717	June 25, 08 – Sep 27, 12	subordinated coupon bonds	9.3	298,000	29,800



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

Ornek XXI JSC	KZ2CKY05B703	June 25, 08 – Sep 20, 10	coupon bonds	10.1	297,000	29,700
Subsidiary of BTA Bank JSC Temirbank JSC	KZPC1Y03C330	Dec 22, 08 – Apr 14, 10	coupon bonds	9.0	24,580	24,580
SB Sberbank of Russia JSC	KZ2CKY07A792	Sep 4, 03 – July 4, 10	subordinated coupon bonds	11.0	20,000,000	20,000
	KZ2CKY07A792	June 30, 04 – July 4, 10	subordinated coupon bonds	11.0	11,000,000	11,000
Sub-total	–	–	–	–	–	264,518
TOTAL	–	–	–	–	–	576,298



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

CURRENT FINANCIAL ASSETS

KZT'000

	Available-for-sale financial assets at the year end		Financial assets held to maturity at the year end		TOTAL	
	2009	2008	2009	2008	2009	2008
Government securities	–	–	22,627	–	22,627	–
Including:						
government securities	–	–	21,997	–	21,997	–
interest accrued	–	–	630	–	630	–
Other debt securities		9,830	12,232		12,232	9,830
Including:						
other debt securities	–	197	177	–	177	197
Interest accrued	–	9,633	16,945	–	16,945	9,633
impairment provision	–	–	(4,890)	–	(4,890)	–
TOTAL	–	9,830	34,859	–	34,859	9,830
Including:						
listed securities	–	9,830	5,636	–	5,636	9,830
unlisted securities	–	–	29,223	–	29,223	–



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

NON-CURRENT FINANCIAL ASSETS

KZT'000

	Financial assets at fair value through profit or loss at the year end		Available-for-sale financial assets at the year end		Financial assets held to maturity at the year end		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
Governmental securities	–	–	–	–	287,105	–	287,105	–
Shares	–	–	27,814	27,814	–	–	27,814	27,814
Other securities		68,387	–	309,920	255,372	–	255,372	378,307
impairment provision	–	–	–	–	(58,944)	–	(58,944)	–
TOTAL	–	68,387	27,814	337,734	483,533		511,347	406,121
including:								
listed securities	–	–	–	309,920	196,428	–	196,428	309,920
unlisted securities	–	68,387	27,814	27,814	287,105	–	314,919	96,201



Note 12.

INVESTMENTS IN ASSOCIATIES

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 2009 – in the amount of 35,053 thousand tenge;
- at 31 December 2008 – in the amount of 82,143 thousand tenge;

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 in the amount of 4,468 thousand tenge; in 2009 in the amount of 47,090 thousand tenge.



Note 13.

PROPERTY, PLANT AND EQUIPMENT

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

As of 31 December 2009 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.



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

KZT'000

	Machinery and equipment, transmission devices	Vehicles	Other property, plant and equipment	TOTAL
Historical cost				
At 31 December 2007	142,919	59,421	50,653	252,993
Addition	85,017	31	15,600	100,648
Transfer form inventory	3	–	–	3
Disposal	(13,916)	–	(25)	(13,941)
At 31 December 2008	214,023	59,452	66,228	339,703
Addition	13,750	–	2,519	16,269
Disposal	(27,580)	–	(3,581)	(31,161)
At 31 December 2009	200,193	59,452	65,166	324,811
Accumulated amortization				
At 31 December 2007	56,329	10,678	12,365	79,372
Amortization charge for 2008	19,919	6,083	5,317	31,319
Disposal	(13,786)	–	–	(13,786)
At 31 December 2008	62,462	16,761	17,682	96,905
Amortization charge for 2009	24,191	6,086	5,205	35,482
Disposal	(26,421)	–	(2,361)	(28,782)
At 31 December 2009	60,232	22,847	20,526	103,605
Carrying amount				
At 31 December 2007	86,590	48,743	38,288	173,621
At 31 December 2008	151,561	42,691	48,546	242,798
At 31 December 2009	139,961	36,605	44,640	221,206



Note 14.

INTANGIBLE ASSETS

In 2009 there were no impairment indicators of intangible assets. The Group balance includes fully amortized, but used in production activities intangible assets, the initial cost of which made up as of 31 December 2009 in amount 8,213 thousand KZT and as of 31 December 2008 in amount 4,113 thousand KZT.

KZT'000

	Software	Licenses	TOTAL
Historical cost			
At 31 December 2007	8,813	5,348	14,161
At 31 December 2008	8,813	5,348	14,161
At 31 December 2009	8,813	5,348	14,161
Accrued amortization			
At 31 December 2007	5,143	3,469	8,612
Amortization charge for 2008	361	802	1,163
At 31 December 2008	5,504	4,271	9,775
Amortization charge for 2009	264	546	810
At 31 December 2009	5,768	4,817	10,585
Carrying amount			
At 31 December 2007	3,670	1,879	5,549
At 31 December 2008	3,309	1,077	4,386
At 31 December 2009	3,045	531	3,576



Note 15.

LIABILITIES ON TAXES AND PAYMENTS TO BUDGET

KZT'000

	At 31 December 2009	At 31 December 2008
Value added tax	1,547	2,585
Other taxes and payments to budget	4,057	12
TOTAL	5,604	2,597



**Note 16. TRADE AND OTHER PAYABLES.
SUB-RENTAL PREPAID AND OTHER ADVANCES RECEIVED.
CURRENT PROVISIONS**

KZT'000

	At 31 December 2009	At 31 December 2008
Settlements with suppliers and contractors	7,780	2,085
Salaries payable	115	380
Other payables	2	485
Total trade and other payables	7,897	2,950
Sub-rental prepaid	–	100
Other advances received	31,762	42,039
Total sub-rental prepaid and other advances received	31,762	42,139
Employees' vacations estimated liability	17,493	15,161
Total provisions	17,493	15,161

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

As of 31 December 2009, the Regional Financial Center of Almaty prepayment for the Exchange shares is 4,543 thousand KZT.

As of 31 December 2009, the Exchange shares offering have not been registered.



Note 17.

DEFERRED INCOME TAX ASSETS AND LIABILITIES

KZT'000

	2009	2008
Current corporate income tax expenses	116,151	60,334
Deferred corporate income tax refund (expenses) / deferred tax liability	6,270	8,315
Effect of change in tax rates	–	(13,865)
Total corporate income tax expenses	122,421	54,784

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.

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

KZT'000

	At 31 December 2009	At 31 December 2008
Deferred income tax asset	(612)	(4,000)
Including:		
vacations provision	(467)	(2,882)
property, plant and equipment and intangible assets	(145)	(225)
Share in loss of associates	(9,418)	(893)
Unrecognized tax assets	9,418	–
Deferred income tax liabilities	14,947	12,065
Including:		
property, plant and equipment and intangible assets	14,947	12,065
Net deferred income tax liabilities (assets)	14,335	8,065

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 2009 was 20 %.

KZT'000

	2009	2008
Profit before income tax	492,091	175,942
Corporate income tax	98,418	52,783
Adjustment for tax effect of expenses (profit) which are not tax deductible	24,003	2,001
Corporate income tax expense	122,421	54,784



Note 18.

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 165,020 thousand tenge.

Share (authorized) capital of Kazakhstan Stock Exchange as of 31 December 2008 did not change as compared to the amount indicated (as well as compared to the amount of share (authorized) capital) as of 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 2008 – 2009 were as follows:

- 1) at 31 December 2007 all 450 declared shares of the Stock Exchange were placed with 7 treasury shares. During 2008 the Stock Exchange sold 7 (of treasury shares) to the total amount of 2,567 thousand tenge;
- 2) at 31 December 2008 all 450,000 out of 5,000,000 declared shares of the Stock Exchange were placed with no treasury shares (considering the above split of shares);

Below are the changes in the share (authorized) capital of the Stock Exchange in 2008-2009.

	Number of outstanding shares	Authorized capital at the offering price
At 31 December 2007	450	165,020
At 31 December 2008	450,000	165,020
Issue of share capital in 2009	7,907	29,398
At 31 December 2009	457,907	194,418

At 31 December 2009 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	206,687	45,14
including:		
Regional Financial Center of Almaty city JSC	55,200	12,05
Kaspi Bank JSC	24,000	5,24
SUBSIDIARY BANK KAZAKHSTAN ZIRAAT INTERNATIONAL BANK JSC	18,000	3,93

Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements



Centras Capital JSC	12,538	2,74
Projects Management LLP	12,538	2,74
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	12,369	2,70
Bank CenterCredit JSC	12,266	2,68
VISOR HOLDING LLP	12,266	2,68
Securities Register System JSC	12,266	2,68
Subsidiary Bank RBS Kazakhstan JSC	12,000	2,62
RESMI Finance & Investment House JSC	12,000	2,62
Astana-finance JSC	11,244	2,46
Shareholders each owning the Stock Exchange shares equal to less than 2 percent of the total outstanding shares	251,220	54,86
including:		
Individuals	10,290	2,25
TOTAL	457,907	100,00



Note 19.

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 2009		At 31 December 2008	
	BV*	FV**	BV*	FV**
Financial assets at fair value through profit or loss	–	–	68,387	68,387
Financial assets held to maturity	518,392	516,709	–	–
Available-for-sale financial assets including shares	27,814	n/a	347,564	319,750
	27,814	n/a	27,814	n/a
Investments in associations	35,053	n/a	82,143	82,143
Cash and cash equivalents	906,550	906,550	452,598	452,598
Restricted cash	1,504	1,504	5,460	5,460
Trade and other receivables	52,203	52,203	64,160	64,160
TOTAL	1,541,516	1,476,966	1,020,312	992,498

* Book value.

** Fair value.

Fair value of investments in shares 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 in associations 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.

Fair value of financial assets, held to maturity is calculated in compliance with the Exchange internal document "Methodology of Securities Valuation".



Note 20.

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	
	2009	2008
Net income attributable to major shareholders (tenge thousands)	369,670	115,435
Weighted average number of common shares	450,659	448,250
Earnings per share (basic and diluted) (tenge)	820.29	257.52



Note 21. OPERATING INCOME

To decrease risks related to non-payment due to an issuer default and the working group recommendations, formed by the Exchange Board of Directors (protocol of January 29, 2009 # 5), on 28 and 30 October were sold Astana-finance JSC corporate bonds. By the corporate bonds sales results the Exchange met the loss in the size of 6,523 thousand KZT.

	KZT'000	
	2009	2008
Membership fees	213,586	198,911
Listing fees	390,371	270,942
Commission fees	476,715	370,552
Remote access fees	18,477	20,653
Informational services and software development	97,844	92,184
Total operating income	1,196,993	953,242

	KZT'000	
	2009	2008
Income from realization of financial assets at fair value through profit or loss	3,814	6,457
Loss from realization of available-for-sale financial assets	-	(299)
Loss from realization of financial assets held to maturity	(6,523)	-
Net income (loss) from financial assets sold	(2,709)	6,158



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

Note 22.

OTHER EXPENSES

KZT'000

	2009	2008
Utilities	3,850	5,039
Penalties, fines	261	352
Bank services	7,940	3,767
Insurance	2,165	2,809
Training, seminars, conferences	907	3,783
Advertising costs	381	2,118
Provision for doubtful receivables	15,334	3,723
Provisions for financial assets impairment	65,293	–
Other expenses	24,234	40,326
Total other expenses	120,365	61,917
Net exchange losses	–	165
Total other expenses	120,365	62,082



Note 23. INTEREST INCOME AND EXPENSES

KZT'000

	2009	2008
Government securities interest income	11,316	7,019
Other debt securities interests	33,324	18,809
Discount amortization income	11,189	3,375
Total interest income	55,829	29,203
Deposit interests (Information Agency for Financial Markets IRBIS LLP)	27,558	565
Total deposit interest income	27,558	565
Governmental securities premium/discount amortization charges	–	(381)
Other debt securities premium/discount amortization charges	(326)	–
Total interest expenses	(326)	(381)
Net interest income	83,061	29,387



NON-CASH TRANSACTIONS

KZT'000

	2009	2008
Revaluation of securities available for sale to fair value	–	7,185
Other non-cash transactions	2,938	2,726

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



Note 25.

OTHER INFORMATION ON SUBSIDIARIES AND INVESTMENTS IN ASSOCIATIES

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

**Information Agency
for Financial
Markets IRBIS LLP**

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;

According to the Exchange Board of Directors minutes of November 26, 2009 # 32, the Exchange bought back the stake (20 %) of charter capital of Kenes-Service K LLP in Information Agency for Financial Markets IRBIS.

At present the Exchange is the sole shareholder of this partnership.

The partnership location in 2009 – Almaty, 38, Tulebaev Str.

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

According to the Exchange Board of Directors minutes of August 27, 2009



RTRS LLP

№ 22, the Exchange bought the stake (48.6 %) of charter capital of eTrade.kz LLP in individuals.

At present the Exchange is the sole shareholder of this partnership.

The partnership location in 2009 – Almaty, 291/3a, Dostyk Ave.

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 2009	At 31 December 2008
Short-term receivables of the Stock Exchange to its subsidiaries and RTRS LLP	124	67
Including that to:		
eTrade,kz LLP	124	67

Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements



KZT'000

Related party; type of goods, works, services	Goods, works and services acquired/provided by the Stock Exchange in 2009	
	acquired by the Stock Exchange	provided by the Stock Exchange
In 2009		
Information Agency for Financial Markets IRBIS LLP	2,101	793
Including:		
Change in a Exchange's ownership interest	2,101	–
subletting of the office premises	–	506
property sold	–	287 ⁵
eTrade,kz LLP	129	538
Including:		
Certification Center services	129	–
subletting of the office premises	–	538
TOTAL	2,230	1,331
In 2008		
Information Agency for Financial Markets IRBIS LLP	2,409	2,552
Including:		
Change in a Exchange's ownership interest	2,409 ⁵	–
subletting of the office premises	–	2,552
eTrade,kz LLP	1,237	192
Including:		
Change in a Exchange's ownership interest	1,103	–
Certification Center services	134	–
subletting of the office premises	–	192
TOTAL	3,646	2,744

⁵ Office furniture



Note 26.

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 2009:

Related party	Relations with the Stock Exchange
Persons who can (could) exercise control over the Stock Exchange operations	
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 2009,
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 2009
Mr, Babenov Bulat Bazartayevich	Vice President of the Stock Exchange (Member of its executive body)
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 2009,
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 2009
KPMG Tax and Advisory LLP	This partnership was controlled by Zh,K Berdalina in 2009
Mr. Damitov Kadyrzhan Kabdoshevich	President of the Stock Exchange (Head of the Executive Body), Member of the Exchange Committee, from May 6, 2009 to date
Mr, Joldasbekov Azamat Myrzadanovich	Ex-president of the Stock Exchange (Head of the Executive Body), Member of the Exchange Committee, till May 6, 2009
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 2009
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 2009
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 2009

Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements



Mr, Sabitov Idel Marsilyevich	The First Vice President of the Stock Exchange (a member of the Executive Body)
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 2009
RFCA Rating Agency JSC	This company was controlled by A,N, Tasbolat during 2009
RFCA Academy JSC	This company was controlled by A,N, Tasbolat during 2009
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)
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)
RTRS LLP	The Exchange holds 50.0% in the charter capital
Information Agency for Financial Markets IRBIS LLP	The Exchange subsidiary
eTrade.kz LLP	The Exchange subsidiary

In 2009 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 privity of contract terms, The table below describes such transactions.

KZT'000

	At 31 December 2009	At 31 December 2008
Short-term payables of the Stock Exchange to related parties	4,739	396
including:		
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	14	15
Regional Financial Center of Almaty JSC	4,543	–
Central Securities Depository JSC	182	381
Short-term receivables of the Stock Exchange to related parties	2,670	16,976



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

including:

Centras Securities JSC	–	333
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC)	129	366
Alem Management Company JSC	3	152
Asia Broker Services JSC	–	1,360
Alan Securities JSC (former First Broker House JSC)	–	1,864
Tsesnabank JSC	–	136
Astana-Finance JSC	–	1,017
Halyk Savings Bank of Kazakhstan JSC	2,209	7,003
BCC Invest JSC – a subsidiary of Bank CenterCredit JSC	329	813
REAL-INVEST,kz Financial Company JSC	–	442
Pension Savings Fund of Halyk Bank of Kazakhstan JSC, subsidiary of Halyk Bank of Kazakhstan JSC	–	2,209
RESMI Investment Financial House JSC	–	900
Central Securities Depository JSC	–	381

For comparison: as of 31 December 2008 short-term payables of the Stock Exchange to the parties considered related was 396 thousand tenge, short-term receivables – 16,976 thousand tenge (according to the notes to the consolidated financial statements of the Stock Exchange for the year ended 31 December 2008).

KZT'000

Related party; type of goods, works, services	Goods, works, services provided by the Stock Exchange in 2009	
Kazkommerts Securities JSC (subsidiary of Kazkommertsbank JSC); financial services	108	14,330
Kazakhstan Financiers Association LEA; member fees	531	–
Alem Management Company JSC; financial services	–	1,647
KPMG Tax and Advisory LLP, auditing services	1,260	–

Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements



Halyk Savings Bank of Kazakhstan JSC	866	36,539
account maintenance	866	–
financial services	–	36,539
BCC Invest JSC – a subsidiary of Bank CenterCredit JSC; financial services	–	7,497
Central Securities Depository JSC	3,415	68
Including		
services on execution and registration of transactions in securities	3,415	–
lease of the office premises	–	68
TOTAL	6,180	60,081

For comparison: in 2008 volume of goods, works and services acquired by the Stock Exchange from those the Stock Exchange considered related during 2008 was 10,758 thousand tenge; volume of goods, works and services delivered by the Stock Exchange to such persons – 270,098 thousand tenge (according to the notes to the consolidated financial statements of the Stock Exchange for the year ended 31 December 2008).

Below is the information on the accrued key management benefits of the Stock Exchange from among the persons the Stock Exchange considers related during 2009,

KZT'000

	2009	2008
Mr, Abdrazakov Yeldar Sovetovich	–	950
Ms, Ainabayeva Sholpan Rakhmankulovna	1,140	133
Mr, Akhanov Serik Akhmetzhanovich	475	950
Mr, Babenov Bulat Bazartayevich	9,901	11,913
Ms, Battalova Ayan Sovetovna	–	1,030
Mr, Bektanov Kairat Karibayevich	1,140	133
Ms, Berdalina Zhanat Kolanovna	1,601	95
Ms, Bidaibekova Ainur Muratovna	–	981
Mr, Joldasbekov Azamat Myrzadanovich	8,299	30,879
Mr. Damitov Kadyrzhan Kabdoshevich	12,728	–
Mr, Zhaksybek Dauren Adilbekuly	–	950
Mr, Zhandosov Oraz Aliyevich	–	133
Ms, Ivanova Irina Viktorovna	–	950
Mr, Islamov Kintal Kintaliyevich	–	950
Mr, Karabayev Dauren Saparaliyevich	1,140	1,045
Mr, Kim Lev Gennadiyevich	–	950
Mr, Kyshpanakov Viktor Alekseyevich	1,234	2,011
Mr, Niyazov Bakht Bulatovich	–	950
Mr, Mameshtegi Saduakas Khalyksovetyly	–	950
Mr, Orynbayev Kantar Bekaralovich	–	950
Mr, Ospanov Aidar Idrissovich	–	950



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

Mr, Sabitov Idel Marsilyevich	12,984	15,689
Mr, Smagulov Askar Sagidollayevich	1,140	132
Ms, Tasbolat Aigul Nursainovna	1,140	132
Mr, Tashmetov Mirlan Zhaparbekovich	1,140	132
Mr, Tsalyuk Andrey Yuriyevich	10,374	11,954
Mr, Tsurkan Oleg Grigoriyevich	1,140	132
TOTAL	65,576	86,024

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.



Note 27.

SUBSEQUENT EVENTS

No events that could have an impact on the Group assets and liabilities occurred after 31 December 2009.



Note 28.

LEGAL SUITS

In 2009, the Exchange was not brought to trials as defendant, but prosecuted the following persons:

1. The Publishing House Vremya LLP to the Vremya newspaper Chief Editor Igor Meltser, the Vremya newspaper daily issue editor Vadim Boreiko and the Vremya newspaper reporter Alexei Konovalov on protection of the business reputation and enforce payment of the moral harm in the size of KZT300,000,000. by the court decision legal proceedings were discontinued and approved the agreement of lawsuit between the Vremya newspaper Chief Editor Igor Meltser, the Vremya newspaper daily issue editor Vadim Boreiko and the Vremya newspaper reporter Alexei Konovalov.
2. VITA JSC on the penalty payment in the size of KZT3,222,200. VITA JSC voluntarily paid the mentioned amount.



Note 29.

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.



Credit risk

Credit risk arises with the Group in connection with the usual business activities and related occurrence of receivables as a result of such activities, Besides, such risk arises with the Group due to the fact that it forms financial assets portfolios at the expense of its available funds.

Credit risk is the risk that the Group's counterparties will be unable to meet their obligations to the Group, in particular, those on repayment of receivables and redemption of the corporate bonds and interests in the mutual funds acquired by the Group.

Credit risk evaluation by the Group includes concentration by separate counterparties and in this respect the Group's credit risk management policy is based on the sound judgment of the counterparties' solvency.

The Group believes that the maximum credit risk exposure is with the receivables and in relation to the group investments to corporate bonds, including interest accrued thereupon.

As of 31 December 2009 receivables made up 52,203 thousand tenge (100.0 % of the total amount of trade and other receivables of the Group or 2,89 % of the total amount of the Group's assets).

As of the same date investments of the Group into corporate bonds made up 202,906 thousand tenge (39,1 % of the total amount of the Group financial assets or 11,22 % of the total amount of the Group assets).

Credit risk related to receivables is minimized by the Group owing to the fact that such debts can arise only with the limited number of the Group's counterparties which are within the sphere of its influence – members of the Stock Exchange and listing companies.

As for the corporate bonds and shares of mutual funds acquired by/belonging to the Group, credit risk is managed through the general conservative policy used at formation of a financial assets portfolio, This policy is established by the Exchange Committee and in 2009 it based on the application of the principles similar of those established for investment of pension assets of the pension savings funds.

The table below shows the maximum credit risk exposure born by the Group in relation to its assets (see also Note 19).



Kazakhstan Stock Exchange Inc.:
Notes to 2009 consolidated financial statements

KZT'000

	At 31 December 2009		At 31 December 2008	
	BV*	MR**	BV*	MR
Trade and other receivables	52,203	52,203	64,160	6,626
Financial assets at fair value through profit or loss	–	–	68,387	68,387
Available-for-sale financial assets	27,814	27,814	347,564	319,750
Financial assets held to maturity	518,392	202,906	–	–
TOTAL	598,409	282,923	480,111	394,763

* carrying amount

** maximum risk exposure

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 profitableness 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 Board of Directors, the Management Board of the Stock Exchange and all functional divisions of the Group.