

**JOINT STOCK COMPANY
ASTANA FINANCE
AND ITS SUBSIDIARIES**

Consolidated Financial Statements
For the Year Ended 31 December 2006

and Independent Auditors' Report

JSC ASTANA FINANCE AND ITS SUBSIDIARIES

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JSC ASTANA FINANCE AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group at 31 December 2006, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

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

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

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud, errors and other irregularities.

The consolidated financial statements for the year ended 31 December 2006 were authorized for issue by the Management Board of the Group on 27 March 2007.

On behalf of the Management Board:

A.V. Savchuk
Chairman

27 March 2007
Astana, Kazakhstan

R. I. Sedova
Deputy Chairman

27 March 2007
Astana, Kazakhstan

27 March 2007
Almaty

JSC ASTANA FINANCE AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands tenge, except for earnings per share which is in tenge)

	Notes	Year ended 31 December 2006	Year ended 31 December 2005
Interest income	5, 42	7,904,758	2,918,402
Interest expense	5, 42	(5,869,154)	(1,994,291)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	5	2,035,604	924,111
Provision for impairment losses on interest bearing assets	6	(1,057,951)	(240,779)
NET INTEREST INCOME		977,653	683,332
Net gain on financial assets at fair value through profit or loss	7	2,358,257	479,439
Net loss on translation differences		(208,923)	(56,233)
Fee and commission income	8	4,418	28,175
Fee and commission expense	8	(89,914)	(37,226)
(Loss)/gain from sale of property and equipment		(1,960)	82,130
Dividends received		24,167	-
Dealing income from finance lease operations		9,301	219,333
Other income	9	723,566	181,557
NET NON-INTEREST INCOME		2,818,912	897,175
OPERATING INCOME		3,796,565	1,580,507
OPERATING EXPENSES	10	(2,136,411)	(1,004,725)
OPERATING PROFIT		1,660,154	575,782
Provision for impairment losses on other transactions	6	(260,078)	(209,381)
PROFIT BEFORE INCOME TAX		1,400,076	366,401
Income tax expense	11	(183,505)	(32,434)
NET PROFIT BEFORE DISCONTINUED OPERATIONS		1,216,571	333,967
DISCONTINUED OPERATIONS			
Profit from discontinued operations	12	406,003	718,214
Net gain on non-current assets held for sale	13	377,347	(36,536)
NET PROFIT		1,999,921	1,015,645
Attributable to:			
Equity holders of the parent		1,904,513	1,078,077
Minority interest	14	95,408	(62,432)
		1,999,921	1,015,645
Earnings per share (in tenge)			
From continuing and discontinued operations	15	573	478
From continuing operations	15	451	160

On behalf of the Management Board:

A.V. Savchuk
Chairman

27 March 2007
Astana, Kazakhstan

R. I. Sedova
Deputy chairman

27 March 2007
Astana, Kazakhstan

The notes on pages 9-57 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on pages 2-3

JSC ASTANA FINANCE AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006

(in thousands tenge)

	Notes	31 December 2006	31 December 2005
ASSETS:			
Cash and cash equivalents	16	5,182,150	1,038,791
Restricted cash	17	19,258	-
Financial assets at fair value through profit or loss	18	10,560,472	6,639,905
Due from banks	19, 42	2,057,803	91,699
Loans to customers	20, 42	95,463,220	25,853,700
Investments available-for-sale	21	171,512	95,245
Investments held to maturity	22	185,547	-
Trade debtors	23	249,068	108,222
Advances paid	24	6,001,795	2,585,458
Construction	25	-	315,172
Property and equipment purchased for transfer into lease		2,392,445	275,992
Property, equipment and intangible assets	26	2,126,911	4,476,037
Investment property	27	1,099,667	1,078,919
Non-current assets held for sale	28	4,220,544	-
Other assets	29	1,470,963	978,955
TOTAL ASSETS		131,201,355	43,538,095
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	30, 42	39,113,811	13,012,354
Financial liabilities at fair value through profit or loss	18	164,302	-
Payable to state organizations	31	2,590,000	2,636,468
Debt securities issued	32	57,028,905	11,684,401
Trade creditors	33	158,652	330,307
Advances received	34	3,909,953	531,529
Taxes payable	35	137,405	129,575
Deferred income tax liabilities	10	32,689	188,591
Liability directly associated with non-current assets held for sale	28	2,215,282	-
Other liabilities	36	147,099	155,189
		105,498,098	28,668,414
Subordinated debt	37, 42	16,997,207	8,962,299
Total liabilities		122,495,305	37,630,713
EQUITY:			
Equity attributable to equity holders of the parent:			
Share capital	38	4,450,000	3,598,267
Share premium	38	231,370	231,228
Reciprocal interest		-	(20)
Investments available-for-sale fair value reserves		68,745	-
Retained earnings		3,504,096	1,816,988
Total equity attributable to equity holders of the parent		8,254,211	5,646,463
Minority interest	14	451,839	260,919
Total equity		8,706,050	5,907,382
TOTAL LIABILITIES AND EQUITY		131,201,355	43,538,095

On behalf of the Management Board:

A.V. Savchuk
Chairman

27 March 2007
Astana, Kazakhstan

R. I. Sedova
Deputy chairman

27 March 2007
Astana, Kazakhstan

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JSC ASTANA FINANCE AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands tenge)

	Notes	Share capital	Share premium	Investments available-for-sale fair value reserve	Reciprocal interest	Retained earnings	Total equity attributable to equity holders of the parent	Minority interest	Total equity
31 December 2004		2,200,000	-	-	(371,325)	804,911	2,633,586	522,816	3,156,402
Increase of share capital		1,398,267	-	-	(91,150)	-	1,307,117	-	1,307,117
Disposal of subsidiary		-	231,228	-	462,455	-	693,683	(199,465)	494,218
Net profit		-	-	-	-	1,078,077	1,078,077	(62,432)	1,015,645
Dividends declared		-	-	-	-	(66,000)	(66,000)	-	(66,000)
31 December 2005		3,598,267	231,228	-	(20)	1,816,988	5,646,463	260,919	5,907,382
Increase of share capital	38	851,733	-	-	-	-	851,733	130,000	981,733
Gain on revaluation of available-for-sale investment		-	-	68,745	-	-	68,745	-	68,745
Disposal of subsidiary		-	142	-	20	-	162	(34,488)	(34,326)
Net profit		-	-	-	-	1,904,513	1,904,513	95,408	1,999,921
Dividends declared	38	-	-	-	-	(217,405)	(217,405)	-	(217,405)
31 December 2006		<u>4,450,000</u>	<u>231,370</u>	<u>68,745</u>	<u>-</u>	<u>3,504,096</u>	<u>8,254,211</u>	<u>451,839</u>	<u>8,706,050</u>

On behalf of the Management Board:

A.V. Savchuk
Chairman

27 March 2007
Astana, Kazakhstan

R. I. Sedova
Deputy chairman

27 March 2007
Astana, Kazakhstan

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JSC ASTANA FINANCE AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands tenge)

	Notes	Year ended 31 December 2006	Year ended 31 December 2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		1,400,076	366,401
Adjustments for:			
Provision for impairment losses on interest bearing assets	6	1,113,345	240,779
Provision for impairment losses on other transactions	6	204,684	209,381
Unrealized gain on revaluation of investments available-for-sale		(68,745)	-
Loss/(gain) on the sale of the property, equipment and intangible assets		1,960	(253,898)
Depreciation and amortization		291,369	504,205
Change in interest accruals, net		524,577	(916,426)
Gain on discontinued operations	12	124,061	(485,892)
Net gain on non-current assets held for sale	13	377,347	(36,536)
Cash flows from operating activities before changes in operating assets and liabilities		3,968,674	(371,986)
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Restricted cash		(19,258)	-
Due from banks		(2,031,341)	(7,040)
Financial assets at fair value through profit or loss		(3,967,347)	(6,639,905)
Loans to customers		(68,757,109)	(7,884,024)
Trade debtors and advances paid		(4,309,811)	(319,727)
Purchase of property and equipment for transfer into finance lease		(2,116,453)	(275,992)
Other assets		(1,231,689)	(429,963)
Increase/(decrease) in operating liabilities			
Due to banks		27,217,154	4,504,910
Taxes payable		41,917	(71,977)
Trade creditors and advances received		3,494,757	1,327,933
Financial liabilities at fair value through profit or loss		164,302	-
Other liabilities		150,793	(137,274)
Cash outflow from operating activities before taxation		(47,395,411)	(10,305,045)
Income tax paid		(121,743)	(143,758)
Net cash outflow from operating activities		(47,517,154)	(10,448,803)

JSC ASTANA FINANCE AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands tenge)

	Notes	Year ended 31 December 2006	Year ended 31 December 2005
CASH FLOWS FROM INVESTING ACTIVITIES:			
Construction	25	315,172	(125,897)
Cash of subsidiaries disposed	41	371,179	23,194
Advances paid for acquisition of foreign entity	24	(129,097)	-
Purchase of property, equipment and intangible assets	26	(1,659,954)	(2,681,829)
Proceeds on sale of property, equipment and intangible assets		451,994	1,094,048
Purchase of investment property	27	(35,408)	-
Net proceeds on sale/(net purchase) of investments available-for-sale		44,750	(4,667)
Purchase of investments held to maturity	22	(185,547)	-
		<u>(826,911)</u>	<u>(1,695,151)</u>
Net cash outflow from investing activities			
		<u>(826,911)</u>	<u>(1,695,151)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payable to state organisations		(45,635)	(447,982)
Proceeds from debt securities issued		44,396,437	4,086,205
Subordinated debt		7,502,575	6,740,460
Increase of share capital		981,733	1,307,117
Repayment of unpaid capital		162	693,683
Dividends paid		(212,890)	(83,749)
		<u>52,622,382</u>	<u>12,295,734</u>
Net cash inflow from financing activities			
		<u>52,622,382</u>	<u>12,295,734</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		4,278,317	151,780
CASH AND CASH EQUIVALENTS, beginning of year			
	14	<u>1,038,791</u>	<u>887,011</u>
CASH AND CASH EQUIVALENTS, end of year			
	14	<u>5,317,108</u>	<u>1,038,791</u>

Interest paid and received by the Group during the year ended 31 December 2006 amounted to KZT 3,847,952 thousand and KZT 6,558,513 thousand, respectively.

Interest paid and received by the Group during the year ended 31 December 2005 amounted to KZT 1,880,949 thousand and KZT 2,592,342 thousand, respectively.

On behalf of the Management Board:

A.V. Savchuk
Chairman

27 March 2007
Astana, Kazakhstan

R. I. Sedova
Deputy chairman

27 March 2007
Astana, Kazakhstan

The notes on pages 9-57 form an integral part of these consolidated financial statements. The Independent Auditors' Report is on pages 2-3.

JSC ASTANA FINANCE AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(in thousands tenge, unless otherwise stated)

1. ORGANISATION

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

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

The registered office of the Company is located at: 12, Bigeldinova St., Astana, 010000, Republic of Kazakhstan.

As at 31 December 2006 the Company has 3 branches operating in the Republic of Kazakhstan.

The Company is a parent company of the Group (the “Group”) which consists of the following enterprises which are consolidated in the consolidated financial statements as at 31 December 2006 and 2005:

Name	Country of operation	The Company ownership interest/voting rights, %		Type of operation
		2006	2005	
JSC Astana Finance Mortgage Company	Kazakhstan	100.00%	100.00%	Mortgage operations
JSC Astana Finance Leasing Company	Kazakhstan	100.00%	100.00%	Leasing operations
Standard Leasing Corporation	Seychelles Islands	100.00%	100.00%	Leasing operations
JSC Ecoton Plus	Kazakhstan	50.00%	50.00%	Production of construction materials
JSC Astana Finance Micro Loan Company	Kazakhstan	100.00%	-	Micro loans operations
JSC Astana Finance Brokerage Company	Kazakhstan	100.00%	-	Brokerage operations Raising funds for the Company on international capital markets
Astana Finance BV	Kingdom of the Nederland	100.00%	-	
LLP Kumys Kaskyr	Kazakhstan	-	100.00%	Security service
JSC Astana Gas Service	Kazakhstan	-	91.35%	Sale of gas
JSC Ak Jaik Nedvizhimost	Kazakhstan	-	70.00%	Real estate

The Company is engaged in managing mutual funds assets in accordance with the legislation of the Republic of Kazakhstan. The Company has the right to invest assets on behalf of its customers and on its own behalf. As of 31 December 2006 the Company managed two mutual fund - AF Altyn and Astana Finance Bereke. Net assets of the mutual fund as of 31 December 2006 amounted to KZT 4,400 thousand.

JSC Astana Finance Mortgage Company was formed as a joint stock company under the laws of the Republic of Kazakhstan on 28 September 2005. The company's principal activity is providing mortgage to customers. The company possesses a license for banking operations granted by the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organization on 19 June 2006.

JSC Astana Finance Leasing Company was formed as a joint stock company under the laws of the Republic of Kazakhstan on 20 October 2005. The company's principal activity is providing finance leases to customers.

Standard Leasing Corporation was formed as a joint stock company under the laws of the Seychelles Islands in May 2003. The company's principal activity is providing finance leases to customers.

JSC Ecoton Plus was formed as a joint stock company under the laws of the Republic of Kazakhstan on 14 May 2002. The company's principal activity is production of construction materials. The company possesses a license on production of the construction materials granted by the Construction Committee of the Ministry of Justice and Trade of the Republic of Kazakhstan on 12 August 2003. Also, company possesses a license on exploitation of construction machinery equipment granted by the Construction Committee of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan on 7 July 2004.

JSC Astana Finance Micro Loan Company was formed as a joint stock company under the laws of the Republic of Kazakhstan on 29 August 2005. The company's principal activity is providing micro loans operations to customers.

JSC Astana Finance Brokerage Company was formed as a joint stock company under the laws of the Republic of Kazakhstan on 1 November 2006. The company's principal activity is brokerage operations. The company possesses a license on brokerage and dealing activity granted by the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organization on 08 January 2007.

Astana Finance BV was formed under the laws of Kingdom of the Nederland in January 2006. The company's principal activity is raising funds for the company on international capital markets.

As at 31 December 2006 and 2005, the following shareholders owned the issued shares of the Company.

Shareholder	31 December 2006 %	31 December 2005 %
Akimat of Astana City	25.50	30.12
LLP Astana Stroy Service	16.14	4.66
Kazakhstan Standard Invest	14.98	4.66
LLP Saya Invest	13.84	15.73
LLP Kazdon Service	6.26	-
Srednevolzhskaya Logistic Company "Eurasia"	6.07	-
LLP SM Center	5.35	-
NPF BTA Kurmet Pension Fund	-	9.37
JSC Astana Nedvizhimost	-	6.14
Other (not exceeding 5% of total each)	11.86	29.32
Total	100.00	100.00

As of 31 December 2006 and 2005 Management and Directors of the Company control indirectly 28.29% of the Company through certain shareholders.

These consolidated financial statements were authorized for issue by the Management of the Group on 27 March 2007.

2. BASIS OF PRESENTATION

Accounting basis

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

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

The Group maintains its accounting records in accordance with law of the Republic of Kazakhstan, Kingdom of the Netherland and Seychelles Islands. These consolidated financial statements have been prepared from the statutory accounting records and have been adjusted to conform with IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

The Company and its Kazakhstan subsidiaries maintain their accounting records in accordance with IFRS, while its foreign subsidiary maintain accounting records in accordance with the requirements of the country where this subsidiary operates. These consolidated financial statements have been prepared based on accounting records of the Company and its Kazakhstan subsidiaries, and financial statements of foreign subsidiaries, which have been adjusted to conform to IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

Key assumptions

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

Key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period include:

	31 December 2006	31 December 2005
Loans to customers	95,463,220	25,853,700
Investments available-for-sale	171,512	95,245
Trade debtors	249,068	108,222
Advances paid	6,001,795	2,585,458
Other assets	1,470,963	978,955

Loans to customers and investments available-for-sale are measured at amortized cost less allowance for impairment losses. Trade debtors, advances paid and other assets are measured at cost less allowance for impairment losses. The estimation of allowance for impairment losses involves an exercise of judgment. It is impracticable to assess the extent of the possible effects of key assumptions or other sources of uncertainty on these balances at the balance sheet date.

Functional currency

The functional currency of these consolidated financial statements is Kazakhstani tenge (“KZT”)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the consolidated profit and loss in the period of acquisition. The minority interest is stated at the minority’s proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent. The equity attributable to equity holders of the parent and net income attributable to minority shareholders’ interests are shown separately in the consolidated balance sheet and consolidated income statement, respectively. For a business combination involving entities or business under common control all assets and liabilities of a subsidiary are measured at their carrying values recorded in the stand-alone financial statements of the subsidiary with the difference between the carrying value of the share in net assets of the subsidiary and the cost of acquisition recorded directly in equity attributable to the equity holders of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

The difference, if any, between the carrying amount of minority interest and the amount received on its purchase is recognized in equity attributable to the equity holders of the parent.

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

- Assets and liabilities, both monetary and non-monetary, of the foreign entity are translated at closing rate;
- Income and expense items of the foreign entity are translated at exchange rates at the dates of transactions;
- All resulting exchange differences are classified as equity until the disposal of the investment;
- On disposal of the investment in the foreign entity related exchange differences are recognized in the consolidated income statement.

Revenue recognition

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Recognition and measurement of financial instruments

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

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and correspondent accounts with banks.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss represent derivative instruments or securities acquired principally for the purpose of selling them in the near future, or are a part of portfolio of identified financial instruments that are managed together and for which there is evidence of a recent and actual pattern of short-term profit taking or securities that upon initial recognition are designated by the Group at fair value through profit or loss or is a derivative. Financial assets at fair value through profit or loss are initially recorded and subsequently measured at fair value. The Group uses quoted market prices to determine fair value for financial assets and liabilities at fair value through profit or loss. Fair value adjustment on financial assets and liabilities at fair value through profit or loss is recognized in the consolidated income statement for the period. The Group does not reclassify financial instruments in or out of this category while they are held.

The Group enters into derivative financial instruments to manage currency, liquidity and interest risks. Derivative financial instruments are entered into by the Group principally for trading purposes and include forwards and SWAPs on interest rate and foreign currency. No derivatives are used by the Group for hedging purposes.

Due from banks

In the normal course of business, the Group maintains advances and deposits for various periods of time with other banks. Due from banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at amortized cost based on expected maturities. Amounts due from credit institutions are carried net of any allowance for impairment losses, if any.

Repurchase and reverse repurchase agreements

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

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

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

In the event that assets purchased under reverse repo are sold to third parties, the results are recorded with the gain or loss included in net gains/(losses) on respective assets. Any related income or expense arising from the pricing difference between purchase and sale of the underlying assets is recognized as interest income or expense.

Loans to customers

Loans to customers are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets.

Loans granted by the Group with fixed maturities are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the income statement according to nature of these losses. Subsequently, loans are carried at amortized cost using the effective interest method. Loans to customers are carried net of any allowance for impairment losses.

Write off of loans and advances

Loans and advances are written off against allowance for impairment losses in case of uncollectibility of loans and advances, including through repossession of collateral. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Group and after the Group has sold all available collateral.

Allowance for impairment losses

The Group establishes an allowance for impairment losses of financial assets when there is objective evidence that a financial asset or group of financial assets is impaired. The allowance for impairment losses is measured as the difference between carrying amounts and the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate, for financial assets which are carried at amortized cost. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusted an allowance account. For financial assets carried at cost the allowance for impairment losses is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

The determination of the allowance for impairment losses is based on an analysis of the risk assets and reflects the amount which, in the judgment of management, is adequate to provide for losses incurred. Provisions are made as a result of an individual appraisal of risk for financial assets that are individually significant, and an individual or collective assessment for financial assets that are not individually significant.

The change in the allowance for impairment losses is charged to the consolidated profit and loss and the total of the allowance for impairment losses is deducted in arriving at assets as shown in balance sheet. Factors that the Group considers in determining whether it has objective evidence that an impairment loss has been incurred include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures, levels of and trends in delinquencies for similar financial assets, national and local economic trends and conditions, and the fair value of collateral and guarantees. These and other factors may, either individually or taken together, provide sufficient objective evidence that an impairment loss has been incurred in a financial asset or group of financial assets.

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

Finance leases

Financial leases are leases that transfer substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The lease classified as finance lease if:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The Group as a lessor presents finance leases as loans and initially measures them in the amount equal to net investment in the lease. Subsequently the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

At the commencement of the lease term, the Group as a lessee recognizes finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequently, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. Depreciation of the lease property is charged in accordance with depreciation policy that is applied to property owned by the Group.

Investments available-for-sale

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

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

When there is objective evidence that such securities have been impaired, the cumulative loss previously recognized in equity is removed from equity and recognized in the consolidated income statement for the period. Reversals of such impairment losses on debt instruments, which are objectively related to events occurring after the impairment, are recognized in the consolidated income statement for the period. Reversals of such impairment losses on equity instruments are not recognized in the consolidated income statement.

Investments held to maturity

Investments held to maturity are debt securities with determinable or fixed payments. The Group has the positive intent and ability to hold them to maturity. Such securities are carried at amortized cost, less any allowance for impairment, if any. Amortized discounts are recognized in interest income over the period to maturity using the effective interest method.

Trade debtors

Trade debtors are stated at their nominal value less allowance for impairment losses.

Advances paid

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

Property, equipment and intangible assets

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

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

Buildings and constructions	4%-6%
Equipment and furniture	8%-20%
Vehicles	15%
Intangible assets	15%-20%

The carrying amounts of property, equipment and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

An impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Land and buildings held for use in supply of services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional independent appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Investment property

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

Non-current assets held for sale

A non-current asset is classified as held for sale if it is highly probable that the asset's carrying amount will be recovered through a sale transaction rather than through continuing use. Such sale transaction shall be principally completed within one year from the date of classification of an asset as held for sale.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. If the fair value less costs to sell of an asset held for sale is lower than its carrying amount, an impairment loss is recognized in the consolidated income statement as loss from non-current assets held for sale. Any subsequent increase in an asset's fair value less costs to sell is recognized to the extent of the cumulative impairment loss that was previously recognized in relation to that specific asset.

Taxation

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

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

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

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial guarantee contracts issued and letters of credit

Financial guarantee contracts and letters of credit issued by the Group are credit insurance that provides for specified payments to be made to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. Such financial guarantee contracts and letters of credit issued are initially recognized at fair value. Subsequently they are measured at the higher of (a) the amount recognized as a provision and (b) the amount initially recognized less, where appropriate, cumulative amortization of initial premium revenue received over the financial guarantee contracts or letter of credit issued.

Share capital and share premium

Contributions to share capital are recognized at cost. Share premium represents the excess of contributions over the nominal value of the shares issued. Gains and losses on sales of treasury stock are charged or credited to share premium.

External costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

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

Reciprocal interest

Reciprocal interest refers to share capital issued by the Company to its subsidiaries at par value. Upon disposal of these subsidiaries by the Group, these shares were restated to fair value with excess of fair value over par value credited to share premium. Each share has the voting right.

Due to banks

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

Debt securities issued

Debt securities issued represent Eurobonds, domestic bonds and promissory notes, issued by the Group. They are initially recognized at fair value, which amounts to the issue proceeds less transaction costs incurred. Subsequently amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

Trade creditors

Trade creditors are stated at their nominal value.

Advances received

Advances received are recorded at their nominal value.

Subordinated debt

Subordinated debt is initially recognized at fair value. Subsequently, subordinated debt is stated at amortized cost using the effective interest method.

Retirement and other benefit obligations

In accordance with the requirements of the Kazakhstan legislation the Group withholds amounts of pension contributions from employee salaries and pays them to state and private pension funds. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees. The Group does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan. In addition, the Group has no post-retirement benefits or other significant compensated benefits requiring accrual.

Recognition of income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income also includes income earned on investments in securities. Other income is credited to income statement when the related transactions are completed.

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the consolidated profit and loss over the remaining period of the loan commitment.

Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in the consolidated profit and loss on expiry. Loan servicing fees are recognized as revenue as the services are provided. Loan syndication fees are recognized in the consolidated profit and loss when the syndication has been completed. All other commissions are recognized when services are provided.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Kazakhstani Tenge at the appropriate spot rates of exchange ruling at the balance sheet date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Profits and losses arising from these translations are included in net gain on foreign exchange operations.

Rates of exchange

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

	31 December 2006	31 December 2005
KZT/1 US Dollar	127.00	133.77
KZT/1 Euro	167.12	158.54

Offset of financial assets and liabilities

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

4. PRIOR PERIOD ADJUSTMENTS AND RECLASSIFICATIONS

Reclassifications

Certain reclassifications have been made to the consolidated financial statements as at 31 December 2005 and for the year then ended to conform to the presentation as at 31 December 2006 and for the year then ended as current year presentation provides better view of the financial position of the Group.

Nature of reclassification	Amount	Consolidated balance sheet line as per current report	Consolidated balance sheet line as per the previous report
Classification of property and equipment purchased for transfer into lease as separate line of consolidated balance sheet and including of remaining inventory into other assets			
Inventory	530,165	-	530,165
Property and equipment purchased for transfer into lease	(275,992)	275,992	-
Other assets	(254,173)	978,955	724,782
Total assets	-	1,254,947	1,254,947
Classification of deferred income in other liabilities			
Deferred income	13,883	-	13,883
Other liabilities	(13,883)	155,189	141,306
Total liabilities	-	155,189	155,189

5. NET INTEREST INCOME

	Year ended 31 December 2006	Year ended 31 December 2005
Interest income		
Interest on loans to customers	7,679,669	2,752,262
Interest on debt securities	124,096	47,505
Interest on due from banks	<u>100,993</u>	<u>118,635</u>
Total interest income	<u>7,904,758</u>	<u>2,918,402</u>
Interest expense		
Interest on debt securities issued	2,673,763	1,208,018
Interest on due to banks	3,153,310	733,206
Interest on payable to state organisations	<u>42,081</u>	<u>53,067</u>
Total interest expense	<u>5,869,154</u>	<u>1,994,291</u>
Net interest income before provision for impairment losses on interest bearing assets	<u>2,035,604</u>	<u>924,111</u>

6. ALLOWANCE FOR IMPAIRMENT LOSSES, OTHER PROVISIONS

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

	Due from banks	Loans to customers	Total
31 December 2004	4,456	557,468	561,924
(Recovery of provision)/provision	(4,456)	245,235	240,779
Provisions recorded by subsidiary	-	157,706	157,706
Write-off of assets	<u>-</u>	<u>(372)</u>	<u>(372)</u>
31 December 2005	-	960,037	960,037
Provision	-	1,057,951	1,057,951
Transfer from reserves on other transactions	<u>-</u>	<u>55,394</u>	<u>55,394</u>
31 December 2006	<u>-</u>	<u>2,073,382</u>	<u>2,073,382</u>

The movements in allowances for impairment losses on other transactions were as follows:

	Advances paid	Other assets	Trade debtors	Guarantees	Investments available-for- sale	Total
31 December 2004	160,160	95,66	-	32,301	-	288,12
Provision	-	4,96	55,394	49,388	99,637	209,381
Write-offs	<u>(160,160)</u>	<u>(15,85)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,012)</u>
31 December 2005	-	84,77	55,39	81,68	99,63	321,49
Provision/ (recovery of provision)	400,000	(74,70)	-	(81,689)	16,473	260,078
Write-offs	-	(3,810)	-	-	-	(3,810)
Transfer to reserves on interest earning assets	<u>-</u>	<u>-</u>	<u>(55,394)</u>	<u>-</u>	<u>-</u>	<u>(55,394)</u>
31 December 2006	<u>400,00</u>	<u>6,25</u>	<u>-</u>	<u>-</u>	<u>116,11</u>	<u>522,36</u>

7. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial assets at fair value through profit or loss comprises:

	Year ended 31 December 2006	Year ended 31 December 2005
Fair value adjustment on financial assets at fair value through profit or loss, net		
- Equity investments	2,831,029	455,128
- Bonds	484,527	24,311
- Derivative financial instruments on interest rate	150,943	-
- Derivative financial instruments on foreign currency	(368,195)	-
- Investment funds	<u>(740,047)</u>	<u>-</u>
Total net gain on financial assets at fair value through profit or loss	<u>2,358,257</u>	<u>479,439</u>

8. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income and expense comprise:

	Year ended 31 December 2006	Year ended 31 December 2005
Fee and commission income:		
Agency commission	4,418	28,175
Total fee and commission income	<u>4,418</u>	<u>28,175</u>
Fee and commission expense:		
Foreign currency operations	62,283	25,664
Correspondent bank services	13,788	10,604
Documentary operations	7,360	-
Plastic cards services	1,705	958
Other	4,778	-
Total fee and commission expense	<u>89,914</u>	<u>37,226</u>

9. OTHER INCOME

Other income comprises:

	Year ended 31 December 2006	Year ended 31 December 2005
Fines and penalties received	344,395	79,695
Operating lease income	218,993	72,740
Income on sale of goods and services	107,336	-
Income from valuation of property	5,105	-
Other income from non banking activities	47,737	29,122
	<u>723,566</u>	<u>181,557</u>

10. OPERATING EXPENSES

Operating expenses comprise:

	Year ended 31 December 2006	Year ended 31 December 2005
Staff costs	719,423	476,041
Professional fees	476,769	217,949
Taxes other than income tax	274,938	57,337
Depreciation and amortization	163,795	95,040
Insurance expense	96,078	10,243
Business trip expenses	80,604	42,927
Rent and maintenance	72,364	9,885
Telecommunications and stationary	65,283	35,326
Representative expenses	60,840	8,226
Credit rating	23,885	12,412
Transportation services	21,252	10,110
Sponsorship and charity	14,069	14,552
Inventory	11,334	14,677
Other	55,777	-
	<u>2,136,411</u>	<u>1,004,725</u>

11. INCOME TAXES

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

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2006 and 2005 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2006 and 2005 comprise:

	31 December 2006	31 December 2005
Deferred assets:		
Losses carried forward	207,876	-
Loans to customers	58,159	311,353
Unpaid taxes	44,316	-
	<hr/>	<hr/>
Total deferred assets	310,351	311,353
	<hr/>	<hr/>
Deferred liabilities:		
Property, equipment and intangible assets	(154,138)	(628,280)
Taxes	-	(357)
	<hr/>	<hr/>
Total deferred liabilities	(154,138)	(628,637)
	<hr/>	<hr/>
Net deferred asset/(liabilities)	156,213	(317,284)
Net deferred tax asset/(liability) at the statutory tax rate (30%)	46,864	(95,185)
Less: unrecognized deferred tax asset	(79,553)	(93,406)
	<hr/>	<hr/>
Net deferred tax liability associated with continued operations	(32,689)	(188,591)
	<hr/>	<hr/>
Property, equipment and intangible assets associated with non-current assets held for sale (Note 28)	(242,529)	-
	<hr/>	<hr/>
Net deferred tax liability	(275,218)	-
	<hr/> <hr/>	<hr/> <hr/>

Relationships between tax expenses and accounting profit for the years ended 31 December 2006 and 2005 are explained as follows:

	Year ended 31 December 2006	Year ended 31 December 2005
Profit before income tax from continuing operations	1,400,076	366,401
Profit before income tax from discontinued operations	410,503	770,214
Profit before income tax from non current assets held for sale	<u>508,685</u>	<u>75,474</u>
Profit before income tax from operations	<u><u>2,319,264</u></u>	<u><u>1,212,089</u></u>
Tax at the statutory tax rate	695,779	363,627
Change in unrecognized deferred tax assets	(13,853)	93,185
Non-taxable income on securities	(655,011)	-
Non-taxable income on finance lease	(111,155)	(108,321)
Non-taxable income on mortgage to individuals	(155,405)	(150,110)
Taxable losses not allowed to be carried forward	266,560	-
Non-deductible expenses on provision for advances paid	120,000	-
Other non deductible expenses	36,966	18,884
Other permanent differences	<u>135,462</u>	<u>(20,821)</u>
Income tax expense	<u><u>319,343</u></u>	<u><u>196,444</u></u>
Current income tax expense	232,716	193,078
Provision for deferred tax liabilities	<u>86,627</u>	<u>3,366</u>
Income tax expense	<u><u>319,343</u></u>	<u><u>196,444</u></u>
Attributable to:		
Continuing operations	183,505	32,434
Discontinued operations (note 12)	4,500	52,000
Asset held for sale (note 13)	<u>131,338</u>	<u>112,010</u>
	<u><u>319,343</u></u>	<u><u>196,444</u></u>
	Year ended 31 December 2006	Year ended 31 December 2005
Deferred income tax liabilities		
Beginning of the year	188,591	185,225
Increase in income tax liability for the year	<u>86,627</u>	<u>3,366</u>
End of the year	<u><u>275,218</u></u>	<u><u>188,591</u></u>

12. PROFIT FROM DISCONTINUED OPERATIONS

On 29 June 2006 the Group's Board of Directors approved a decision to dispose of 100% interest in the share capital of LLP Kumys Kaskyr (security service), 91.35% interest in the share capital of JSC Astana Gas Service (sale and distribution of gas) and 70% interest in the share capital of JSC Ak Jaik Nedvizhimost (real estate business).

On 20 December 2006 the Group entered into a sale-purchase agreement with LLP Investment Company Capital Management to sell shares of JSC Astana Gas Service for the amount of KZT 343,058 thousand.

On 21 December 2006 the Group entered into a sale-purchase agreement with LLP Investment Company Capital Management to sell shares of LLP Kumys Kaskyr for the amount of KZT 45,000 thousand.

On 22 December 2006 the Group entered into a sale-purchase agreement with LLP Investment Company Capital Management to sell shares of JSC Ak Jaik Nedvizhimost for the amount of KZT 5,000 thousand.

As at 31 December 2006 the control of LLP Kumys Kaskyr, JSC Astana Gas Service and JSC Ak Jaik Nedvizhimost passed to the acquirer.

The profit from discontinued operations for the year ended 31 December 2006 is analyzed as follows:

	Year ended 31 December 2006			Total
	LLP Kumys Kaskyr	JSC Astana Gas Service	JSC Ak Zhaik Nedvizhimost	
Net (loss)/ income of the subsidiary	(13,591)	48,740	88,912	124,061
Gain on disposal	<u>14,940</u>	<u>263,692</u>	<u>3,310</u>	<u>281,942</u>
	<u>1,349</u>	<u>312,432</u>	<u>92,222</u>	<u>406,003</u>

The results of LLP Kumys Kaskyr, JSC Astana Gas Service and JSC Ak Zhaik Nedvizhimost operations for the years ended 31 December 2006 and 2005 from discontinued operations is analyzed as follows:

	Year ended 31 December 2006			Total
	LLP Kumys Kaskyr	JSC Astana Gas Service	JSC Ak Zhaik Nedvizhimost	
Sales	112,705	1,131,316	493,455	1,737,476
Cost of sales	<u>(92,683)</u>	<u>(892,413)</u>	<u>(296,338)</u>	<u>(1,281,434)</u>
Gross margin	20,022	238,903	197,117	456,042
Selling expenses	-	(197,045)	(49,450)	(246,495)
General and administrative expenses	<u>(34,316)</u>	<u>(108,799)</u>	<u>(53,712)</u>	<u>(196,827)</u>
Operating (loss)/profit	(14,294)	(66,941)	93,955	12,720
Other income/(loss)	<u>703</u>	<u>115,681</u>	<u>(543)</u>	<u>115,841</u>
Net (loss)/income before taxation	(13,591)	48,740	93,412	128,561
Income tax expense	<u>-</u>	<u>-</u>	<u>(4,500)</u>	<u>(4,500)</u>
Net (loss)/ income	<u>(13,591)</u>	<u>48,740</u>	<u>88,912</u>	<u>124,061</u>

On 15 September 2005 the Group's Board of Directors approved a decision to dispose of an 85% interest in the share capital of JSC Astana Nedvizhimost, and a 100% interest in the share capital of JSC Atyrau Nedvizhimost. Both companies are engaged in real estate business.

On 15 April 2005 the Group's Board of Directors approved a decision to dispose of a 50.39% interest in the share capital of JSC AREK, and energy distribution company and entered into a sales agreement to dispose of its holding for the amount of KZT 50,394 thousand (see also Note 41). The disposal was completed in April 2005.

On 30 September 2005 the Group entered into a sale-purchase agreement with LLP Investment Company Capital Management to sell shares of JSC Astana Nedvizhimost and JSC Atyrau Nedvizhimost for the amount of KZT 46,250 thousand and KZT 46,000 thousand, respectively. The accounts receivable under these transactions were repaid in accordance with the terms of the above agreement.

As at 31 December 2005 the control of JSC Astana Nedvizhimost and JSC Atyrau Nedvizhimost passed to the acquirer.

The profit/(loss) from discontinued operations from sale of JSC Astana Nedvizhimost, JSC Atyrau Nedvizhimost and JSC AREK for the year ended 31 December 2005 is analyzed as follows:

	Total 2005
Net loss of subsidiaries disposed in 2005	(496,055)
Net income of subsidiaries disposed in 2006	10,163
Gain on disposal (Note 41)	<u>1,204,106</u>
	<u><u>718,214</u></u>

The results of JSC Astana Nedvizhimost, JSC Atyrau Nedvizhimost and JSC AREK operations for the period from 1 January 2005 till the date of their disposal were as follows:

	JSC Astana Nedvizhimost 8 months 2005	JSC Atyrau Nedvizhimost 8 months 2005	JSC AREK 3 months 2005	Total 2005
Sales	1,560,691	437,454	982,084	2,980,229
Cost of sales	<u>(1,471,204)</u>	<u>(329,893)</u>	<u>(866,409)</u>	<u>(2,667,506)</u>
Gross margin	89,487	107,561	115,675	312,723
Selling expenses	(111,216)	(26,939)	(17,842)	(155,997)
G&A expenses	(307,752)	(90,900)	(79,322)	(477,974)
Provision expenses	-	(157,706)	-	(157,706)
Interest expense	<u>(4,133)</u>	<u>(6,296)</u>	<u>(4,613)</u>	<u>(15,042)</u>
Operating (loss)/profit	(333,614)	(174,280)	13,898	(493,996)
Other income	<u>4,669</u>	<u>778</u>	<u>38,494</u>	<u>43,941</u>
Net (loss)/income before taxation	(328,945)	(173,502)	52,392	(450,055)
Income tax expense	<u>(46,000)</u>	<u>-</u>	<u>-</u>	<u>(46,000)</u>
Net (loss)/ income	<u><u>(374,945)</u></u>	<u><u>(173,502)</u></u>	<u><u>52,392</u></u>	<u><u>(496,055)</u></u>

	LLP Kumys Kaskyr	Year ended 31 December 2005 JSC Astana Gas Service	JSC Ak Zhaik Nedvizhimost	Total
Sales	83,295	850,205	250,394	1,183,894
Cost of sales	<u>(94,981)</u>	<u>(569,037)</u>	<u>(242,865)</u>	<u>(906,883)</u>
Gross margin	(11,686)	281,168	7,529	277,011
Selling expenses	-	(150,933)	(4,738)	(155,671)
General and administrative expenses	(25,450)	(78,009)	(55,277)	(158,736)
Interest expense	<u>-</u>	<u>(2,297)</u>	<u>-</u>	<u>(2,297)</u>
Operating loss	(37,136)	49,929	(52,486)	(39,693)
Other (loss)/income	<u>(184)</u>	<u>10,267</u>	<u>45,773</u>	<u>55,856</u>
Net (loss)/income before taxation	(37,320)	60,196	(6,713)	16,163
Income tax expense	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>
Net (loss)/ income	<u><u>(37,320)</u></u>	<u><u>60,196</u></u>	<u><u>(12,713)</u></u>	<u><u>10,163</u></u>

13. NET GAIN ON NON-CURRENT ASSETS HELD FOR SALE

On 29 June 2006 the Company's Board of Directors approved a decision to dispose of 50% interest in the share capital of JSC Ecoton Plus (production of construction materials).

The results of JSC Ecoton Plus operations for the years ended 31 December 2006 and 2005 is analyzed as follows:

	Year ended 31 December 2006	Year ended 31 December 2005
Sales	1,875,626	861,189
Cost of sales	<u>(1,011,563)</u>	<u>(641,636)</u>
Gross margin	864,063	219,553
Selling expenses	(38,493)	(25,726)
General and administrative expenses	(272,500)	(93,928)
Interest expense	<u>(93,613)</u>	<u>(100,236)</u>
Operating profit/(loss)	459,457	(337)
Other income	<u>49,228</u>	<u>75,811</u>
Net income before taxation	508,685	75,474
Income tax expense	<u>(131,338)</u>	<u>(112,010)</u>
Net income/(loss)	<u><u>377,347</u></u>	<u><u>(36,536)</u></u>

14. MINORITY INTEREST

The movements in minority interest are as follows:

Minority interest	JSC Ak Zhaik Nedvi- zhimost 30%	JSC Astana Gas Service 8.65%	JSC Ecoton Plus 50%	JSC AREK 45.61%	JSC Astana Nedvi- zhimost 20%	Total
31 December 2004	-	847	311,384	173,475	37,110	522,816
Net profit/(loss)	-	3,574	(54,886)	25,990	(37,110)	(62,432)
Eliminated on disposal of subsidiary	-	-	-	(199,465)	-	(199,465)
31 December 2005	-	4,421	256,498	-	-	260,919
Net profit	26,569	3,498	65,341	-	-	95,408
Increase of share capital	-	-	130,000	-	-	130,000
Eliminated on disposal of subsidiary	(26,569)	(7,919)	-	-	-	(34,488)
31 December 2006	-	-	451,839	-	-	451,839

15. EARNINGS PER SHARE

	Year ended 31 December 2006	Year ended 31 December 2005
Profit attributable to equity holders of the parent	1,904,513	1,078,077
Less:		
Profit for the year from discontinued operations	(406,003)	(718,214)
Earning for the purpose of basic earning per share from continuing operations	1,498,510	359,863
Weighted average number of shares	3,325,800	2,254,088
Earnings per share (in tenge)		
From continuing and discontinued operations	573	478
From continuing operations	451	160

16. CASH AND CASH EQUIVALENTS

	31 December 2006	31 December 2005
Cash in banks	5,174,027	1,028,931
Petty cash	8,123	9,860
Total cash and cash equivalents	5,182,150	1,038,791

Cash and cash equivalents as of 31 December 2006 and 2005 for the purposes of the statement of cash flows comprise the following:

	31 December 2006	31 December 2005
Cash and cash equivalents	5,182,150	1,038,791
Cash and cash equivalents included in a disposal group held for sale (Note 28)	<u>134,958</u>	<u>-</u>
Total cash and cash equivalents stated in cash flow	<u><u>5,317,108</u></u>	<u><u>1,038,791</u></u>

17. RESTRICTED CASH

	31 December 2006	31 December 2005
Clients' cash on current accounts used for brokerage activities	<u>19,258</u>	<u>-</u>
Total restricted cash	<u><u>19,258</u></u>	<u><u>-</u></u>

18. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	31 December 2006	31 December 2005
Equity investments	5,371,635	1,540,801
Debt securities of corporations	4,859,013	-
Debt securities of central governments	329,002	-
Debt securities of financial institutions	<u>822</u>	<u>5,099,104</u>
	<u><u>10,560,472</u></u>	<u><u>6,639,905</u></u>

	Interest to nominal %	31 December 2006	Interest to nominal %	31 December 2005
Debt securities				
JSC Concern Tsesna Astik	9	2,685,262	-	-
JSC Astana Nedvizhimost	-	2,173,751	-	-
Ministry of Finance of Republic of Kazakhstan	-	329,002	-	-
JSC Bank Turan Alem	9	822	7.19-9.5	185,051
European Investment Bank	-	-	4.6	2,162,356
Asian Development Bank	-	-	4.6	1,667,156
Inter-American Development Bank	-	<u>-</u>	4.6	<u>1,084,541</u>
		<u><u>5,188,837</u></u>		<u><u>5,099,104</u></u>

	Ownership share %	31 December 2006	Ownership share %	31 December 2005
Equity investments:				
JSC EP Kazmunaigas	0.51	5,235,574	-	-
JSC Kazkommertsbank	0.40	123,406	-	-
JSC Halyk Bank	0.28	12,655	2.34	97,556
JSC Temir Bank	-	-	1.78	101,351
JSC Bank TuranAlem	-	-	1.38	1,341,894
		<u>5,371,635</u>		<u>1,540,801</u>
		<u>10,560,472</u>		<u>6,639,905</u>

As at 31 December 2006 and 2005 included in assets at fair value through profit or loss is accrued interest income on debt securities amounting to KZT 19,423 thousand and KZT 66,203 thousand, respectively.

Financial liabilities at fair value through profit or loss comprise of derivative financial instruments.

	Nominal amount	31 December 2006			31 December 2005		
		Asset	Net fair value Liability	Net	Nominal amount	Net fair value Asset	Liability
SWAPs:							
Foreign currency contracts	8,905,400	169,466	(314,492)	(145,026)	-	-	-
Interest rate contracts	3,175,000	-	(19,276)	(19,276)	-	-	-
		<u>169,466</u>	<u>(333,768)</u>	<u>(164,302)</u>		<u>-</u>	<u>-</u>

19. DUE FROM BANKS

	31 December 2006	31 December 2005
Loans to banks	2,000,000	91,699
Cash under letters of credit	<u>57,803</u>	<u>-</u>
Total due from banks	<u>2,057,803</u>	<u>91,699</u>

20. LOANS TO CUSTOMERS

	31 December 2006	31 December 2005
Originated loans	73,711,654	18,816,421
Net investments in finance lease	13,540,772	7,997,316
Loans under reverse repurchase agreements	<u>10,284,176</u>	<u>-</u>
	97,536,602	26,813,737
Less allowance for impairment losses	<u>(2,073,382)</u>	<u>(960,037)</u>
Total loans to customers	<u>95,463,220</u>	<u>25,853,700</u>

As at 31 December 2006 and 2005 the receivable under mortgage loans in the amount of KZT 198,027 thousand and KZT 323,645 thousand, respectively were pledged to secure certain loans granted to the Group. As at 31 December 2006 and 2005 the receivable under finance lease in the amount of KZT 1,599,659 thousand and KZT 1,972,283 thousand, respectively were pledged to secure certain loans granted to the Group (Note 30).

Movements in allowances for impairment losses for the years ended 31 December 2006 and 2005 are disclosed in Note 6.

	31 December 2006	31 December 2005
Loans collateralized by real estate or rights thereon	60,793,883	17,229,558
Loans collateralized by shares of other companies	24,378,338	-
Loans collateralized by combined collateral	7,545,747	8,404,323
Unsecured loans	2,151,632	-
Accrued interest income on loans to customers	<u>2,667,002</u>	<u>1,179,856</u>
	97,536,602	26,813,737
Less allowance for impairment losses	<u>(2,073,382)</u>	<u>(960,037)</u>
Total loans to customers	<u><u>95,463,220</u></u>	<u><u>25,853,700</u></u>

	31 December 2006	31 December 2005
Analysis by sector:		
Construction	19,043,702	5,935,577
Trade	16,474,482	4,158,604
Real estate	15,140,483	3,236,207
Agriculture	14,199,400	7,497,009
Financial sector	10,284,176	-
Rent	8,289,080	1,597,182
Production of construction materials	7,809,971	1,517,558
Service of organization of leisure and sport	2,197,074	642,083
Transportation service	1,404,882	1,046,490
Mining	26,350	3,171
Accrued interest income on loans to customers	<u>2,667,002</u>	<u>1,179,856</u>
	97,536,602	26,813,737
Less allowance for impairment losses	<u>(2,073,382)</u>	<u>(960,037)</u>
Total loans to customers	<u><u>95,463,220</u></u>	<u><u>25,853,700</u></u>

As at 31 December 2006 and 2005 the Group provided loans to 26 and 8 customers, totaling KZT 48,268,385 thousand and KZT 13,842,671 thousand, respectively, which individually exceeded 10% of the Group's equity.

As at 31 December 2006 and 2005 a significant amount of loans (97.20% as at 31 December 2006 and 100.00% as at 31 December 2005 of total portfolio) is granted to companies operating in the Republic of Kazakhstan, which represents a significant geographical concentration in one region.

As at 31 December 2006 and 2005 a maximum credit risk exposure of loans to customers amounted to KZT 3,767,376 thousand and KZT 4,398,799 thousand, respectively. As at 31 December 2006 and 2005 a maximum credit risk exposure of loans to one group of customers amounted to KZT 8,158,429 thousand and KZT 6,062,514 thousand, respectively.

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements as at 31 December 2006 and 2005 are presented as follows:

	31 December 2006		31 December 2005	
	Carrying amount of loans	Fair value of collateral	Carrying amount of loans	Fair value of collateral
Shares of JSC Bank Turan Alem	9,390,573	13,085,520	-	-
Shares of LLP Kazagrotrade	702,100	628,550	-	-
Shares of JSC Temirleasing	108,610	116,908	-	-
Share of JSC Temir Bank	82,893	316,667	-	-
Total	<u>10,284,176</u>	<u>14,147,645</u>	<u>-</u>	<u>-</u>

The components of net investment in finance lease as at 31 December 2006 and 2005 are as follows:

	31 December 2006	31 December 2005
Not later than one year	5,482,466	2,832,375
From one year to five years	10,290,061	6,581,121
More than 5 years	<u>385,742</u>	<u>469,021</u>
Minimum lease payments	16,158,269	9,882,517
Less: unearned finance income	<u>(2,617,497)</u>	<u>(1,885,201)</u>
Net investment in finance lease	<u>13,540,772</u>	<u>7,997,316</u>
Current portion	4,399,684	2,081,862
Long-term portion	<u>9,141,088</u>	<u>5,915,454</u>
Net investment in finance lease	<u>13,540,772</u>	<u>7,997,316</u>

21. INVESTMENTS AVAILABLE-FOR-SALE

	Share in equity %	31 December 2006	Share in equity %	31 December 2005
JSC Tsesna Bank	0.76	145,128	1.75	52,596
Aurado Energy Share INC	1.37	116,110	1.37	116,110
JSC Entertainment Center Duman	10.00	15,000	10.00	15,000
JSC Astana Energoservice	0.00	5,134	0.00	6,754
JSC First Credit Bureau	2.00	4,050	2.00	4,050
JSC Kazakhstan Stock Exchange	1.37	2,200	0.31	367
JSC Akzhaik Stroi	-	-	5.00	5
		<u>287,622</u>		<u>194,882</u>
Less allowance for impairment losses		<u>(116,110)</u>		<u>(99,637)</u>
Total investments available-for-sale		<u>171,512</u>		<u>95,245</u>

Movements in allowances for impairment losses for the years ended 31 December 2006 and 2005 are disclosed in Note 6.

22. INVESTMENTS HELD TO MATURITY

As at 31 December 2006 investments held to maturity are represented by discounted bonds in the amount of KZT 185,547 thousand (2005: nil tenge) issued on 25 January 2006 by JSC Astana Gas Service with maturity of 25 January 2011.

23. TRADE DEBTORS

	31 December 2006	31 December 2005
Accounts receivable from sale of land	138,000	-
Accounts receivable from underwriting activities	30,000	-
Commission receivables	15,854	5,756
Accounts receivable from sale of equipment	8,970	-
Accounts receivable from rent	438	39,673
Accounts receivable from apartments sold	-	39,326
Accounts receivable from gas and energy supply	-	21,931
Accounts receivable from services rendered	-	646
Other	55,806	56,284
	<u>249,068</u>	<u>163,616</u>
Less allowance for impairment losses	-	(55,394)
	<u>249,068</u>	<u>108,222</u>

Movements in allowances for impairment losses for the years ended 31 December 2006 and 2005 are disclosed in Note 6.

24. ADVANCES PAID

	31 December 2006	31 December 2005
Advances paid for agriculture equipment and vehicles relating to financial leasing	4,059,259	-
Advances paid for grain	2,000,000	2,000,000
Advances paid for services	174,677	120,280
Advances paid for acquisition of foreign entity	129,097	-
Advances paid for materials	38,762	362,316
Advances paid for construction equipment	-	102,862
	<u>6,401,795</u>	<u>2,585,458</u>
Less allowance for impairment losses	(400,000)	-
	<u>6,001,795</u>	<u>2,585,458</u>

In September 2006 the Board of Directors of the Company made the decision to purchase 99.94% ordinary shares of OJSC "Alfa Bank Bashkortostan" (Russian Alfa Bank subsidiary). The ownership can be transferred to the Company after the approval of the National Bank of Republic of Bashkortostan, which was obtained on 6 March 2007 (Note 40). 99.94% ordinary shares of OJSC "Alfa Bank Bashkortostan" consist of 1,832,528,240 common shares with nominal price of 0.10 Russian Rubles per share and nominal amount of RUR 1,832 thousand. On 27 November 2006 the Company made a prepayment for ordinary shares of OJSC "Alfa Bank Bashkortostan" in the amount of USD 1,000,000 (KZT 129,097 thousand). Purchase price would be determined based on audited financial statements, which would be provided at the beginning of April 2007.

25. CONSTRUCTION

	31 December 2006	31 December 2005
Construction in progress	-	296,338
Construction held for resale	-	18,834
	<u>-</u>	<u>315,172</u>

26. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Land	Buildings and construction	Equipment and furniture	Vehicles	Construction in progress	Intangible assets	Total
At cost							
31 December 2004	275,309	1,393,691	2,862,657	503,056	57,085	24,307	5,116,105
Additions	289,394	1,745,237	275,229	168,925	159,850	43,194	2,681,829
Disposals	(162,150)	(311,709)	(288,201)	(132,830)	(14,798)	(6,402)	(916,090)
Disposals of subsidiaries	<u>(214,475)</u>	<u>(433,203)</u>	<u>(819,125)</u>	<u>(281,579)</u>	<u>(202,137)</u>	<u>(27,711)</u>	<u>(1,978,230)</u>
31 December 2005	188,078	2,394,016	2,030,560	257,572	-	33,388	4,903,614
Additions	63,713	75,270	558,845	95,726	619,336	247,064	1,659,954
Disposals	(130,618)	(125,840)	(27,167)	(54,994)	(131,579)	-	(470,198)
Transfer to assets held for sale	(88,147)	(488,699)	(2,236,933)	(71,163)	(486,869)	(11,819)	(3,383,630)
Disposals of subsidiaries	<u>(26,330)</u>	<u>(209,123)</u>	<u>(66,060)</u>	<u>(43,609)</u>	<u>(888)</u>	<u>(2,380)</u>	<u>(348,390)</u>
31 December 2006	<u>6,696</u>	<u>1,645,624</u>	<u>259,245</u>	<u>183,532</u>	<u>-</u>	<u>266,253</u>	<u>2,361,350</u>
Accumulated depreciation and amortization							
31 December 2004	-	(94,467)	(249,810)	(112,470)	-	(9,116)	(465,863)
Charge for the year	-	(121,597)	(270,102)	(82,308)	-	(6,322)	(480,329)
Eliminated on disposals	-	4,220	22,749	45,189	-	3,782	75,940
Disposals of subsidiaries	<u>-</u>	<u>92,786</u>	<u>253,791</u>	<u>88,349</u>	<u>-</u>	<u>7,749</u>	<u>442,675</u>
31 December 2005	-	(119,058)	(243,372)	(61,240)	-	(3,907)	(427,577)
Charge for the year	-	(64,091)	(172,264)	(21,119)	-	(19,235)	(276,709)
Eliminated on disposals	-	24,267	17,103	22,815	-	-	64,185
Transfer to assets held for sale	-	53,766	258,373	9,725	-	2,363	324,227
Disposals of subsidiaries	<u>-</u>	<u>37,835</u>	<u>29,966</u>	<u>11,992</u>	<u>-</u>	<u>1,642</u>	<u>81,435</u>
31 December 2006	<u>-</u>	<u>(67,281)</u>	<u>(110,194)</u>	<u>(37,827)</u>	<u>-</u>	<u>(19,137)</u>	<u>(234,439)</u>
Net book value							
31 December 2006	<u>6,696</u>	<u>1,578,343</u>	<u>149,051</u>	<u>145,705</u>	<u>-</u>	<u>247,116</u>	<u>2,126,911</u>
31 December 2005	<u>188,078</u>	<u>2,274,958</u>	<u>1,787,188</u>	<u>196,332</u>	<u>-</u>	<u>29,481</u>	<u>4,476,037</u>

As at 31 December 2006 and 2005 tangible and intangible assets were pledged as collateral for loans due to banks (Note 30) on the carrying amount of KZT 1,062,564 thousand and KZT 1,331,167 thousand, respectively.

As at 31 December 2006 and 2005 included in property and equipment were fully depreciated equipment at cost of KZT 55,120 thousands and KZT 40,820 thousands, respectively.

Intangible assets include software, patents and licenses.

27. INVESTMENT PROPERTY

	2006	2005
Cost		
As at 1 January	1,193,761	1,193,761
Additions	35,408	-
As at 31 December	<u>1,229,169</u>	<u>1,193,761</u>
Accumulated depreciation		
As at 1 January	(114,842)	(90,966)
Charge for the year	(14,660)	(23,876)
As at 31 December	<u>(129,502)</u>	<u>(114,842)</u>
Net book value as at 31 December	<u>1,099,667</u>	<u>1,078,919</u>

Investment property is presented by the trading centre “City Market” located in Astana.

Rental income received from the investment property for the years ended 31 December 2006 and 2005 amounted to KZT 163,478 thousand and KZT 72,174 thousand, respectively.

As at 31 December 2006 and 2005 investment property was pledged to secure certain loans granted to the Group (Note 30).

28. NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITY

On 29 June 2006 the Group’s Board of Directors approved a decision to dispose of 50% interest in the share capital of JSC Ecoton Plus (production of construction materials).

Assets of JSC Ecoton Plus as at 31 December 2006 is as follows:

	Total
ASSETS:	
Property, equipment and intangible assets	3,011,462
Trade debtors	61,145
Advances paid	343,833
Other assets	603,909
Due from banks	65,237
Cash and cash equivalents	<u>134,958</u>
Non-current assets held for sale	<u>4,220,544</u>
LIABILITIES:	
Loans from banks	1,677,206
Advances received	216,467
Trade creditors	27,303
Deferred tax liabilities	242,529
Taxes payable	11,947
Other liabilities	<u>39,830</u>
Liability directly associated with non-current assets held-for-sale	<u>2,215,282</u>
Net assets	<u>2,005,262</u>

29. OTHER ASSETS

	31 December 2006	31 December 2005
Prepaid expenses	615,225	-
Taxes receivable	505,473	341,361
Penalties	146,977	17,437
Receivables from employees	123,654	27,783
Inventory	76,508	254,173
Prepaid commissions to guarantor	-	106,892
Other	9,382	316,081
	<u>1,477,219</u>	<u>1,063,727</u>
Less allowance for impairment losses	<u>(6,256)</u>	<u>(84,772)</u>
	<u><u>1,470,963</u></u>	<u><u>978,955</u></u>

Movements in allowances for impairment losses on other assets for the years ended 31 December 2006 and 2005 are disclosed in Note 6.

30. DUE TO BANKS

Due to banks comprise:

	31 December 2006	31 December 2005
Loans from foreign banks	32,575,118	6,621,689
Loans from Kazakhstani banks	<u>6,538,693</u>	<u>6,390,665</u>
	<u><u>39,113,811</u></u>	<u><u>13,012,354</u></u>

	31 December 2006	31 December 2005
Merrill Lynch		
<i>due on 09 August 2011, coupon rate 8.62%</i>	3,940,45	-
<i>due on 28 June 2010, coupon rate 8.14%</i>	2,797,43	-
<i>due on 12 January 2008, coupon rate 7.36%</i>	2,628,27	-
Citibank N.A., due on 22 December 2011, coupon rate 9%	6,359,54	-
Landesbank Berlin AG, coupon rate Euribor+1.15%		
<i>Due on 31 July 2010</i>	929,58	1021,91
<i>Due on 23 July 2009</i>	605,70	762,44
<i>Due on 25 July 2011</i>	518,35	586,10
<i>Due on 28 August 2011</i>	461,49	523,07
<i>Due on 15 July 2011</i>	339,09	313,04
<i>Due on 11 October 2009</i>	206,90	260,91
<i>Due on 07 June 2011</i>	174,72	-
<i>Due on 07 April 2011</i>	148,75	-
<i>Due on 25 April 2009</i>	119,29	175,08
<i>Due on 11 August 2007</i>	96,54	18,224
<i>Due on 21 March 2009</i>	76,09	100,69
<i>Due on 29 April 2010</i>	60,00	170,36
<i>Due on 12 July 2007</i>	55,61	104,88
<i>Due on 07 April 2008</i>	30,31	-
Landesbank Sachsen:		
<i>Due on 13 August 2012, coupon rate Euribor+0.75%</i>	505,34	-
<i>Due on 15 April 2008, coupon rate Euribor+4.5%</i>	389,62	-
<i>Due on 22 August 2011, coupon rate Euribor+0.95%</i>	368,31	-
Loans under repurchase agreements	3,261,650	-
Moore's Creek, due on 06 October 2008, coupon rate 8.65%	3,224,616	-
Dresdner Bank AG, due on 12 May 2008, coupon rate Libor+3%	2,378,260	-
Deer Credit, due on 26 June 2012, coupon rate Libor+0.5%	1,993,645	-
Private Export Funding, coupon rate Libor+0.5 %		
<i>Due on 25 January 2010</i>	762,221	1,023,249
<i>Due on 15 October 2008</i>	725,127	1,011,803
KBC bank:		
<i>Due on 17 March 2014 , coupon rate Euribor+0.75%</i>	1,217,951	-
<i>Due on 17 November 2008 , coupon rate Euribor+2.25%</i>	129,956	-
JSC Alfa Bank		
<i>Due on 12 March 2007, coupon rate 10%</i>	1,225,634	-
<i>Due on 1 March 2006, coupon rate 12%</i>	-	701,318
JSC Kazkommertsbank:		
<i>Due on 15 January 2007, coupon rate - 13%</i>	1,217,930	-
<i>Due on 16 January 2006, coupon rate- 16%</i>	-	500,667
<i>Due on 18 September 2006, coupon rate- 14%</i>	-	1,339,052
JSC Bank TuranAlem:		
<i>Due on 15 October 2012, coupon rate LIBOR+ 4.15%</i>	825,718	1,013,400
<i>Due on 21 March 2006, coupon rate 12.5%</i>	-	351,199
<i>Due on 27 March 2006, coupon rate 12.5%</i>	-	1,502,568
Export development Canada, coupon rate Libor+2.52%		
<i>Due on 01 October 2011</i>	279,692	-
<i>Due on 23 February 2011</i>	413,502	-
Syndicated loan from a group of Landesbank Berlin AG	262,317	324,707
<i>Tranche A due on 13 September 2009, coupon rate Euribor + 1.15%</i>	-	-
<i>Tranche B due on 27 June 2010, coupon rate Euribor + 1.15%</i>	-	-
UBS AG, due on 16 May 2011, coupon rate Sebr+0.5%	376,355	61,175
Interest on Guarantee on Astana Finance Leasing Company	7,761	-
JSC ATF Bank, due on 29 March 2006, coupon rate 12%	-	100,067
JSC Tsesna Bank, due on 27 June 2006, coupon rate 14%	-	60,117
JSC Development Bank of Kazakhstan, due on 5 May 2006, coupon rate- 11.75%	-	763,848
Other	-	58,429
Total due to banks	39,113,811	13,012,354

As at 31 December 2006 and 2005 accrued interest expenses included in due to banks amounted to KZT 703,204 thousand and KZT 141,695 thousand, respectively.

As at 31 December 2006 included in due to banks are loans under repurchase agreements amounting to KZT 3,261,650 thousand with maturity in January 2007.

Loans under repurchase agreements as at 31 December 2006 are represented by shares of JSC EP Kazmunaigas with fair value of KZT 3,694,405 thousand.

As at 31 December 2006 and 2005 the due to banks in the amounts of KZT 37,774,184 thousand (96%) and KZT 12,407,859 thousand (95%), respectively, were due to 11 and 6 banks, which represents significant concentration.

As of 31 December 2006 the Group pledged its investment property in the amount of KZT 1,099,667 thousand (2005: KZT 1,078,919 thousand) (Note 27), certain right on mortgage loans in the amount of KZT 198,027 thousand (2005: KZT 323,645 thousand) (Note 20), certain right on financial lease in the amount of KZT 1,599,659 thousand (2005: KZT 1,972,283 thousand) (Note 20), property, equipment and intangible assets in the amount of KZT 1,062,564 thousand (2005: KZT 1,331,167 thousand) (Note 26) and shares of subsidiaries JSC Ecoton Plus in the amount of KZT nill (2005: KZT 57,200 thousand).

31. PAYABLE TO STATE ORGANIZATIONS

	31 December 2006	31 December 2005
Payable to Administrative Counsel of Astana	2,040,000	2,040,000
Payable to Atyrau Akimat (city administration)	550,000	550,000
Payable to Small Business Development Fund	-	45,635
Accrued interest expense on payable to state organisations	-	833
	<u>2,590,000</u>	<u>2,636,468</u>

32. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	Maturity date month/year	Annual coupon rate %	31 December 2006	31 December 2005
Eurobonds of Astana Finance BV				
issued at price of				
99.41%	February 2009	7.625%	15,875,000	-
99.017%	November 2011	9.0%	22,225,000	-
			<u>38,100,000</u>	-
(Less)/including:				
Discount on debt securities issued			(408,059)	-
Amounts of accrued interest on debt securities issued			<u>709,710</u>	-
Total Eurobonds issued by Astana Finance BV			<u>38,401,651</u>	-
Local bonds issued on:				
25 September 2006 (Issue 12)	September 2008	10.0%	6,156,667	-
28 September 2006 (Issue 11)	September 2016	7.5%	428,765	-
28 September 2006 (Issue 10)	September 2016	7.5%	456,926	-
12 May 2006 (Issue 8)	May 2011	6.0%	462,573	-
22 June 2005 (Issue 6)	June 2012	10.5%	1,576,890	1,669,338
21 January 2005 (Issue 5)	January 2010	10.9%	4,887,152	5,063,148
18 May 2004 (Issue 4)	May 2011	11.2%	1,501,885	1,985,095
27 November 2003 (Issue 3)	November 2008	7.0%	<u>977,052</u>	<u>966,820</u>
Total local bonds			<u>16,447,910</u>	<u>9,684,401</u>
Promissory notes			<u>2,179,344</u>	<u>2,000,000</u>
Total debt securities issued			<u>57,028,905</u>	<u>11,684,401</u>

As at 31 December 2006 and 2005 accrued interest expense included in debt securities issued amounted to KZT 1,172,393 thousand and KZT 224,326 thousand, respectively.

Eurobonds were issued by Astana Finance BV, a subsidiary of the Company. For Eurobonds with maturity of 16 February 2009 the Company acts as a guarantor, while for those having a maturity of 16 November 2011 the guarantors are the Company and JSC Astana Finance Leasing Company. For Eurobonds with a maturity of February 2009 interest is paid semi-annually on 16 February and 16 August, while for those having a maturity of 16 November 2011, interest is paid on 16 May and on 16 November.

33. TRADE CREDITORS

	31 December 2006	31 December 2005
Payables for goods	63,307	94,118
Payables for implementation of software	47,541	-
Payables for services	23,947	236,189
Payables for property and equipment	789	-
Other	<u>23,068</u>	-
	<u>158,652</u>	<u>330,307</u>

34. ADVANCES RECEIVED

	31 December 2006	31 December 2005
Advances received for property and equipment to be transferred into financial lease	3,533,817	269,702
Advances received for services	<u>376,136</u>	<u>261,827</u>
	<u>3,</u>	<u>531,5</u>

35. TAXES PAYABLE

	31 December 2006	31 December 2005
Withholding income tax from non-residence	43,669	7,394
Value added tax	90,903	73,478
Personal income tax	2,833	45,481
Other taxes	<u>-</u>	<u>3,222</u>
	<u>137,40</u>	<u>129,57</u>

36. OTHER LIABILITIES

	31 December 2006	31 December 2005
Payable under forward contracts	49,000	-
Payable of initial installment on terminated agreements	26,983	-
Payable to JSC Kazakhstan Mortgage Company	26,507	-
Clients' accounts for brokerage activities	19,258	-
Deferred income	4,507	13,883
Payable to pension fund	2,222	-
Salaries payable	9,773	21,485
Dividends payable	8,565	4,050
Provision for guarantees	-	81,689
Other	<u>284</u>	<u>34,082</u>
	<u>147,099</u>	<u>155,189</u>

37. SUBORDINATED DEBT

	Currency	Maturity year	Interest rate %	31 December 2006	31 December 2005
Subordinated bonds issued on 12 May 2006 (Issue 9)	KZT	2021	8.0%	7,520,977	-
Subordinated bonds issued on 30 June 2005 (Issue 7)	KZT	2015	10.5%	7,256,391	6,742,460
Subordinated loan from Department of Capital Construction of Astana	KZT	2015	-	<u>2,219,839</u>	<u>2,219,839</u>
				<u>16,997,207</u>	<u>8,962,299</u>

As at 31 December 2006 and 2005 accrued interest expense included in subordinated debt amounted to KZT 534,333 thousand and KZT 2,000 thousand, respectively.

On 30 June 2005 the Group issued unsecured subordinated bonds for total nominal amount of KZT 8,000,000 thousand. The subordinated bonds have 9% interest rate and maturity date on 30 June 2015.

On 12 May 2006 the Group issued unsecured subordinated bonds for total nominal amount of KZT 9,000,000 thousands. The subordinated bonds have 8% interest rate and maturity date on 12 May 2021.

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

In the event of bankruptcy or liquidation of the Group, repayment of this debt is subordinate to the repayments of the Group’s liabilities to all other creditors.

38. SHARE CAPITAL AND SHARE PREMIUM

As of 31 December 2006 share capital issued comprised of 2,200,000 ordinary shares sold at KZT 1,000 each and 1,500,000 ordinary shares sold at KZT 1,500 each.

As of 31 December 2005 share capital issued comprised of 2,200,000 ordinary shares sold at KZT 1,000 each and 932,178 ordinary shares sold at KZT 1,500 each. As of 31 December 2005 20 ordinary shares were owned by JSC Kumys Kaskyr (the Group’s subsidiary). These shares were eliminated for the purposes of the consolidated financial statements. All shares are ranked equally and carry one vote.

During years ended 31 December 2006 and 2005 the dividends on ordinary shares were accrued based on the net profit reported in JSC Astana Finance consolidated financial statements.

In 2006 and 2005 the shareholders of the Group increased its share capital by KZT 851,733 thousand and KZT 1,398,267, respectively.

In 2006 and 2005 the Group declared dividends of KZT 217,405 thousand and KZT 66,000 thousand for 2005 and 2004 financial years, respectively, on ordinary shares.

39. FINANCIAL COMMITMENTS AND CONTINGENCIES

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

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

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

Provision for losses on guarantees amounted to KZT nil and KZT 81,689 thousand as at 31 December 2006 and 2005, respectively.

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

As at 31 December 2006 and 2005, the nominal or contract amounts and risk-weighted amounts were:

	31 December 2006		31 December 2005	
	Nominal amount	Risk weighted amount	Nominal amount	Risk weighted amount
Contingent liabilities and credit commitments				
Guarantees issued and similar commitments	10,748,864	10,748,864	5,083,310	5,001,621
Commitments on loans and unused credit lines	4,608,653	4,608,653	1,076,152	1,076,152
Total contingent liabilities and credit commitments	<u>15,357,517</u>	<u>15,357,517</u>	<u>6,159,462</u>	<u>6,077,773</u>

Operating lease commitments – No material rental commitments were outstanding as at 31 December 2006 and 2005.

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

Taxes – Due to the presence in Kazakh commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on management's judgment of the Group's business activities was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to the valuation of financial instruments, loss and impairment provisions and the market level for the pricing of deals. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. Tax years remain open to review by the tax authorities for five years.

Pensions and retirement plans – Employees receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2006 and 2005, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

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

40. SUBSEQUENT EVENTS

In September 2006 the Board of Directors of the Company made the decision to purchase 99.94% ordinary shares of OJSC “Alfa Bank Bashkortostan” (Russian Alfa Bank subsidiary). The ownership can be transferred to the Company after the approval of the National Bank of Republic of Bashkortostan, which was obtained on 6 March 2007 (Note 24). 99.94% ordinary shares of OJSC “Alfa Bank Bashkortostan” consist of 1,832,528,240 common shares with nominal price of 0.10 Russian Rubles per share and nominal amount of RUR 1,832 thousand. On 27 November 2006 the Company made a prepayment for ordinary shares of OJSC “Alfa Bank Bashkortostan” in the amount of USD 1,000,000 (KZT 129,097 thousand). Purchase price would be determined based on audited financial statements, which would be provided at the beginning of April 2007.

On 19 February 2007 the Company had registered additional issue of shares with the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations. The Company had issued 2,075,000 of ordinary shares and 1,925,000 of preferred shares.

In March 2007 the Company had made US private placement in the amount of USD 153 millions to private investors.

41. INCOME FROM DISPOSAL OF SUBSIDIARIES

As discussed in Note 12 the Group's Board of Directors approved decision to dispose of 100% interest in share capital of LLP Kumys Kaskyr, 91.35% interest in the share capital of JSC Astana Gas Service and 70% interest in the share capital of JSC Ak Jaik Nedvizhimost. As result of this disposal the Group earned income in the amount of KZT 406,003 thousand for the year ended 31 December 2006. Net assets disposed are as follows:

	JSC Ak Jaik Nedvizhimost 31 December 2006	LLP Kumys Kaskyr 31 December 2006	JSC Astana Gas Service 31 December 2006	TOTAL
ASSETS:				
Property, equipment and intangible assets	27,3	91,7	147,9	266,9
Trade debtors	110	14,7	59,9	74,8
Advances paid	476	366	9,7	10,5
Other assets	107,2	11,4	116,6	235,3
Cash and cash equivalents	313	402	21,1	21,8
LIABILITIES:				
Advances received	-	(644)	(29,7)	(30,4)
Trade creditors	(130)	(265)	(13,4)	(13,7)
Taxes payable	(69)	(12,6)	(9,4)	(22,1)
Other liabilities	(3,1)	(17,7)	(21,0)	(41,8)
Net assets	132,0	87,4	281,7	501,3
Minority interest	(26,5)	-	(7,9)	(34,4)
Cash received	(5,0)	(45,0)	(343,0)	(393,0)
Total consideration deferred	(103,8)	(57,3)	(194,4)	(355,6)
Gain on disposal of subsidiaries	(3,3)	(14,9)	(263,6)	(281,9)
Total consideration satisfied by:				
Receivable on disposal	103,8	57,4	194,4	355,8
Reciprocal interest	-	(162)	-	(162)
Total consideration deferred	103,8	57,3	194,4	355,6
Cash received	5,0	45,0	343,0	393,0
	<u>108,8</u>	<u>102,3</u>	<u>537,5</u>	<u>748,7</u>

As discussed in Note 12 the Group's Board of Directors approved decision to dispose of 85% interest in share capital of JSC Astana Nedvizhimost, 100% interest in share capital of JSC Atyrau Nedvizhimost in September 2005 and 50.39% interest in share capital of JSC AREK. As result of this disposal the Group earned income in the amount of KZT 708,051 thousand for the year ended 31 December 2005. Net assets disposed are as follows:

	JSC Astana Nedvizhimost	JSC Atyrau Nedvizhimost	JSC AREK	TOTAL
	31 August 2005	31 August 2005	31 March 2005	
ASSETS:				
Property, equipment and intangible assets	665,584	240,531	629,440	1,535,555
Construction	4,941,032	1,763,704	-	6,704,736
Inventory	329,843	28,484	33,089	391,416
Trade debtors	438,089	49,089	68,595	555,773
Advances paid	2,145,097	385,222	43,879	2,574,198
Other investments	3,185	4	-	3,189
Other assets	538,059	200,601	74,432	813,092
Cash and cash equivalents	44,039	6,422	68,989	119,450
LIABILITIES:				
Loans from banks	(548,466)	(296,417)	(92,775)	(937,658)
Advances received	(4,984,945)	(199,110)	(96,940)	(5,280,995)
Trade creditors	(263,587)	(62,652)	(101,773)	(428,012)
Deferred tax liabilities	(24,449)	(54)	(85,182)	(109,685)
Taxes payable	-	-	(28,965)	(28,965)
Deferred income	(34,970)	-	(33,705)	(68,675)
Other liabilities	(49,315)	(11,417)	(66,988)	(127,720)
Net assets	3,199,196	2,104,407	412,096	5,715,699
Minority interest	-	-	(199,465)	(199,465)
Cash received	(46,250)	(46,000)	(50,394)	(142,644)
Total consideration deferred	(4,074,002)	(2,493,697)	(9,997)	(6,577,696)
(Gain)/loss on disposal of subsidiaries	(921,056)	(435,290)	152,240	(1,204,106)
Total consideration satisfied by:				
Receivable on disposal	4,767,685	2,493,697	9,997	7,271,379
Reciprocal interest	(693,683)	-	-	(693,683)
Total consideration deferred	4,074,002	2,493,697	9,997	6,577,696
Cash received	46,250	46,000	50,394	142,644
	<u>4,120,252</u>	<u>2,539,697</u>	<u>60,391</u>	<u>6,720,340</u>

42. TRANSACTIONS WITH RELATED PARTIES

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

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding as at 31 December 2006 and 2005 with related parties:

	31 December 2006		31 December 2005	
	Related party balances	Total category as per financial statements caption	Related party balances	Total category as per financial statements caption
Due from banks	-	2,057,803	91,699	91,699
- <i>associates</i>	-		91,699	
Loans to customers	7,806,554	97,536,602	5,037,829	26,813,737
- <i>entities with joint control or significant influence over the entity</i>	6,596,875		4,845,339	
- <i>key management personnel of the entity or its parent</i>	140,983		192,490	
- <i>other related parties</i>	1,068,696		-	
Allowance for impairment losses	(190,070)	(2,073,382)	(9,492)	(960,037)
- <i>key management personnel of the entity or its parent</i>	(195,070)		(9,492)	
Due to banks	-	39,113,811	60,117	13,012,354
- <i>associates</i>	-		60,117	
Subordinated debt	2,219,839	16,997,207	2,219,839	8,962,299
- <i>entities with joint control or significant influence over the entity</i>	2,219,839		2,219,839	

	Year ended 31 December 2006		Year ended 31 December 2005	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Key management personnel compensation:				
short-term employee benefits	207,975	719,423	200,726	680,067

Included in the consolidated income statement for the years ended 31 December 2006 and 2005 are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2006		Year ended 31 December 2005	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest income	61,247	7,904,758	18,451	2,918,402
- <i>entities with joint control or significant influence over the entity</i>	-		10,228	
- <i>key management personnel of the entity or its parent</i>	18,016		8,223	
- <i>other related parties</i>	43,231		-	
Interest expense	-	(5,869,154)	(16,332)	(1,994,291)
- <i>associates</i>	-		(16,332)	

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of IAS 32 “Financial Instruments: Disclosure and Presentation” and IAS 39 “Financial Instruments: Recognition and Measurement”. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm’s length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value of financial assets and liabilities compared with the corresponding carrying amount in the consolidated balance sheet of the Group is presented below:

	31 December 2006		31 December 2005	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	5,182,150	5,182,150	1,038,791	1,038,791
Restricted cash	19,258	19,258		
Financial assets at fair value through profit or loss	10,560,472	10,560,472	6,639,905	6,639,905
Due from banks	2,057,803	2,057,803	91,699	91,699
Loans to customers	95,463,220	99,326,689	25,853,700	25,853,700
Investments available-for-sale	171,512	171,512	95,245	95,245
Investments held to maturity	185,547	185,547	-	-
Trade debtors	249,068	249,068	108,222	108,222
Investment property	1,099,667	1,099,667	1,078,919	1,078,919
Due to banks	39,113,811	39,546,566	13,012,354	13,012,354
Financial liabilities at fair value through profit or loss	164,302	164,302	-	-
Payable to state organizations	2,590,000	1,574,369	2,636,468	1,658,641
Debt securities issued	57,028,905	57,028,905	11,684,401	11,684,401
Trade creditors	158,652	158,652	330,307	330,307
Taxes payable	137,405	137,405	129,575	129,575
Subordinated debt	16,997,207	16,000,224	8,962,299	7,864,813

The fair value of loans to customers, investments available-for-sale, investments held to maturity and investment property can not be measured reliably as it is not practicable to obtain market information or apply any other valuation techniques on such instruments.

44. RISK MANAGEMENT POLICIES

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

The Group manages the following risks:

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due.

The Assets and Liabilities Management Committee ("ALMC") controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the money markets for current liquidity support and cash flow optimization.

In order to manage liquidity risk, the Group performs daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process. The Management Board sets limits on the minimum proportion of maturing funds available to meet deposit withdrawals and on the minimum level on interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The ALMC also manages interest rate and market risks by matching the Group's interest rate position, which provides the Group with a positive interest margin. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in interest rates and its influence on the Group's profitability.

The majority of the Group's loan contracts and other financial assets and liabilities that bear interest are either variable or contain clauses enabling the interest rate to be changed at the option of the lender. The Group monitors its interest rate margin and consequently does not consider itself exposed to significant interest rate risk or consequential cash flow risk.

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

	31 December 2006				31 December 2005			
	Euro %	KZT %	USD %	CHF %	Euro %	KZT %	USD %	CHF %
ASSETS								
Financial assets at fair value through profit or loss	-	9.15	-	-	-	7.75	4.47	-
Due from banks	-	13.9	-	-	-	-	11.00	-
Loans to customers	8.37	13.59	12.62	7.36	9.45	12.82	12.11	7.13
Investments held to maturity	-	11.20	-	-	-	-	-	-
LIABILITIES								
Due to banks	5.15	8.88	8.27	3.25	4.79	13.21	10.66	2.75
Payable to state organization	-	1.58	-	-	-	1.58	-	-
Debt securities issued	3.15	9.50	8.43	-	-	8.60	-	-
Subordinated debt	-	8.30	-	-	-	9.00	-	-

The analysis of interest rate and liquidity risk on is presented in the following table:

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2006 Total
ASSETS:							
Financial assets at fair value through profit or loss	-	10,560,472	-	-	-	-	10,560,472
Due from banks	-	57,803	-	2,000,000	-	-	2,057,803
Loans to customers	21,608,689	5,651,139	20,721,289	40,514,732	6,967,371	-	95,463,220
Investment held to maturity	-	-	-	185,547	-	-	185,547
Total interest bearing assets	21,608,689	16,269,414	20,721,289	42,700,279	6,967,371	-	108,267,042
Cash and cash equivalents	5,182,150	-	-	-	-	-	5,182,150
Restricted cash	19,258	-	-	-	-	-	19,258
Investment available-for-sale	-	-	-	-	-	171,512	171,512
Trade debtors	2,958	60,070	147,070	38,970	-	-	249,068
Advances paid	149,681	564,033	5,279,553	8,528	-	-	6,001,795
Property and equipment purchased for transfer into lease	49,923	576,113	1,766,409	-	-	-	2,392,445
Property, equipment and intangible assets	638	924	29,776	302,021	1,793,552	-	2,126,911
Investment property	-	-	-	-	1,099,667	-	1,099,667
Non-current assets held for sale	-	-	4,220,544	-	-	-	4,220,544
Other assets	506,511	199,822	685,290	12,112	67,228	-	1,470,963
TOTAL ASSETS	27,519,808	17,670,376	32,849,931	43,061,910	9,927,818	171,512	131,201,355
LIABILITIES:							
Due to banks	4,766,925	1,496,519	4,042,493	28,331,169	476,705	-	39,113,811
Payable to state organizations	-	-	-	-	2,590,000	-	2,590,000
Debt securities issued	231,356	481,080	2,617,591	51,258,992	2,439,886	-	57,028,905
Subordinated debt	-	-	534,333	-	16,462,874	-	16,997,207
Total interest bearing liabilities	4,998,281	1,977,599	7,194,417	79,590,161	21,969,465	-	115,729,923
Financial liabilities at fair value through profit or loss	-	-	164,302	-	-	-	164,302
Trade creditors	73,292	23,730	42,466	19,164	-	-	158,652
Advances received	93,429	127,636	3,688,888	-	-	-	3,909,953
Taxes payable	57,814	16,243	36,408	26,940	-	-	137,405
Deferred income tax liabilities	-	-	-	-	32,689	-	32,689
Liability directly associated with non-current assets held for sale	-	-	2,215,282	-	-	-	2,215,282
Other liabilities	34,397	70,446	40,503	1,753	-	-	147,099
TOTAL LIABILITIES	5,257,213	2,215,654	13,382,266	79,638,018	22,002,154	-	122,495,305
Liquidity gap	22,262,595	15,454,722	19,467,665	(36,576,108)	(12,074,336)		
Interest sensitivity gap	16,610,408	14,291,815	13,526,872	(36,889,882)	(15,002,094)		
Cumulative interest sensitivity gap	16,610,408	30,902,223	44,429,095	7,539,213	(7,462,881)		
Cumulative interest sensitivity gap as a percentage of total assets	12.66%	23.55%	33.86%	5.75%	(5.69%)		

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	31 December 2005 Total
ASSETS							
Financial assets at fair value through profit or loss	6,639,905	-	-	-	-	-	6,639,905
Due from banks	-	-	-	91,699	-	-	91,699
Loans to customers	4,208,151	970,280	6,488,580	12,002,752	3,143,974	(960,037)	25,853,700
Total interest bearing assets	10,848,056	970,280	6,488,580	12,094,451	3,143,974	(960,037)	32,585,304
Cash and cash equivalents	1,038,791	-	-	-	-	-	1,038,791
Investments available-for-sale	-	-	-	-	194,882	(99,637)	95,245
Trade debtors	-	-	163,616	-	-	(55,394)	108,222
Advances paid	542,232	40,880	2,002,346	-	-	-	2,585,458
Construction	-	-	315,172	-	-	-	315,172
Property and equipment purchased for transfer into lease	-	-	275,992	-	-	-	275,992
Property, equipment and intangible assets	464	-	48,350	610,032	3,817,191	-	4,476,037
Investment property	-	-	-	-	1,078,919	-	1,078,919
Other assets	137,333	13,342	898,876	14,176	-	(84,772)	978,955
TOTAL ASSETS	12,566,876	1,024,502	10,192,932	12,718,659	8,234,966	(1,199,840)	43,538,095
LIABILITIES							
Due to banks	826,869	2,784,024	1,972,547	4,565,145	2,863,769	-	13,012,354
Payable to state organizations	-	-	45,635	-	2,590,833	-	2,636,468
Debt securities issued	-	-	2,625,404	5,950,092	3,108,905	-	11,684,401
Total interest bearing liabilities	826,869	2,784,024	4,643,586	10,515,237	8,563,507	-	27,333,223
Trade creditors	6,274	87,844	236,189	-	-	-	330,307
Advances received	-	55,822	475,707	-	-	-	531,529
Taxes payable	20,756	8,032	56,023	44,764	-	-	129,575
Deferred income tax liabilities	-	-	188,591	-	-	-	188,591
Other liabilities	-	-	73,500	-	-	81,689	155,189
	853,899	2,935,722	5,673,596	10,560,001	8,563,507	81,689	28,668,414
Subordinated debt	-	-	-	-	8,962,299	-	8,962,299
TOTAL LIABILITIES	853,899	2,935,722	5,673,596	10,560,001	17,525,806	81,689	37,630,713
Liquidity gap	11,712,977	(1,911,220)	4,519,336	2,158,658	(9,290,840)		
Interest sensitivity gap	10,021,187	(1,813,744)	1,844,994	1,579,214	(5,419,533)		
Cumulative interest sensitivity gap	10,021,187	8,207,443	10,052,437	11,631,651	6,212,118		
Cumulative interest sensitivity gap as a percentage of total assets	23.02%	18.85%	23.09%	26.72%	14.27%		

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The ALMC controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Group an opportunity to minimize losses from significant currency rates fluctuations toward its national currency. The Treasury Department performs daily monitoring of the Group's open currency position.

The Group's exposure to foreign currency exchange rate risk is presented in the tables below:

	Tenge	USD 1 USD=KZT 127.00	EUR 1 EUR=KZT 167.12	Other currencies	31 December 2006 Total
ASSETS					
Cash and cash equivalents	5,172,311	8,422	1,413	4	5,182,150
Restricted cash	19,258	-	-	-	19,258
Financial assets at fair value through profit or loss	10,560,472	-	-	-	10,560,472
Due from banks	2,000,000	-	57,803	-	2,057,803
Loans to customers	80,819,537	11,531,697	2,735,430	376,556	95,463,220
Investments available-for-sale	171,512	-	-	-	171,512
Investments held to maturity	185,547	-	-	-	185,547
Trade debtors	199,784	6,356	42,826	102	249,068
Advances paid	2,905,642	1,994,261	930,703	171,189	6,001,795
Property and equipment purchased for transfer into lease	2,392,445	-	-	-	2,392,445
Property, equipment and intangible assets	2,126,911	-	-	-	2,126,911
Investment property	1,099,667	-	-	-	1,099,667
Non-current assets held for sale	4,220,544	-	-	-	4,220,544
Other assets	1,436,612	3,082	31,269	-	1,470,963
TOTAL ASSETS	113,310,242	13,543,818	3,799,444	547,851	131,201,355
LIABILITIES					
Due to banks	12,939,018	19,771,323	6,027,115	376,355	39,113,811
Financial liabilities at fair value through profit or loss	130,814	33,488	-	-	164,302
Payable to state organizations	2,590,000	-	-	-	2,590,000
Debt securities issued	18,592,158	38,401,650	35,097	-	57,028,905
Trade creditors	80,973	70,138	7,541	-	158,652
Advances received	3,909,953	-	-	-	3,909,953
Taxes payable	137,405	-	-	-	137,405
Deferred income tax liability	32,689	-	-	-	32,689
Liability directly associated with non-current assets held for sale	2,215,282	-	-	-	2,215,282
Other liabilities	142,592	4,507	-	-	147,099
	40,770,884	58,281,106	6,069,753	376,355	105,498,098
Subordinated debt	16,997,207	-	-	-	16,997,207
TOTAL LIABILITIES	57,768,091	58,281,106	6,069,753	376,355	122,495,305
NET BALANCE SHEET POSITION	55,542,151	(44,737,288)	(2,270,309)	171,496	

	Tenge	USD 1 USD=KZT 133.77	EUR 1 EUR=KZT 158.54	Other currencies	31 December 2005 Total
ASSETS					
Cash and cash equivalents	1,037,275	23	1,493	-	1,038,791
Financial assets at fair value through profit or loss	1,725,852	4,914,053	-	-	6,639,905
Due from banks	-	91,699	-	-	91,699
Loans to customers	17,242,646	4,589,418	3,955,966	65,670	25,853,700
Investments available-for-sale	95,245	-	-	-	95,245
Trade debtors	108,222	-	-	-	108,222
Advances paid	2,137,259	398,601	42,410	7,188	2,585,458
Construction	315,172	-	-	-	315,172
Property and equipment purchased for transfer into lease	275,992	-	-	-	275,992
Property, equipment and intangible assets	4,476,037	-	-	-	4,476,037
Investment property	1,078,919	-	-	-	1,078,919
Other assets	977,706	-	1,249	-	978,955
TOTAL ASSETS	29,470,325	9,993,794	4,001,118	72,858	43,538,095
LIABILITIES					
Due to banks	3,045,993	5,430,203	4,475,095	61,063	13,012,354
Payable to state organizations	2,636,468	-	-	-	2,636,468
Debt securities issued	11,684,401	-	-	-	11,684,401
Trade creditors	243,744	86,563	-	-	330,307
Advances received	531,529	-	-	-	531,529
Taxes payable	129,575	-	-	-	129,575
Deferred income tax liabilities	188,591	-	-	-	188,591
Other liabilities	155,189	-	-	-	155,189
	18,615,490	5,516,766	4,475,095	61,063	28,668,414
Subordinated debt	8,962,299	-	-	-	8,962,299
TOTAL LIABILITIES	27,577,789	5,516,766	4,475,095	61,063	37,630,713
NET BALANCE SHEET POSITION	1,892,536	4,477,028	(473,977)	11,795	

Large portion of loans to customers originated by the Company is denominated in tenge and are linked to USD. In case of devaluation of tenge to USD repayment of those loans are indexed to USD and would be repaid in tenge at the appropriate spot rates of exchange between tenge and USD ruling at the date of agreement and specified in the loan agreements. As at 31 December 2006 and 2005 the amount of tenge denominated indexed loans to customers amounted to KZT 54,569,925 thousand and KZT 9,008,382 thousand, respectively. Those loans in the table above were included in tenge column.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is exposed to price risks of its products which are subject to general and specific market fluctuations.

The Group manages price risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing and maintaining appropriate stop-loss limits and margin and collateral requirements. With respect to undrawn loan commitments the Group is potentially exposed to a loss of an amount equal to the total amount of such commitments.

However, the likely amount of a loss is less than that, since most commitments are contingent upon certain conditions set out in the loan agreements.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Department of Financial Control conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in fair value interest rates and its influence on the Group's profitability.

Credit risk

The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed within set limits of authority, by the Credit Committees and the Group's Management Board. Before any application is made by the Credit Committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the branch risk-manager or the Risk Management Department. Daily risk management is performed by the Head of Credit Departments and Branch Credit Divisions.

The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry and geographical segments. Limits on the level of credit risk by a borrower and a product, by industry sector and by region are approved by the Management Board. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures which are set by the Credit Committee. Actual exposures against limits are monitored daily.

Where appropriate, and in the case of most loans, the Group obtains collateral and corporate and personal guarantees but a significant portion is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Commitments to extend credit represent unused portions of credit in the form of loans, guarantees or letters of credit. The credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of a counterparty to comply with the contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group applies the same credit policy to the contingent liabilities as it does to the balance sheet financial instruments, i.e. the one based on the procedures for approving the grant of loans, using limits to mitigate the risk, and current monitoring. The Group monitors the term to maturity of off-balance sheet contingencies because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Geographical concentration

The ALMC exercises control over the risk in the legislation and regulatory arena and assesses its influence on the Group's activity. This approach allows the Group to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan. The Group's Management Board sets up country limits, which mainly applies to banks of the Commonwealth of Independent States and Baltic countries.

The geographical concentration of assets and liabilities is set out below:

	Kazakhstan	OECD countries	Non-OECD countries	31 December 2006 Total
ASSETS				
Cash and cash equivalents	5,176,162	4,163	1,825	5,182,150
Restricted cash	19,258	-	-	19,258
Financial assets at fair value through profit or loss	10,560,472	-	-	10,560,472
Due from banks	2,057,803	-	-	2,057,803
Loans to customers	92,792,249	-	2,670,971	95,463,220
Investments available-for-sale	171,512	-	-	171,512
Investments held to maturity	185,547	-	-	185,547
Trade debtors	206,134	42,826	108	249,068
Advances paid	2,905,642	1,202,257	1,893,896	6,001,795
Property and equipment purchased for transfer into lease	2,392,445	-	-	2,392,445
Property, equipment and intangible assets	2,126,911	-	-	2,126,911
Investment property	1,099,667	-	-	1,099,667
Non-current assets held for sale	4,220,544	-	-	4,220,544
Other assets	1,464,626	3,255	3,082	1,470,963
TOTAL ASSETS	125,378,972	1,252,501	4569,882	131,201,355
LIABILITIES				
Due to banks	6,538,693	32,575,118	-	39,113,811
Financial liabilities at fair value through profit or loss	-	164,302	-	164,302
Payable to state organizations	2,590,000	-	-	2,590,000
Debt securities issued	12,435,492	44,593,413	-	57,028,905
Trade creditors	86,297	7,541	64,814	158,652
Advances received	3,909,953	-	-	3,909,953
Taxes payable	137,405	-	-	137,405
Deferred income tax liabilities	32,689	-	-	32,689
Liability directly associated with non-current assets held for sale	2,215,282	-	-	2,215,282
Other liabilities	142,592	-	4,507	147,099
	28,088,403	77,340,374	69,321	105,498,098
Subordinated debt	16,997,207	-	-	16,997,207
TOTAL LIABILITIES	45,085,610	77,340,374	69,321	122,495,305
NET POSITION	80,293,362	(76,087,873)	4,500,561	

	Kazakhstan	OECD countries	Non-OECD countries	31 December 2005 Total
ASSETS				
Cash and cash equivalents	1,038,791	-	-	1,038,791
Financial assets at fair value through profit or loss	1,725,852	4,914,053	-	6,639,905
Due from banks	91,699	-	-	91,699
Loans to customers	25,853,700	-	-	25,853,700
Investments available-for-sale	95,245	-	-	95,245
Trade debtors	108,222	-	-	108,222
Advances paid	2,190,669	394,789	-	2,585,458
Construction	315,172	-	-	315,172
Property and equipment purchased for transfer into lease	275,992	-	-	275,992
Property, equipment and intangible assets	4,476,037	-	-	4,476,037
Investment property	1,078,919	-	-	1,078,919
Other assets	978,955	-	-	978,955
TOTAL ASSETS	38,229,253	5,308,842	-	43,538,095
LIABILITIES				
Due to banks	6,390,665	6,621,689	-	13,012,354
Payable to state organizations	2,636,468	-	-	2,636,468
Debt securities issued	11,684,401	-	-	11,684,401
Trade creditors	330,307	-	-	330,307
Advances received	531,529	-	-	531,529
Taxes payable	129,575	-	-	129,575
Deferred income tax liabilities	188,591	-	-	188,591
Other liabilities	155,189	-	-	155,189
	22,046,725	6,621,689	-	28,668,414
Subordinated debt	8,962,299	-	-	8,962,299
TOTAL LIABILITIES	31,009,024	6,621,689	-	37,630,713
NET POSITION	7,220,229	(1,312,847)	-	