RESMI GROUP
JOINT STOCK COMPANY

Consolidated Financial Statements
for the year ended 31 December 2010

with Independent Auditor's Report

CONTENTS

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

The Company management is responsible for the preparation of the consolidated financial statements that present fairly in all material respects the financial position of the Group as at 31 December 2010 as well as its performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

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

The management is also responsible for:

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

These financial statements for the year ended 31 December 2010 were approved on 20 May 2011 by the Group management.

For and on behalf of the Group management:

A.Kanafin

General Director

Y.P.Litvinova

Financial Controller

ALMIR CONSULTING
АУДИТОРСКАЯ КОМПАНИЯ

Республика Казахстан г. Алматы
ул. Аль-Фараби 19, Бизнес-Центр
«Нурлы-Тау» корпус 2 б, кб 403
Телефон: 3110118, 3110119, 3110120
Факс: 3110118
e-mail: almirconsulting@mail.ru

Office 403, 2b, Nurly-Tau Business Center,
19, Al-Farabi str., Almaty, RK
Phones: 3110118, 3110119, 3110120
fax: 3110118
e-mail: almirconsulting@mail.ru

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

"Approved"

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

Shareholders and Management of Resmi Group JSC

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of Resmi Group JSC and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining of internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Resmi Group JSC as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

In accordance with the other auditor's report on the consolidated financial statements of RESMI Finance & Investment House JSC for the year ended 31 December 2010, investment funds controlled by the Group have certain investments in real estate for the total amount of KZT 1,496,911 thousand, which are measured using specific valuation methods due to absence of readily available market prices. Due to uncertainty inherent in estimates of such investments, the fair value shown by the investment funds may differ materially from the investments' realisable value, should the latter be actively traded between the willing buyer and seller.

Auditor
ALMIR CONSULTING LLP **I.Treguba**

Auditor's Certificate of Competence
No.0000464 dated 14.11.1998

20 May 2011, Almaty

RESMI Group JSC

Consolidated Statement of Financial Position as at 31 December 2010

	Note	31 December 2010	(KZT'000) 31 December 2009
ASSETS			
I. Current assets			
Cash	4	712 187	2 360 200
Cash related to broker activities	4	1 291 926	1 182 925
Deposits with banks	5	148 694	783 520
Cash taken into investment management		43 083	-
Short-term financial investments	6	1 044 575	1 039 654
Short-term receivables	7	1 116 638	878 786
Inventories	8	3 873 298	3 216 466
Reverse REPO	9	-	16 007
Current tax assets	10	140 217	95 819
Assets held for sale	11	481 217	858 998
Fee and commission income receivable	12	106 784	70 247
Other current assets	7	2 029 814	1 810 520
Total current assets		**10 988 433**	**12 313 142**
II. Non-current assets			
Long-term financial investments	13	205 019	216 709
Long-term receivables	14	121 903	200 295
Long-term advances paid	15	167 556	-
Investment property	16	1 305 917	1 304 196
Property, plant and equipment	17	44 454 789	44 393 686
Intangible assets	18	59 598	60 672
Deferred tax assets	19	1 331 437	832 409
Goodwill	20	406 408	406 408
Total non-current assets		**48 052 627**	**47 414 375**
Total assets		**59 041 060**	**59 727 517**
LIABILITIES AND EQUITY			
III. Current liabilities			
Current financial liabilities	21	3 348 706	8 996 703
Current portion of finance lease payable	24	630 847	646 063
Current portion of bonds payable	27	572 804	64 095
Tax payable	22	409 068	446 390
Short-term payables	23	4 821 686	4 683 075
Accounts payable to customers		1 437 235	1 353 852
Current portion of financial liabilities	28	370 879	-
Other current liabilities	25	393 709	427 735
Financial assets taken in trust or investment management		50 616	-
Total current liabilities		**12 035 550**	**16 617 913**
IV. Non-current liabilities			
Non-current financial liabilities	21	10 314 972	8 172 564
Finance lease payable	24	976 803	1 588 035
Long-term payables	26	1 458 332	1 927 748
Bonds payable	27	6 924 489	7 315 076
Deferred income		29 296	67 400
Deferred tax liabilities		-	112
Other non-current liabilities	28	947 400	-
Total non-current liabilities		**20 651 292**	**19 070 935**
V. Equity			
Share capital	29	289 395	200 229
Property, plant and equipment revaluation provision		22 340 771	22 603 776
Provisions	30	998 030	996 621

Retained earnings (uncovered loss)		88 150	(1 284 109)
Total equity attributable to shareholders of RESMI Group JSC		**23 716 346**	**22 516 517**
Non-controlling interests		2 637 872	1 522 152
Total equity		**26 354 218**	**24 038 669**
Total liabilities and equity		**59 041 060**	**59 727 517**
Carrying amount per common share (KZT)	31	**1 035,90**	-

A. Kanafin

General Director

Y.P.Litvinova

Financial Controller

Consolidated statement of financial position should be read with the notes to the financial statements on pages 14-66.

RESMI Group JSC

Consolidated Income Statement for the Year Ended 31 December 2010

	Note	2010	(KZT'000) 2009
Revenue	32	26 235 768	23 286 003
Fee and commission income	33	679 681	267 741
Income (loss) from trade in financial assets	34	1 002 263	2 090 695
Income (loss) from change in value of financial assets at fair value through profit or loss	35	(162 983)	(59 839)
Interest and dividend income	36	206 687	301 825
Other gains	37	250 617	493 599
Net income (loss) from foreign currency transactions		708 471	(4 539 799)
Net income (loss) from sale of property, plant and equipment		5 510	(52 912)
Operating income		**28 926 014**	**21 787 313**
Cost of goods sold and services provided	38	(16 812 931)	(15 876 217)
Interest expense	39	(3 141 034)	(2 554 866)
Administrative expenses	40	(1 558 371)	(1 909 001)
Personnel costs		(1 790 706)	(1 573 962)
Selling costs	41	(4 407 231)	(3 690 049)
Other expenses	42	-	(3 101 902)
Operating expenses		**(27 710 273)**	**(28 705 997)**
Operating result		**1 215 741**	**(6 918 684)**
Other gains (expenses) from investment property revaluation	16	(11 007)	(382)
Operating profit (loss)		**1 204 734**	**(6 919 066)**
Loss from discontinued operations	43	-	**(63 213)**
Profit (loss) before tax		**1 204 734**	**(6 982 279)**
Corporate income tax savings (expenses)	44	485 889	880 966
Net profit (loss) for the period before con-controlling interest		**1 690 623**	**(6 101 313)**
Attributable to:			
Shareholders of RESMI Group JSC		1 251 808	(5 347 435)
Non-controlling interests	45	438 815	(753 878)
Earnings per share (KZT)	46	**90,20**	-

A. Kanafin

General Director

Y.P.Litvinova

Financial Controller

Consolidated income statement should be read with the notes to the financial statements on pages 14-66.

RESMI Group JSC

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2010

		(KZT'000)
	2010	**2009**
Profit (loss) for the period	**1 690 623**	**(6 101 313)**
Other comprehensive income (loss):		
Property, plant and equipment revaluation gains	(116 618)	(3 388 036)
Deferred tax attributable to property, plant and equipment revaluation	(29 967)	(29 390)
Exchange differences from foreign operations	(13 785)	10 118
Profit/loss from revaluation of investments	15 413	(21 906)
Total other comprehensive income (loss)	**(144 957)**	**(3 429 214)**
Total comprehensive income (loss) for the period	**1 545 666**	**(9 530 527)**
Shareholders of RESMI Group JSC	1 110 663	(8 771 717)
Non-controlling interests	435 003	(758 810)

Қазақстан Республикасы Алматы қаласы Акционерлік қоғамы «Группа компаний «RESMI» Акционерное общество город Алматы Республика Казахстан

A. Kanafin
General Director

Y.P.Litvinova
Financial Controller

Consolidated statement of comprehensive income should be read with the notes to the financial statements on pages 14-66.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2010

(KZT'000)

	Parent's equity									
	Share capital	Reserve capital	Investment revaluation provision	Provision for employee benefits based on equity instruments	Other provisions	Property, plant and equipment revaluation provision	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2009	**200 229**	-	**30 318**	**944 599**	**21 704**	**22 603 776**	**(1 284 109)**	**22 516 517**	**1 522 152**	**24 038 669**
Reclassification to retained earnings	-	-	-	-	-	(120 451)	120 451	-	-	-
Profit/loss for the period	-	-	-	-	-	-	1 251 808	1 251 808	438 815	1 690 623
Other comprehensive income for the period	-	-	13 340	-	(11 931)	(142 554)	-	(141 145)	(3 812)	(144 957)
Total comprehensive income	-	-	**13 340**	-	**(11 931)**	**(142 554)**	**1 251 808**	**1 110 663**	**435 003**	**1 545 666**
Increase in share capital	89 166	-	-	-	-	-	-	89 166	-	89 166
Dividends accrued out of profits	-	-	-	-	-	-	-	-	(61 220)	(61 220)
Non-controlling interests when purchased in authorised capital and increase of authorised capital	-	-	-	-	-	-	-	-	741 937	741 937
Balance at 31 December 2010	**289 395**	-	**43 658**	**944 599**	**9 773**	**22 340 771**	**88 150**	**23 716 346**	**2 637 872**	**26 354 218**
Balance at 31 December 2008	**200 229**	**43 000**	**(33 280)**	**944 599**	**12 758**	**26 138 771**	**4 045 370**	**31 351 447**	**2 019 997**	**33 371 444**

Reclassification to retained earnings	-	-	29 842	-	-	(120 973)	91 131	-	-	-
Profit/loss for the period	-	-	-	-	-	-	(5 347 435)	(5 347 435)	(753 878)	(6 101 313)
Other comprehensive income for the period	-	-	(19 206)	-	8 946	(3 414 022)	-	(3 424 282)	(4 932)	(3 429 214)
Total comprehensive income	-	-	**(19 206)**	-	**8 946**	**(3 414 022)**	**(5 347 435)**	**(8 771 717)**	**(758 810)**	**(9 530 527)**
Sale of subsidiary (RESMI Asset Management Organisation Managing Pension Assets, JSC)	-	(43 000)	52 962	-	-	-	(73 175)	(63 213)	-	(63 213)
Dividends accrued out of profits	-	-	-	-	-	-	-	-	(128 744)	(128 744)
Non-controlling interests when purchased in authorised capital and increase of authorised capital	-	-	-	-	-	-	-	-	389 709	389 709
Balance at 31 December 2009	**200 229**	-	**30 318**	**944 599**	**21 704**	**22 603 776**	**(1 284 109)**	**22 516 517**	**1 522 152**	**24 038 669**

A. Kanafin

General Director

Y.P.Litvinova

Financial Controller

Consolidated statement of changes in equity should be read with the notes to the financial statements on pages 14-66.

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

RESMI Group JSC

Consolidated Statement of Cash Flows for the Year Ended 31 December 2010 (indirect method)

	Note	2010	(KZT'000) 2009
Operating activities			
Profit (loss) before income tax savings		**1 204 734**	**(6 919 066)**
Adjustment of non-monetary items for:		**3 713 883**	**8 907 292**
Loss from discontinued operations	43	-	(63 213)
Amortisation of property, plant and equipment and intangible assets		1 315 433	2 160 928
Exchange difference		(708 471)	3 281 152
Loss from inventory write-off	40, 41	192 555	377 448
(Reversal)/accrual of provision for hard-to-sell and obsolete inventories	40	(34 014)	(55 413)
Discount amortisation	41	(38 165)	(46 677)
Finance costs	39	3 141 034	2 554 866
Provision for employee leaves		16 748	55 379
Loss from impairment of investments available for sale		-	15 863
Proceeds from write-off of payables	37	(389 510)	(376 243)
Provision for doubtful debts	7,42	189 988	2 719 834
Provision for impairment of investments available for sale		-	28 353
Recovery of selling costs through offset	41	(247 378)	(204 404)
Reversal/accrual of provision for impairment of advances	7	35 864	(14 586)
Unrealised gain/loss from investment revaluation	35	162 983	(59 839)
Net profit from disposal of investments available for sale		-	(852 104)
Net change in interest accrued		-	4 137
Income/loss from disposal of property, plant and equipment and intangible assets		(5 510)	(27 274)
Investment income		99 271	(534 285)
Asset impairment expenses	16	11 007	382
Gains (losses) from discounting	37	(27 961)	(57 012)
Other adjustments		9	-
Cash flows from operating activities before changes in working capital		**4 918 617**	**1 988 226**
Increase/decrease in operating assets		**(278 782)**	**2 883 268**
Restricted cash	4	(109 001)	(530 186)
Increase in trade receivables	7	(76 333)	288 146
Increase in receivables	7, 14	(571 719)	2 111 983
Increase in fee and commission receivable	12	(36 537)	(37 094)
Short-term financial investments	6, 13	6 769	(411 815)
Investments acquired under reverse REPO	9	16 007	436 339
Inventories	8	(656 832)	898 460
Deposits with banks	5	634 826	(736 596)
Increase in advances paid	7,15	136 257	618 174
Other assets	11	377 781	245 857
Increase/decrease in operating liabilities		**201 263**	**(1 117 550)**
Accounts payable under REPO transactions	24		(1 359 784)
Short-term payables	23	138 611	163 820
Increase in liabilities accrued		-	(146 311)
Taxes payable	22	(37 321)	177 387
Other payables	25	99 973	47 338
Cash flows from operating activities before income tax		**4 841 098**	**3 753 944**
Interest paid		(2 242 041)	(2 297 991)

Income tax paid		-	(150)
Net cash from operating activities		**2 599 057**	**1 455 803**
Investing activities			
Net acquisition of investments held for trading		9 561	-
Proceeds from disposal of property, plant and equipment		1 246 892	156 530
Acquisition of property, plant and equipment		(1 933 253)	(1 446 393)
Acquisition of shares in subsidiary	43	-	235 115
Acquisition of intangible assets		(719)	(6 038)
Net cash used in investing activities		**(677 519)**	**(1 060 786)**
Financing activities			
Issue of common shares		-	80 000
Repayment of borrowings		(5 310 317)	(8 424 440)
Finance lease paid		(450 554)	(730 104)
Bonds paid		(390 587)	(476 181)
Proceeds from issue of debt instruments		947 400	313 890
Dividends paid		(61 220)	(128 744)
Borrowings obtained		1 804 728	10 919 149
Net cash used in/received from financing activities		**(3 460 550)**	**1 553 570**
Net increase in cash		**(1 539 012)**	**1 948 587**
Opening balance of cash	4	**3 543 125**	**1 594 538**
Closing balance of cash	4	**2 004 113**	**3 543 125**

Non-monetary transactions:

For the year ended 31 December 2010 the Group acquired property, plant and equipment for KZT 288,093 thousand on a deferred basis (see Note 23).

For the year ended 31 December 2009 the Group acquired property, plant and equipment for KZT 35,630 thousand under finance lease.

A. Kanafin

General Director

Y.P.Litvinova

Financial Controller

Consolidated statement of cash flows should be read with the notes to the financial statements on pages 14-66.

1. General

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

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

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

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

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

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

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

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

Holder	**Common Shares Quantity**	**Interest**	**Preferred Shares Quantity**	**Interest**
Future Capital Partners, Closed Mutual Hedge Fund	5 997 823	24,00	-	-
Kairat Kuanyshbayevich Mazhibayev	9 686 484	38,76	-	-
Yerkin Zhaksybayevich Koshkinbayev	9 306 622	37,24	-	-
Innova Investment LLP	-	-	630 000	27,37
RG Brands JSC	-	-	160 190	6,96
Smart Way LLP	-	-	1 511 666	65,67
Total shares placed	**24 990 929**	**100**	**2 301 856**	**100**
Total shares declared	**25 500 000**	-	**8 500 000**	-

In accordance with the decision of the Shareholders' General Meeting held on 30 April 2010, RESMI Group JSC issued 8,500,000 preferred shares with cumulative guaranteed dividend of KZT 120 per share a year, of which 2,301,856 shares were placed during 2010. RESMI Group JSC classified these preferred shares in equity.

790,190 shares were placed among subsidiaries of RESMI Group JSC. Under the contract, 1,671,856 shares were unpaid as at 31.12.2010.

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

	Country	**Ownership Interest 2010**	**2009**	**Activity**
RESMI Finance &	Kazakhstan	80.79%	85.37%	Broker/dealer activities on securities market,

Investment House, JSC				investment portfolio management
RG Brands JSC	Kazakhstan	86.55%	86.82%	Food manufacturing, sale, export, import of consumer goods
Kazakhexpert LLP	Kazakhstan	100%	100%	Protection of life and health of individuals; protection of property of legal entities and individuals including in transit
REPUBLIC Pension Savings Fund, JSC	Kazakhstan	89.09%	86.69%	Attraction of pension contributions, making pension payments and management of pension assets
INNOVA INVESTMENT LLP	Kazakhstan	24%	24%	Investing activities, consulting services

* In accordance with the decision of the Board of Directors of RESMI Group JSC (Minutes dated 28 July 2010), two trust agreements were entered by and between Mr. Kairat Kuanyshbayevich Mazhibayev and RESMI Group JSC, and Mr. Yerkin Zhaksybayevich Koshkinbayev and RESMI Group JSC on 29 July 2010. Under the trust agreements RESMI Group JSC shall retain control of INNOVA INVESTMENT LLP. In accordance with the trust agreements dated 29 July 2010 Mr. K.K.Mazhibayev and Mr. Y.K.Koshkinbayev shall transfer and RESMI Group JSC shall take 27% interest in INNOVA INVESTMENT LLP into trust. RESMI Group JSC shall be entitled to receive dividend charged on the interest transferred only in accordance with the decision of the year-end general meeting.

Core business of the Group in 2010 was letting of premises on lease, sale of goods, professional trading in securities including broker/dealer transactions, investing transactions, consulting in corporate finance, organisation of securities issue and placing, acquisition and sale of securities as an agent, etc.

RESMI Finance & Investment House JSC and its Subsidiaries

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

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

Company	**Country of Operations**	**Ownership Interest**		**Activity**
		2010	**2009**	
RESMI Direct Investments LLP	Republic of Kazakhstan	100%	-	Investing in hotel business including acquisition and construction of new hotel complexes and any objects related, ether directly or indirectly, to such complexes
Astana Capital Partners LTD	Switzerland	100%	-	Investing activities, consulting services
Astana Capital Advisors LLP	Republic of Kazakhstan	-	100%	Investing activities, consulting services

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

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

Astana Capital Advisors Joint Stock Company operates in the Republic of Kazakhstan since 31 January 2007 and appears to be a successor of Astana Capital Advisors LLP in all rights and obligations. On 8 February 2010 the sole participant made the decision to transform a limited liability partnership into Astana Capital Advisors JSC. Core business of Astana Capital Advisors JSC is investing activities and consulting services. On 11 May 2010 Astana Capital Advisors JSC was sold to a related party – Innova Investment LLP – under the Common Shares Purchase and Sale Agreement.

As at 31 December 2010 and 2009 the following shareholders of RESMI Finance & Investment House JSC owned the Company shares:

Shareholders	31 December 2010 (%)	31 December 2009 (%)
RESMI Group JSC	80.79	85.37
Other (individuals)	19.21	14.63
	100	**100**

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

RESMI Asset Management Organisation Managing Pension Assets, JSC ("RAM"»). RAM was a holder of the following licences issued by FSA: Investment Portfolio Manager Licence No.0403200975 dated 12 August 2008; Pension Asset Investment Manager Licence No. 0412200370 dated 12 August 2008; Licence No. 0402200356 dated 12 August 2008 for broker/dealer activities on securities market without the right to keep customer accounts. On 14 April 2009 RAM was sold to a third party under the Common Shares Purchase and Sale Agreement.

As at 31 December 2010 the Group managed two interval mutual funds, three closed mutual hedge funds and one joint stock investment real estate fund. Information on the investment funds managed by the Group is set forth below:

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

As at 31 December 2009 the Group managed two interval mutual funds, four closed mutual hedge funds, two joint stock investment hedge funds and one joint stock investment real estate fund. Information on the investment funds managed by the Group is set forth below:

Investment Fund	Type of Investment Fund	**Securities Issue State Registration Certificate No.**
Monetnyi Dvor	Interval Mutual Investment Fund	No. 07/01 dated 14 March 2007 (NIN KZPFN0007018)
Zarplatnyi	Interval Mutual Investment Fund	No. 07/05 dated 3 December 2007 (NIN KZPFN0007059)
Zolotoi Vek	Closed Mutual Hedge Fund	No. 07/02 dated 19 May 2006 (NIN KZPFN0007026)
Joint Investments	Closed Mutual Hedge Fund	No. 07/04 dated 11 October 2007 (NIN KZPFB0007042)
Perspectivnyi	Closed Mutual Hedge Fund	No. 42/01 dated 13 December 2007 (NIN KZPFN0042015)
Future Capital Partners	Closed Mutual Hedge Fund	No. 07/03 dated 2 August 2006 (NIN KZPFN0007034)
Innova Capital Partners	Joint Stock Investment Hedge Fund	No. A5550 dated 21 June 2007 (NIN KZ1C55500017)
Prosperity	Joint Stock Investment Hedge Fund	No.84380-1910-AO dated 19 March 2007 (NIN KZ1C55490011)
Velikaya Stena	Joint Stock Investment Real Estate Fund	No. A5658 dated 29 May 2008 (NIN KZ1C56580018)

RG Brands JSC and its Subsidiaries

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

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

	Holding		**Vote**	
	2010	**2009**	**2010**	**2009**
RG Brands Kazakhstan LLP	100%	100%	100%	100%
Uni Commerce Ltd.	100%	100%	100%	100%
RG Brands Kyrgyzstan LLC	100%	100%	100%	100%
RG Brands Tashkent LLC	100%	100%	100%	100%

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

Registered share capital of the Group as at 31 December 2010 and 2009 made KZT 1,840,296 thousand and KZT 1,801,642 thousand respectively. As at 31 December 2010 and 2009 the share capital was paid in full. As at 31 December 2009 the share capital consisted of 1,800,000 common shares with par of KZT 1,000 each and 1,642,092 common shares with par of KZT 1 each. In 2010 the Group made the decision to place 10,638 common shares at par of KZT 3,634.5, which were purchased by the Group shareholders by pre-emption right. Accordingly, as at 31 December 2010 the share capital consisted of 1,800,000 common shares with par of KZT 1,000 each and 1,642,092 common shares with par of KZT 1 each, and 10,638 common shares with par of KZT 3,634.5.

As at 31 December 2010 and 2009 the shareholders of the Company were as follows:

Shareholder	Holding		Quantity of shares		Amount	
	2010	2009	2010	2009	2010	2009
RESMI Group JSC	86.55%	86.82%	2,988,455	2,988,455	1,516,932	1,516,932
A.S.Zhanalinov	4.13%	4.04%	142,709	138,938	81,372	67,670
Y.M.Ibrayev	1.84%	-	63,438	-	34,900	-
M.Y. Kiyambekov	1.70%	1.70%	58,672	58,672	29,708	29,708
T.S.Kaltayev	1.52%	1.49%	52,524	51,233	34,391	29,701
K.K.Mazhibayev	0.98%	0.94%	33,740	32,315	37,493	32,315
A.Y.Agibayev	0.95%	0.93%	32,655	31,848	27,349	24,416
R.D.Bayazerov	0.95%	0.93%	32,655	31,848	27,349	24,416
A.A.Kanafin	0.70%	0.68%	24,046	23,259	26,119	23,259
SMART WAY LTD	0.60%	-	20,882	-	20,882	-
A.V.Khalyapin	0.05%	0.03%	1,638	1,316	2,485	1,316
A. Mujtaba	0.03%	0.03%	1,316	1,316	1,316	1,316
T.K.Nurmukhambetov	-	1.80%	-	62,010	-	29,711
D.A.Aznibakiyev	-	0.61%	-	20,882	-	20,882
	100.00%	**100.00%**	**3,452,730**	**3,442,092**	**1,840,296**	**1,801,642**

In accordance with the decision of the Shareholders' General Meeting held on 30 April 2010, the Group issued 1,200,000 preferred shares with cumulative guaranteed dividend of KZT 240 per share a year, of which 789,500 shares were placed during 2010. The Group classified these preferred shares in liabilities (see Note 28).

RG Brands Kazakhstan LLP (hereinafter "RG Brands Kazakhstan") is engaged in the following activities:

- production of juices under the trade marks of Gracio, Da-Da and Nectar Solnechnyi;
- production of carbonated beverages under the trade marks of Pepsi, Pepsi Light, Seven-Up, Mirinda and Aquafina;
- packing, distribution and sale of various tea grades of tea from imported raw materials including tea under Piala trade mark;
- production of packaged milk under Moye trade mark;
- processing of agricultural products including potato chips, corn curls and croutons under Grizzly trade mark;
- production of bottled water under Asu trade mark;
- sale and distribution of the Group products, as well other products acquired for packing and resale, in the Republic of Kazakhstan.

Core business of Uni Commerce LLP is management of the Group investment portfolio.

RG Brands Tashkent LLC (hereinafter "RG Brands Tashkent") and RG Brands Kyrgyzstan LLC (hereinafter "RG Brands Kyrgyzstan") are engaged in sale and distribution of the Group products and other goods acquired for packing and resale in the Republic of Uzbekistan and Kyrgyz Republic accordingly.

All subsidiaries are registered in the Republic of Kazakhstan, except for RG Brands Kyrgyzstan and RG Brands Tashkent, which are registered in the Kyrgyz Republic and the Republic of Uzbekistan.

The Head office of the Company is located in Almaty; its production capacities are located in Almaty, Almaty Oblast, and Kostanai, Republic of Kazakhstan. As specified above, the Company is also present in Kyrgyz Republic and Republic of Uzbekistan to implement sale and distribution strategies.

Legal address:	212b, Raimbek ave, Almaty, Republic of Kazakhstan
Form of ownership:	Private

Bottling Agreements with Pepsi and Seven-Up International: the Group manufactured and distributed carbonated alcohol-free beverages in accordance with the exclusive bottling agreements concluded between PRG Bottlers and Pepsico Inc. and PRG Bottlers and Seven-Up International on 22 July 2000. On 01 April 2008 the Group signed new exclusive bottling agreements, under which the rights to bottle, sell and distribute products of PepsiCo and Seven-Up in Kazakhstan passed to RG Brands Kazakhstan till 21 July 2010 with automatic prolongation for 5 years and subsequently for 5 years upon the end of each 5-year period.

Tax incentives and privileges: on 16 June 2006 RG Brands Kazakhstan entered into the contract with the Investments Committee of the Ministry of Industry and Trade of the Republic of Kazakhstan, under which RG Brands Kazakhstan was granted the following incentives and privileges:

- Full exemption from corporate income tax for five years from commissioning of production capacities by the state acceptance commission;
- Full exemption from property tax for five years with respect to property, plant and equipment commissioned within investing activities;
- Full exemption for five years from tax on land used for investing activities.

Complete exemption period expired on 31 December 2010.

INNOVA INVESTMENT LLP and its Subsidiaries

In accordance with the Minutes of INNOVA LLP Participants' Extraordinary General Meeting dated 09 August 2010, the decision was made to change the corporate name of INNOVA LLP to INNOVA INVESTMENT LLP.
INNOVA INVESTMENT Limited Liability Partnership (hereinafter "the Partnership") was re-registered with the Almaty Department of Justice of the Ministry of Justice of the Republic of Kazakhstan on 24.08.10 under No.70300-1910-TOO. Date of initial registration – 11.05.2005. The Partnership was registered as a tax payer on 13 May 2005 in Bostandyk District, Almaty. TRN 600400546517.
VAT Payer Registration Certificate series 60001 No. 0035490 was issued to the Partnership on 20 September 2010 by the Tax Committee of Auezov District, Almaty, re-registration dated 20 September 2010.

Participants

The foundation document of the Partnership is the Charter approved by the decision of the Participants' General Meeting on 09 August 2010 and registered with the Ministry of Justice on 24 August 2010.
In accordance with the Participant Register, the participants of the Partnership as at 31 December 2010 and 31 December 2009 were as follows:

	31 December 2010 (%)	**31 December 2009 (%)**
T.K. Nurmukhambetov	-	76.0
RESMI Group JSC	24.0	24.0
K.K. Mazhibayev	13.5	-
Y.Zh. Koshkinbayev	13.5	-
Future Capital Partners Closed Mutual Hedge Fund (Managing Company – RESMI Finance & Investment House)	49.0	-
	100	**100**

The objective of the Partnership foundation is consolidation of economic interests, tangible, labour, intellectual and financial resources of its founders to carry out independent business activities aimed at generation of profit from activities, other than those prohibited by the RK laws.

INNOVA INVESTMENT LLP has the following subsidiaries:

Company	**Participant (shareholder)**	**Holding 31.12. 2010**	**31.12. 2009**	**Activity**
Innova Capital Partners JSC	INNOVA INVESTMENT LLP	89.22%	89.22%	Investing activities
Makta-Invest LLP	Innova Capital Partners JSC	100%	100%	Investing activities, taking and letting of property on lease
Velikaya Stena Joint Stock Investment Real Estate Fund, JSC	INNOVA INVESTMENT LLP	52.26%	57.96%	Investing activities, taking and letting of property on lease
Astana Capital Advisors LLP	INNOVA INVESTMENT LLP	100%	-	Investing activities and consulting services

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

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

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

As at 31.03.2011 551,479 shares are placed and 24,541 shares are repurchased by the issuer. Paid authorised capital is KZT 52,693,800 (fifty two million six hundred ninety three thousand eight hundred).

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

In accordance with the extract from the security holder register, as at 31 December 2010 and 2009 shareholders of Innova Capital Partners JSC were as follows:

	31 December 2010		**31 December 2009**	
Security Holder	***Quantity of shares***	***Holding (%)***	***Quantity of shares***	***Holding (%)***
RESMI Group JSC	5 479	1.04	5 479	1.04
INNOVA INVESTMENT LLP	470 142	89.22	470 142	89.22
RG BRANDS JSC	51 317	9.74	51 317	9.74
	526 938	**100**	**526 938**	**100**

Innova Capital Partners JSC was established in accordance with the Law "On Investment Funds" and the Law "On Joint Stock Companies" with the participation of the Managing Company. Managing Company of the Company is RESMI Finance & Investment House JSC (Investment Portfolio Manager Licence No. 0403200520 issued on 05 October 2006 by the Republic of Kazakhstan Agency on Regulation and Supervision of Financial Market and Financial Organisations) based on Investment Portfolio Management Agreement No. 613/1-2007 dated 03 July 2007.

Custodian bank of the Company is Kazkommertsbank JSC, Custodian Licence No. 0407100205 issued on 29 January 2004 by the Republic of Kazakhstan Agency on Regulation and Supervision of Financial Market and

Financial Organisations. Custody Agreement No. 10-1-700 between the Managing Company and the Custodian Bank was signed on 13 June 2006.

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

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

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

The Partnership has no branches and representative offices.

The foundation document of the Partnership is the Charter. The Partnership Charter was approved by the decision of the sole founder dated 04 June 2007. As at 31 December 2010 the sole participant of the Partnership is Innova Capital Partners JSC.

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

Participants	**31 December 2010 (%)**	**31 December 2009 (%)**
Innova Capital Partners JSC	100	100
	100	**100**

The Partnership entered into Participant Register Maintenance Contract No. 14/06-4.07 dated 14.06.2007 with Register-Service JSC.

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

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

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

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

The Company is established to generate income from investing activities through investing of assets in real estate, property, plant and equipment and financial instruments, within the limits of Investment Thesis and the current laws of the Republic of Kazakhstan to the benefit of the Company shareholders.

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

As at 31.12.2010 the Company shareholders were as follows:

Security holders	**Number of securities (on the holder's account)**	**Interest, %**
ASTANA CAPITAL ADVISORS JSC	695	5.64
RG BRANDS JSC	91	0.73

Kurylys Construction Joint Stock Investment Real Estate Fund, JSC	143	1.14
Resmi Group JSC	101	0.82
Kazakhmys Pension Savings Fund, JSC	1 209	9.83
Subsidiary of BTA BANK "BTA INSURANCE", JSC	125	1.02
Subsidiary of BTA BANK "LONDON-ALMATY Insurance Company", JSC	704	5.73
REPUBLIC Pension Savings Fund, JSC	1 198	9.75
Neftegas-Dem Pension Savings Fund, JSC	277	2.24
NOVYE PROYEKTY Closed Mutual Hedge Fund – Subsidiary of BTA BANK JSC "BTA Securities", JSC	43	0.35
INNOVA INVESTMENT LLP	6 412	52.26
RENTAL AND RETAIL SOLUTIONS LLP	78	0.63
UNI COMMERCE LTD	1	0.01
Ryskul Bakhtiarovna Akhanova	371	3.22
Umyt Bayalina Igibayeva	397	3.23
Rimma Bazarbekovna Bazarbekova	386	3.13
Individuals	35	0.27
	12 266	**100**

As at 31.12.2010 the declared authorised capital of the Company makes up KZT 1,471,920,000 (one billion four hundred seventy one million nine hundred twenty thousand) and is formed with 12,266 common shares with par of KZT 120,000 each.

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

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

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

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

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

Issue of the Company shares was registered with the Republic of Kazakhstan Agency on 8 April 2010. The issue was split into 15,000 (fifteen thousand) common shares with National Identification Number KZ1C58040011. Authorised capital is paid for KZT 245,000,000 (two hundred forty five million).

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

Core business of Astana Capital Advisors JSC under the Articles of Association is:

- investing activities;
- consulting services;
- other activities, which are not prohibited under the laws of the Republic of Kazakhstan.

RESMI Group JSC is a parent of Kazakhexpert LLP with 100% interest and REPUBLIC Pension Savings Fund JSC with 89.09% interest.

Kazakhexpert LLP

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

REPUBLIC Pension Savings Fund, Joint Stock Company

REPUBLIC Pension Savings Fund, Joint Stock Company (hereinafter "the Fund") was registered in accordance with the laws of the Republic of Kazakhstan with the Almaty Department of Justice on 11 April 2007; Legal Entity State Registration Certificate No. 84923-1910-AO.

Shareholders	31 December 2010		31 December 2009	
	Common Shares	Interest in Authorised Capital %	Common Shares	Interest in Authorised Capital %
RESMI Group JSC	2 160 501	89.09	1 885 501	86.69
RESMI Finance & Investment House JSC	184 499	7.61	209 499	9.63
Other individuals	80 000	3.30	80 000	3.68
	2 425 000	**100**	**2 175 000**	**100**

The Fund provides post retirement services to its depositors, accepts obligatory, voluntary and voluntary professional pension contributions, invests pension assets, distributes investment income to individual pension accounts and makes pension payments.

Legal address of the Fund: 52, Abai ave., Almaty, Republic of Kazakhstan. The Fund attracts pension contributions, makes pension payments and manages pension assets based on State Licence No. 3.2.23/40 issued on 23 April 2009 by the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Markets and Financial Organizations (hereinafter "FSA").

2. BASIS OF PRESENTATION

Basis of Preparation

These consolidated financial statements of RESMI Group JSC and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") and interpretations as published by the International Accounting Standards Board (IASB).

The reporting period is from 01 January to 31 December.

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

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

Average number of the Group employees as at 31 December 2010 and 2009 made 4,476 and 5,145 persons accordingly, including 3,036 and 4,136 persons contractually employed.

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

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

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

These consolidated financial statements have been prepared based on the going concern assumption, which involves realisation of assets and settlement of liabilities in the normal course of business. These financial statements do not contain any adjustments, which would be necessary, should the Group be unable to continue its financial and business activities as a going concern.

New and Revised Standards and Interpretations

The Group applied the following amendments to IFRS effective for the reporting period beginning 1 January 2010:

- IFRS 3 *Business Combinations (Revised)* introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages.

- IAS 27 *Consolidated and Separate Financial Statements (Amended)* requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

- Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction.

- Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale and discontinued operations.

- Amendment to IAS 38 *Intangible Assets* clarifies the fair value measurement procedure for an intangible asset acquired in a business combination and allows recognition of the group of intangibles as a single asset provided the individual assets have similar useful lives.

- Amendment to IAS 36 *Impairment of Assets* clarifies that the largest unit (or a group of units) permitted for allocating goodwill to test for impairment, is the operating segment as defined in IFRS 8 *Operating Segments* before aggregation.

Standards and Interpretations Issued but not yet Effective

As at the approval date of these consolidated financial statements the following standards and interpretations were issued but no yet effective:

- IAS 12 *Income Tax* – Change of limited scope (recovery of an underlying asset) (effective for annual periods beginning on or after 1 January 2012);
- IAS 24 *Related Party Disclosures* – Revision of a related party definition (effective for annual periods beginning on or after 1 January 2011);
- Amendment to IFRS 7 *Financial Instruments Disclosures* – Extention of disclosures of financial asset reclassification (effective for annual periods beginning on or after 1 July 2011);

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2013);

On 6 May 2010, the International Accounting Standards Board, under the annual process aimed at improvement of International Financial Reporting Standards, issued amendments to certain existing standards and interpretations. The changes affect some wordings and financial statements presentation, recognition and measurement matters. Revised standards and interpretations listed above are effective for reporting periods beginning on or after 1 January 2011.

The management believes that adoption of these standards, amendments and interpretations thereto will have no material effect of the Group consolidated financial statements in the period of initial adoption.

In preparation of these consolidated financial statements by Group used the same accounting principles and calculation methods as in preparation of the consolidated financial statements of the Group for the year ended 31 December 2009.

Basis of Consolidation

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

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

Full Consolidation

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

Cash and Cash Equivalents

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

Deposits with Banks

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

Financial Assets and Liabilities

Initial Recognition

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

Financial Assets at Fair Value Through Profits or Loss

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

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- financial assets form part of a group of financial assets or liabilities or both, which is managed and which performance is evaluated on a fair value basis, in accordance with the Group's risk management and investment strategy, and information about the grouping is provided internally on that basis; or
- financial assets form part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value with any profit or loss charged to the income statement. Net profit or loss recognised in profit or loss includes any dividend or interest received on a financial asset.

Held-to-maturity Investments

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

Financial Assets Available for Sale

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

Loans and Receivables

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

Effective Interest Rate Method

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

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

Offset

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously.

Derecognition of Financial Assets

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

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

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

Inventories

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

Taxation

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

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

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

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

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

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

Assets Held for Sale

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

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

Investment Property

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

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

Property, Plant and Equipment

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

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

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

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

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

Other	*2 – 7 years*

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

Impairment of Property, Plant and Equipment

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

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

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

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

Construction in Progress

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

Intangible Assets

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

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

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as a fair value of assets provided and liabilities assumed as at the exchange date plus expenses directly attributable to acquisition.

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

Loans

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

Lease

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

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

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

Bonds Payable

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

Payables

Payables are liabilities of the Group resulting from various transactions and being a legal basis for subsequent payments for goods, works performed and services provided. Liabilities are measured as the amount of cash needed to pay debts. Payables are recognised from the date of occurrence through to the date of repayment. Payables are written-off upon expiry of limitation period prescribed by the Civil Code of the Republic of Kazakhstan.

Deferred Income

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

Provisions

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

Pension Liabilities

The Group has no additional post-retirement benefit schemes in addition to participation in the state pension system of the Republic of Kazakhstan. Contributions to pension funds are deducted as a percentage of total current payments to employees, included in general salaries payable and recognised in profit (loss) in the period whereto the respective payments to employees relate. On retirement all pension payments are made by pension funds chosen by employees. The Group neither has obligations to employees nor provides benefits upon retirement.

Equity

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

Carrying Amount per Common Share

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

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

NAV = (TA – IA) – TL – PS, where

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

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

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

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

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

BVCS = NAV / NOCS, where

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

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

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

Carrying Amount per Preferred Share

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

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

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

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

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

BVPS1 = (EPC + DCPS1) / NOPS1, where

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

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

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

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

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

EPC = TDPS1 + PS, where:

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

Recognition of Revenue and Expenses

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

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

Revenue of the Group Includes:

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

Expenses Include:

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

Finance Income and Expenses

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

Earnings per Share

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

Exchange Rate

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

	31 December 2010	**31 December 2009**
KZT/EUR	196.88	213.95
KZT/USD	147.50	148.46
KZT/RUB	4.83	4.92
KZT/ GBP	228.29	239.6
KZT /CHF	146.61	144.12
KZT /UZS	0.09	0.10
KZT /KGS	3.14	3.36

For the purposes of the consolidated financial statements the financial statements of RG Brands Kyrgyzstan and RG Brands Tashkent (foreign companies of the Group) have been translated from KGS and UZS (functional currencies of these companies) in KZT using the following exchange rates:

- assets and liabilities have been translated at the exchange rates at the date of the consolidated statement of financial position;
- income and expenses have been translated at the monthly average exchange rate; and
- exchange gains (losses) resulting from translation of foreign currency transactions are recognised as exchange differences from translation of foreign operations in other comprehensive income (loss).

Contingent Liabilities and Contingent Assets

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

Related Party Disclosures

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

(a) companies, directly, or indirectly through one or more intermediaries, controlling, controlled thereby, or being under common control with the Group (this includes parents, subsidiaries and fellow subsidiaries);
(b) affiliated companies – companies, which activities are significantly influenced by the Group, other than subsidiaries or joint ventures;

(c) individuals being direct or indirect holders of the Group voting shares enabling them to render significant influence of the Group activities;
(d) key management, i.e. persons authorised or responsible for planning, managing and controlling the Group activities including directors and senior officials of the Group and their close family members;
(e) companies, for which significant voting power resides with, directly or indirectly, with the persons defined in (c) and (d) or persons significantly influenced by such individuals. These include companies belonging to directors and major shareholders of the Group and companies having a key manager in common with the Group.

Events after the Reporting Period

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

Segment Information

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

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

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

4. Cash and Cash Equivalents

(KZT'000)

	31 December 2010	31 December 2009
Cash on bank accounts	706 312	2 242 426
Cash on hand	5 875	117 774
Cash related to broker activities	1 291 926	1 182 925
	2 004 113	**3 543 125**

As at 31 December 2010 cash of the Group included KZT 1,291,926 thousand (2009: KZT 1,182,925 thousand) received from customers for purchase of securities only in accordance with the customers' orders. This cash may not be used by the Group for any other purposes.

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

(KZT'000)

	31 December 2010	31 December 2009
KZT	1 921 101	3 491 286
USD	6 715	24 396
EUR	191	359
KGS	11 593	18 237
UZS	50 689	8 684
GBP	6 493	163
CHF	7 331	-

	2 004 113	**3 543 125**

5. Deposits with Banks

	31 December 2010	(KZT'000) 31 December 2009
Short-term deposit with BTA Bank JSC	148 694	149 064
Subsidiary Bank HSBC Bank Kazakhstan JSC	-	634 456
	148 694	**783 520**

In 2009 the Group made 4 deposits for the amount of USD 2,000; 600; 500 and 500 thousand for 6 months with HSBC Bank at the rate of 2.9%, 1.0%, 1.5% and 0.8% per annum, accordingly. Deposits matured on 23 April 2010.

In 2009 the Group made 1 deposit for the amount of KZT 100,000 thousand up to 3 months with HSBC Bank at the rate of 0.7% per annum. Deposit matured on 11 January 2010.

On 20 December 2009 the Group deposited USD 1,000 thousand up to 1 April 2010 with BTA Bank JSC as collateral for the credit facility extended by BTA Bank JSC on 16 February 2010. Due to prolongation of the loan agreement with БTA Bank JSC, the term of the deposit was also extended till June 2014. Interest of 0.5% per annum is capitalised in the principal in accordance with the collateral agreement provisions.

Besides, as at 31 December 2010 and 2009 the Group made demand deposits in accordance with the rules of security deposits to be made by employers for engaging foreign labour for the total amount of KZT 1,194 thousand and KZT 604 thousand at the average rate of 1.0% per annum, accordingly.

As at 31 December 2010 and 2009 deposits were denominated in the following currencies:

	31 December 2010	(KZT'000) 31 December 2009
KZT	1 194	100 604
USD	147 500	682 916
	148 694	**783 520**

6. Short-term Financial Investments

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

	31 December 2010	(KZT'000) 31 December 2009
Common shares		
Other	175 941	44 483
	175 941	**44 483**
Bonds		
Corporate	8 622	14 974
Banks	105 683	265 625
Government	754 329	714 572
	868 634	**995 171**
	1 044 575	**1 039 654**

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

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

(KZT'000)

Issuer	NIN	31.12.2010	31.12.2009
Shares:			
CISCO SYSTEMS INC	US17275R1023	2 569	-
Kaspi Bank JSC	KZ1C31450014	-	9 202
Kaspi Bank JSC	KZ1P31450417	-	14 052
Kazakhstan Stock Exchange JSC	KZ1C10030019	4 401	4 401
Kazakhtelecom JSC	KZ1C12280018	9 678	7 992
Halyk Savings Bank of Kazakhstan JSC	KZ1C33870011	1 519	-
KazMunaiGas Exploration Production JSC	KZ1C51460018	824	-
Kazkommertsbank JSC	KZ1C00400016	1 298	-
Rosa JSC	KZ1C07780014	154 773	-
Depository Receipt of Rosneft OJSC	US67812M2070	879	-
Ulba Metallurgical Plant OJSC	KZ1P18700214	-	8 836
Total shares:		**175 941**	**44 483**
Bonds:			
Corporate		***8 622***	***14 974***
Mangistau Electric Grid Company JSC	KZP05Y05B662	8 576	8 865
Kazneftechim JSC	KZ2CKY05B273	-	6 060
Mortgage Organisation "Kazakhstan Mortgage Company", JSC	KZ2C0Y10A980	46	49
Banks		***105 683***	***265 625***
TuranAlem Finance B.V.	XS0168848801	-	85 295
AO «Kaspi Bank»	KZPC2Y10B467	12 411	16 856
AO «Kaspi Bank»	KZ2CKY07A743	-	20 932
ATF Bank JSC	KZ2CKY10B406	4 101	3 397
Bank TuranAlem JSC	KZ2CKY10B158	-	80
Bank TuranAlem JSC	KZ2CKY10B604	27 772	130
Bank TuranAlem JSC	KZPC7Y10B656	8 664	21 660
Halyk Savings Bank of Kazakhstan JSC	KZPC6Y10B195	43 793	37 617
Nurbank JSC	KZPC2Y10B426	4 336	-
Nurbank JSC	KZ2CKY08A774	-	61 212
Subsidiary Bank of Sberbank of Russia JSC	KZ2CKY07B352	4 606	5 190
Subsidiary Bank of Sberbank of Russia JSC	KZ2CKY07A792	-	13 256
Government		***754 329***	***714 572***
Ministry of Finance of the Republic of Kazakhstan	KZK1KM090161	19 890	48 175
Ministry of Finance of the Republic of Kazakhstan	KZK1KY011032	237 134	99 321
Ministry of Finance of the Republic of Kazakhstan	KZK2KY020792	75 633	-
Ministry of Finance of the Republic of Kazakhstan	KZK2KY030726	187 087	85 497
Ministry of Finance of the Republic of Kazakhstan	KZK2KY030775	60 898	-
Ministry of Finance of the Republic of Kazakhstan	KZK2KY040402	54 873	51 604
Ministry of Finance of the Republic of Kazakhstan	KZK2KY050278	43 473	23 146
Ministry of Finance of the Republic of Kazakhstan	KZK2KY070060	24 768	24 871
Ministry of Finance of the Republic of Kazakhstan	KZKDKY070073	47 065	190 261
Ministry of Finance of the Republic of Kazakhstan	KZKDKY090014	3 508	-
Ministry of Finance of the Republic of Kazakhstan	KZK2KY050203	-	41 741
National Bank of the Republic of Kazakhstan	KZW1KD912098	-	149 956
Total bonds:		**868 634**	**995 171**
		1 044 575	**1 039 654**

7. Receivables less Provision for Doubtful Debts and Other Assets

As at 31 December 2010 and 2009 trade receivables less provision for doubtful debts were as follows:

(KZT'000)

	31 December 2010	31 December 2009
Trade receivables	631 817	555 484
Provisions for doubtful debts	(13 504)	(3 960)
	618 313	**551 524**

As at 31 December 2010 and 2009 advances paid less provision for doubtful debts were as follows:

(KZT'000)

	31 December 2010	31 December 2009
Advances paid for goods and services	184 454	488 267
Provision for doubtful debts	(35 864)	(15 055)
	148 590	**473 212**

As at 31 December 2010 and 2009 other current assets less provision for doubtful debts were as follows:

(KZT'000)

	31 December 2010	31 December 2009
Loans to management	317 935	127 501
Related-party receivables	3 912 146	3 678 351
Other short-term receivables	1 231 697	832 337
Prepaid expenses	156 151	329 629
Provision for doubtful debts	(176 484)	(3 303 248)
Provision for related-party doubtful debts	(3 061 896)	-
	2 379 549	**1 664 570**

8. Inventories

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

(KZT'000)

	31 December 2010	31 December 2009
Raw materials	795 937	598 990
Finished goods	1 804 340	1 445 178
Packing materials	678 097	590 494
Spare parts	236 520	217 331
Other	366 125	406 208
Provision for hard-to-sell and obsolete inventories	(7 721)	(41 735)
	3 873 298	**3 216 466**

As at 31 December 2010 and 2009 inventories estimated for at least USD 22,035 thousand and USD 25,160 thousand, accordingly (KZT equivalent as at 31 December 2010, 2009: KZT 3,250,162 thousand and KZT 3,735,254 thousand, accordingly), were pledged as collateral of borrowings.

9. Reverse REPO Transaction

As at 31 December 2009 receivables under reverse REPO transactions were secured with the following securities:

(KZT'000)

	31 December 2010	31 December 2009
Notes of the RK National Bank	-	16 007

Reverse REPO transactions are short-term and mature within 1 month, interest rate – 10-13%.

10. Current Tax Assets

(KZT'000)

	31 December 2010	31 December 2009
Corporate income tax	4 896	3
Vaiue added tax	59 389	81 800
Land tax	103	94
Property tax	2 582	1 956
Other	73 247	11 966
	140 217	**95 819**

11. Non-current Assets Held for Sale

(KZT'000)

	31 December 2010	31 December 2009
Plant for production of Lipton Ice Tea, carbonated alcohol-free beverage	481 217	830 189
Other	-	28 809
	481 217	**858 998**

In April 2009 the Group commissioned Aksengir Production and Logistics Center and relocated core operations there. In this context the Group decided to sell the plant previously used for production of carbonated alcohol-free beverage "Lipton Ice Tea" with the total area of 2,286 sq.m. and related land of 1.1619 hectares. The Group uses reasonable efforts to search for potential buyers for these assets.

12. Fee and Commission Income Receivable

(KZT'000)

	31 December 2010	31 December 2009
Accrued fee and commission income from investment management	87 270	55 372
Broker/dealer services	16 930	17 500
Accrued fee and commission income from pension assets	27 135	18 463
Provision for doubtful claims	(24 551)	(21 088)
	106 784	**70 247**

13. Long-term Financial Investments

(KZT'000)

	31 December 2010	31 December 2009
Unit in unit investment Funds	205 019	216 579
Other	-	130
	205 019	**216 709**

Long-term financial investments are financial assets available for sale.
Investments in unit funds have no fixed maturity or coupon rate and represent a unit in Monetnyi Dvor and Zolotoi Vek Investment Funds, Perspectivnyi Closed Mutual Hedge Fund, and Zarplatnyi Interval Mutual Investment Fund acquired by the Group during 2005-2009. The fair value of these investments is based on quoted market prices.

14. Long-term Receivables

(KZT'000)

	31 December 2010	31 December 2009
APC Distribution Company, JSC	27 234	27 348
Discounting of customer receivables	(20 956)	(23 284)
Long-term employee receivables (loan)	183 733	264 346
Discounting of employee receivables	(68 108)	(76 185)
Other long-term receivables	-	8 070
	121 903	**200 295**

15. Long-term Advances Paid

	31 December 2010	31 December 2009
		(KZT'000)
Advances paid for property, plant and equipment	167 556	-

16. Investment Property

	31 December 2010	31 December 2009
		(KZT'000)
MAB administrative building	374 017	368 246
Demir Bank administrative building	247 693	240 714
Building at 7, M.Ozturk str.	38 432	38 401
Demir Bank land plot No.20-311-018-050, area – 0.1597 hectares	264 892	271 335
MAB land plot No.20-313-028-039, area – 0.2092 hectares	223 614	228 097
Land at 7, M.Ozturk str.	157 269	157 403
	1 305 917	**1 304 196**

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

Opinion on Market Value as at 31.12.2010

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

	Administrative building (MAB)	Administrative building (Demir Bank)	Administrative building at 7, M.Ozturk str.
			(KZT'000)
Value of building	374 017	247 693	38 432
Value of land	223 614	264 892	157 269
	597 631	**512 585**	**195 701**

The difference of KZT 11,007 thousand resulting from change in fair value of investment property was charged to other expenses from revaluation of investment property.

In 2009 the Group completed a heavy repair of buildings for the total amount of KZT 8,849 thousand. This amount was charged to increase in value of investment property.

Opinion on Market Value as at 31.12.2009

The fair value as at 31 December 2009 of investment properties of Velikaya Stena Joint Stock Investment Real Estate Fund, JSC, as per the Report of SOGLASIE LTD No. 013 dated 31.12.2009, was determined as follows with due account for facts and technical condition:

	Administrative building (MAB)	Administrative building (Demir Bank)	Administrative building at 7, M.Ozturk str.
			(KZT'000)
Value of building	368 246	240 714	38 401
Value of land	228 097	271 335	157 403
	596 343	**512 049**	**195 804**

The difference of KZT 144 thousand resulting from change in fair value of investment property was charged to other expenses from revaluation of investment property.

In 2009 the Group reclassified the assets for KZT 582,261 thousand from Investment Property to Property, Plant and Equipment.

Opinion on Market Value as at 31.12.2009

The fair value as at 31 December 2009 of investment properties of Makta Invest LLP, as per the Report of SOGLASIE LTD No. 013, was determined as follows with due account for facts and technical condition:

		(KZT'000)
	31 December 2010	**31 December 2009**
		Asset complex at 1, Kabdulov str., Almaty
Value in improvements	-	543 875
	-	**543 875**

17. Property, Plant and Equipment

(KZT'000)

	Land	*Buildings and constructions*	*Machinery and equipment*	*Vehicles*	*Other property, plant and equipment*	*Construction in progress*	*Total*
Historical cost							
Balance at 01.01.2010	**26 092 874**	**8 657 911**	**14 238 406**	**276 438**	**763 837**	**565 140**	**50 594 606**
Additions in 2010	202 490	82 803	740 402	25 833	54 039	399 721	1 505 288
Other reclassifications	3	(53)	(31 040)	-	(5 163)	-	(36 253)
Reclassification from assets held for sale	-	-	676 418	-	-	-	676 418
Internal displacement	-	-	47 624	-	-	(47 624)	-
Change at revaluation	(116 548)	(70)	-	-	-	-	(116 618)
Disposals in 2010	(227 243)	-	(80 982)	(34 333)	(102 709)	(3 199)	(448 466)
Balance at 31.12.2010	**25 951 576**	**8 740 591**	**15 590 828**	**267 938**	**710 004**	**914 038**	**52 174 975**
Balance at 01.01.2009	**29 503 235**	**3 565 519**	**7 854 488**	**353 178**	**624 068**	**11 057 150**	**52 957 638**
Additions in 2009	41 256	806 036	429 984	30 811	96 835	1 088 512	2 493 434
Other reclassifications	(40 632)	(544 052)	(676 418)	-	(391)	-	(1 261 493)
Internal displacement	-	4 829 810	6 653 289	-	97 423	(11 580 522)	-
Change at revaluation	(3 390 985)	2 952	-	-	-	-	(3 388 033)
Disposals in 2009	(20 000)	(2 354)	(22 937)	(107 551)	(54 098)	-	(206 940)
Balance at 31.12.2009	**26 092 874**	**8 657 911**	**14 238 406**	**276 438**	**763 837**	**565 140**	**50 594 606**
Accumulated depreciation							
Balance at 01.01.2010	-	**837 085**	**4 935 917**	**68 846**	**359 072**		**6 200 920**
Depreciation for 2010	-	512 901	616 876	47 874	97 998	-	1 275 649
Other reclassifications	-	394	(31 044)	-	(5 648)	-	(36 298)
Reclassification from assets held for sale	-	-	327 446	-	-	-	327 446
Amortisation of PP&E disposed of in 2010	-	-	(18 824)	(12 921)	(15 786)	-	(47 531)
Balance at 31.12.2010	-	**1 350 380**	**5 830 371**	**103 799**	**435 636**	-	**7 720 186**
Balance at 01.01.2009	-	**486 756**	**3 801 565**	**115 187**	**283 473**	-	**4 686 981**
Depreciation for 2009	-	456 105	1 517 417	39 554	105 723	-	2 118 799
Other reclassifications	-	(105 735)	(327 446)	-	(18)	-	(433 199)
Amortisation of PP&E disposed of in 2009	-	(41)	(55 619)	(85 895)	(30 106)	-	(171 661)
Balance at 31.12.2009	-	**837 085**	**4 935 917**	**68 846**	**359 072**		**6 200 920**
Carrying amount							
Balance at 31.12.2010	**25 951 576**	**7 390 211**	**9 760 457**	**164 139**	**274 368**	**914 038**	**44 454 789**
Balance at 31.12.2009	**26 092 874**	**7 820 826**	**9 302 489**	**207 592**	**404 765**	**565 140**	**44 393 686**

In April 2009 the Group commissioned new Production and Logistics Center (PLC) "Aksengir" (Greenfield Plant). Aksengir PLC includes production of juices and nectars under the trade marks of Gracio, DaDa, and Nectar

Solnechnyi designed for 10 bottling lines as well as production of carbonated beverages and potable water under the trade marks of Pepsi Co. designed for 5 bottling lines.

The Group has property, plant and equipment received under finance lease as at 31 December 2010 and 2009 with net residual value of KZT 2,099,547 thousand and KZT 2,633,359 thousand, accordingly. Lessors' ownership rights for the leased items serve as collateral for the Group liabilities under finance lease (see Note 24).

As at 31 December 2010 and 2009 property, plant and equipment with the carrying amount of KZT 9,121,330 thousand and KZT 12,870,443 thousand, accordingly, were pledged as collateral of borrowings. The Group has no right to use this property, plant and equipment as a pledge for other borrowings or sell them.

For the year ended 31 December 2010 the Group capitalised finance costs of KZT 281,540 thousand and exchange loss of KZT 91,026 thousand in property, plant and equipment.

18. Intangible Assets

(KZT'000)

	Software	Other	Total
Historical cost			
Balance at 01.01.2010	**92 606**	**17 268**	**109 874**
Additions	7 675	4 448	12 123
Disposals	(3 813)	(152)	(3 965)
Balance at 31 December 2010	**96 468**	**21 564**	**118 032**
Balance at 01.01.2009	**80 122**	**19 330**	**99 452**
Additions	18 745	45	18 790
Disposals	(6 261)	(2 107)	(8 368)
Balance at 31 December 2009	**92 606**	**17 268**	**109 874**
Accumulated amortisation			
Balance at 01.01.2010	**47 339**	**1 863**	**49 202**
Accrued for the year	4 425	4 933	9 358
Disposals	-	(126)	(126)
Balance at 31 December 2010	**51 764**	**6 670**	**58 434**
Balance at 01.01.2009	**40 771**	**1 722**	**42 493**
Accrued for the year	10 636	664	11 300
Disposals	(4 068)	(523)	(4 591)
Balance at 31 December 2009	**47 339**	**1 863**	**49 202**
Carrying amount at 31.12.2010	**44 704**	**14 894**	**59 598**
Carrying amount at 31.12.2009	**45 267**	**15 405**	**60 672**

19. Deferred Tax Assets

Deferred income tax reflects net tax effect of temporary differences between the carrying amount of assets and liabilities and the amount determined for tax purposes. As at 31 December 2010 and 31 December 2009 carrying amount to tax base ratio of temporary differences was as follows:

RG Brands JSC and Its Subsidiaries

(KZT'000)

Tax effect of taxable temporary differences	31 December 2010	31 December 2009
Property, plant and equipment, depreciation accrues	(698 443)	(439 472)
Estimated liabilities	25 254	-
Deferred income	5 859	7 225
Taxes payable	1 918	-
Tax loss carried forward	1 197 865	494 914
Provision for impairment	28 287	-

Provision for hard-to-sell and obsolete inventories	1 544	-
Deferred tax asset	**562 284**	**62 667**

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

(KZT'000)

	31 December 2010	31 December 2009
Deferred tax asset in the beginning of the period	**62 667**	**(41 618)**
Deferred tax saving recognised in profit or loss	529 584	130 271
Deferred tax expenses recognised in other comprehensive income	(29 967)	(25 986)
Deferred tax asset in the end of the period	**562 284**	**62 667**

Deferred tax assets of Resmi Group JSC and its subsidiaries (except for Astana Capital Advisors JSC and RG Brands JSC and its subsidiaries) are not recognised based on the fact that no taxable profit will be received by the companies (except for Astana Capital Advisors JSC and RG Brands JSC and its subsidiaries) in the foreseeable future. It is due to the fact that basic income (except for Astana Capital Advisors JSC and RG Brands JSC and its subsidiaries) is planned from increase in value at realisation of securities and as investment income subject to adjustment at determination of total revenue in tax accounting in accordance with the effective tax laws.

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

(KZT'000)

	31 December 2010	31 December 2009
Deferred tax asset in the beginning of the period	**635**	-
Change in deferred income tax	(589)	635
Deferred tax asset in the end of the period	**46**	**635**

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

(KZT'000)

	31 December 2010	31 December 2009
Deferred tax asset in the beginning of the period	**832 409**	**17 415**
Change in deferred income tax	499 028	814 994
Deferred tax asset in the end of the period	**1 331 437**	**832 409**

20. Goodwill

Goodwill of KZT 68,026 thousand resulted from acquisition by RG Brands JSC of 100% interest in Kosmis LLP on 01.07.2004.
On 28 December 2007 Innova Capital Partners JSC acquired 98.782% interest in Makta-Invest LLP for KZT 1,203,515 thousand.
In April 2008 Innova Capital Partners JSC acquired 1.218% interest in Makta-Invest LLP.
A share in KZT 14,658 thousand is acquired for KZT 353,040 thousand, which was the reason why goodwill of KZT 338,382 thousand appeared.
The Group tests goodwill for impairment annually or more often if there are evidences of possible impairment. According to the Group management, as at 31 December 2010 there were no evidences of goodwill impairment.

21. Financial Liabilities

As at 31 December 2010 and 2009 borrowings were as follows::

(KZT'000)

	31 December 2010	31 December 2009
Long-term bank loans	10 314 972	8 172 564
Long-term bank loans – current portion	2 844 854	2 130 061

Letters of Credit	-	1 362 257
Short-term bank loans	503 852	5 504 385
	13 663 678	**17 169 267**

As at 31 December 2010 and 2009 loans and letters of credit were denominated in the following currencies:

		(KZT'000)
	31 December 2010	**31 December 2009**
KZT	5 363 649	12 986 856
EUR	707 573	1 727 064
USD	7 592 456	2 455 347
	13 663 678	**17 169 267**

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

		(KZT'000)
	31 December 2010	**31 December 2009**
On demand or within a year	3 348 706	8 996 703
Within 2 – 5 years	9 242 096	7 497 747
More than 5 years	1 072 876	674 817
	13 663 678	**17 169 267**

Long-term loans – on 30 June 30 2005 the Group signed two loan agreements with Dresdner Bank Aktiengesellschaft for EUR 1,533 thousand and EUR 628 thousand, accordingly, for acquisition of equipment. Loans shall be repaid by 10 equal semi-annual payments starting from the equipment commissioning date but no later than 15 September 2006. Loan interest was determined as EURIBOR+1.5%, however, in accordance with the terms and conditions of these loan agreements, the Group fixed the rates as 6.78% and 5.88%, accordingly. Interest is paid twice a year. As at 31 December 2010 loans are repaid.

On 27 February 2008 the Group entered into the 5-year bank loan agreement with the Development Bank of Kazakhstan (hereinafter "DBK") for the amount of USD 10,000 thousand for construction of Greenfield Plant buildings and infrastructure in Almaty Oblast (hereinafter "Greenfield Plant"). In March 2010 the Group entered into the additional agreement with DBK, under which loan term was extended up to 7 years, till 5 September 2015, and principal repayment grace period – till March 2011. In 2010 loan interest was reduced from 12% to 8% per annum. Principal and interest is repaid twice a year.
The loan is secured with the land plots and equipment of the Group with the carrying amount of KZT 348,625 thousand and KZT 426,422 thousand as at 31 December 2010 and 2009, accordingly, as well as inventories with estimated value of USD 9,035 thousand (KZT equivalent as at 31 December 2010 and 2009: KZT 1,332,662 thousand and KZT 1,341,336 thousand, accordingly).

On 20 March 2008 the Group signed two 7-year loan agreements with CATERPILLAR FINANCIAL SERVICES CORPORATION (hereinafter "CATERPILLAR") for the amount of EUR 1,867 thousand and EUR 247 thousand, accordingly, for acquisition of equipment. Loans shall be repaid by quarterly payments starting from July 2009. Loan interest is determined as EURIBOR+3% and paid monthly. Loans are secured with the equipment acquired for the carrying amount of KZT 448,359 thousand and KZT 458,621thousand as at 31 December 2010 and 2009, accordingly.

On 25 April 2008 the Group signed the 7-year loan agreement with CATERPILLAR for the amount of EUR 2,363 thousand for acquisition of equipment. Loan shall be repaid by quarterly payments starting from August 2009. Loan interest is determined as EURIBOR+3% and paid monthly. Loan is secured with the equipment acquired for the carrying amount of KZT 514,006 thousand and KZT 514,339 thousand as at 31 December 2010 and 2009, accordingly.

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

The loan is secured with the property, plant and equipment of the Group with the carrying amount of KZT 7,607,566 thousand and KZT 8,693,442 thousand as at 31 December 2010 and 2009, accordingly, as well as inventories with estimated value of at least USD 13,000 thousand (KZT equivalent as at 31 December 2010 and 2009: KZT 1,917,500 thousand and KZT 1,929,980 thousand, accordingly) and property, plant and equipment of related parties with the carrying amount of KZT 2,652,352 thousand and KZT 2,655,773 thousand as at 31 December 2010 and 2009, accordingly.

On 30 June 2010 the Group restructured the existing debts to BTA Bank JSC. Letters of credit classified as short-term debts as at 31 December 2009 were reclassified to long-term debts of the Group. Agreement currency was changed from USD to KZT and maturity period was extended to June 2014. Interest rate was established as 16% per annum. Debts are repaid by monthly payments of principal and interest in accordance with the individual schedule.

As at 31 December 2010 the loan was secured with the property, plant and equipment of the Group with the carrying amount of KZT 202,774 thousand, inventories with the estimated value of at least KZT 350,369 thousand and guaranteed cash deposit of USD 1,000 thousand (KZT equivalent as at 31 December 2010: 2009 – KZT 147,500 thousand).

On 7 December 2010 the Group signed the loan agreement with Sberbank of Russia for the amount of KZT 1,650,000 thousand. The loan was used to refinance a short-term loan from Halyk Bank JSC.

Short-term bank loans – As at 31 December 2010 and 2009 short-term bank loans are funds received by the Group within the credit facilities extended by Kazkommertsbank JSC, BTA Bank JSC, BS RBS JSC and CitiBank Kazakhstan JSC. The main objective of these loans was financing of working capital. These loans shall be repaid within a year from receipt of each tranche.

As at 31 December 2010 and 2009 the average interest rate on short-term bank loans made 10% and 12.17% per annum, accordingly. Interest is paid once a month.

As at 31 December 2010 and 2009 interest accrued but unpaid included in borrowings made KZT 97,462 thousand and KZT 165,002 thousand, accordingly.

22. Taxes Payable

(KZT'000)

	31 December 2010	31 December 2009
Corporate income tax payable	35 923	401 038
Value added tax	314 827	13 068
Social tax	10 550	22 936
Personal income tax	32 193	9 348
Other taxes	15 575	-
	409 068	**446 390**

23. Short-term Payables

(KZT'000)

	31 December 2010	31 December 2009
Raw materials and supplies	2 264 716	2 714 871
Goods	62 154	27 159
Packing materials	1 083 825	468 585
Services	780 742	687 362

Property, plant and equipment	47 483	142 483
Current portion of long-term payable for equipment	582 766	642 615
	4 821 686	**4 683 075**

24. Finance Lease

Finance lease payable resulted from consolidation of RG Brands JSC. In accordance with the accounting policy, the Group takes certain devices and equipment under finance lease. Average lease term is five years. For the years ended 31 December 2010 and 2009 average effective loan interest rates made 4.54% and 6.68%. Interest rates are fixed at the contract date. All leases provide for fixed repayment and no contracts with conditional payments were concluded. All lease payable is denominated in EUR.
According to the management estimates, fair value of equipment received under finance lease does not materially differ from the carrying amount thereof.
Finance lease payable by the Group is secured by the lessors' ownership right for the leased items.

As at 31 December finance lease payable was as follows:

(KZT'000)

	Minimum lease payments		Present value of minimum lease payments	
	2010	**2009**	**2010**	**2009**
Finance lease payable				
Within a year	671 550	780 919	630 847	646 063
In 2 – 5 years	1 028 269	1 702 890	976 803	1 588 035
	1 699 819	**2 483 809**	**1 607 650**	**2 234 098**
Less future finance costs	(92 169)	(249 711)	-	-
Present value of lease payments	**1 607 650**	**2 234 098**	**1 607 650**	-
Less debts payable within 12 months (showed in current lease payable)	-	-	(630 847)	(646 063)
Amount payable upon expiry of 12 months (showed in non-current lease payable)	-	-	**976 803**	**1 588 035**

Below are terms and conditions of major lease contracts:

Tetra Laval Credit AB (hereinafter "Tetra Laval")
On 20 August 2004 the Group entered into a finance lease of equipment for juice processing and filling in Tetra Pack for the amount of EUR 1,946 thousand. Under the contract, finance lease term is five years from commissioning of the equipment, 1 November 2005. Interest rate established by the contract is 3-month LIBOR plus 4.25% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 292 thousand, whereas EUR 1,557 thousand shall be paid by quarterly payments throughout the lease term and final payment of EUR 97 thousand shall be made upon expiry of lease term. Lease payments under the contract include principal and interest at the rate determined in accordance with the above rate at the date when the supplier issues the respective invoice. As at 31 December 2010 the Contract term expired except for residual value of the Contract amounting to EUR 97 thousand, which will be repaid in 2011.

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

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

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

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

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

Krones AG

On 6 September 2005 the Group entered into a finance lease for the amount of EUR 3,600 thousand with respect to the delivery of PET equipment for bottling of juice-containing beverages for the period of 5 years. Interest rate established by the contract is 4.8% per annum. Under the lease terms and conditions, the initial payment for the equipment made EUR 540 thousand and EUR 3,060 thousand shall be paid by semi-annual payments throughout the lease term and final payment of EUR 306 thousand shall be made upon expiry of lease term, 30 May 2011. The title for the equipment leased shall pass to the Group upon performance of all payments obligations under the lease contract.

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

25. Other Current Liabilities

(KZT'000)

	31 December 2010	31 December 2009
Other liabilities accrued	-	172 152
Employee leaves and bonuses accrued	139 667	120 596
Advances received	85 053	46 069
Personnel costs accrued	101 499	88 918
Other payables	67 490	-
	393 709	**427 735**

26. Long-term Payables

(KZT'000)

	31 December 2010	31 December 2009
Long-term payables for equipment	1 458 332	1 927 644
Other long-term payables	-	104
	1 458 332	**1 927 748**

Long-term payables for equipment are presented by debts for assets acquired with deferred payment for the average period of 5 – 7 years. RG Brands JSC revalued these debts at receipt to fair value equal to future payments discounted at 7.69% rate, which is in line with market interest rates of similar financial liabilities. As at 31 December 2010 and 2009 long-term payables for equipment made KZT 1,458,332 thousand and KZT 1,927,748 thousand, accordingly.

Payables for equipment are due as follows:

(KZT'000)

	2010	2009
On demand or within a year	582 766	642 614
1 – 2 years	442 420	534 490
3 – 5 years	950 589	1 393 258
more than 5 years	65 323	-
	2 041 098	**2 570 362**
Less: Amount payable within 12 months (showed as current liabilities)	(582 766)	(642 614)
Long-term payables for equipment	**1 458 332**	**1 927 748**

27. Bonds Payable

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

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

On 07.08.2006 RG Brands JSC registered the following coupon bonds:

Par value of issue	KZT 1,500,000,000
NSIN	KZPC1Y05B980
Par value per bond	KZT 1
Type of bond	Coupon
Total number of bonds	1,500,000,000
Maturity	Within 5 years
Established interest rate	8%
Assets pledged	None
IPO date	18 August 2006
Payment of interest	Twice a year: 6 February and 6 August

On 19.10.2007 RG Brands JSC registered the following coupon bonds:

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

On 19.10.2007 RG Brands JSC registered the following coupon bonds:

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

Final Bond Issue Information:

(KZT'000)

Registration date	Registration No.	Par value of issue	Placed value at par	Placed number of bonds (thousand pcs.)	% rate	Maturity date	Carrying amount net of discount/premium and coupon
RG Brands JSC Bond Issue							
07.08.2006	KZPC1Y05B980	1 500 000	1 500 000	1 500 000	8%	06.08.2011	504 520
19.10.2007	KZPC1Y05B988	1 500 000	1 500 000	1 500 000	8%	19.10.2012	733 810
19.10.2007	KZPC1Y05B982	2 000 000	2 000 000	2 000 000	8%	19.10.2014	1 524 300
Resmi Group JSC Bond Issue							
04.02.2009	KZ2P0Y03C187	12 000 000	7 855 588	78 555 886	12%	21.12.2013	4 602 974
Total		**17 000 000**	**12 522 588**	**83 555 886**			**7 365 604**

Less/including:	
Discount on issue bonds, net	(441 115)

Cumulative coupon on issue bonds	572 804
TOTAL carrying amount	**7 497 293**

As at 31 December 2010, 229 bonds of 243,318 placed and outstanding bonds were placed for the amount of KZT 4,748,502 thousand within the Group (2009: 1,486,260 bonds for the amount of KZT 1,385,264 thousand) accordingly; these amounts were eliminated at consolidation.

As at 31 December 2010 and 2009 bonds were denominated in KZT.

28. Other Financial Liabilities

In accordance with the decision of the Shareholders' General Meeting held on 30 April 2010, RG Brands issued 1,200,000 unredeemable preferred shares with the cumulative guaranteed dividend of KZT 240 per share a year, 789,500 of which were placed during 2010 for KZT 1,200 each.

As at 31 December 2010 preferred shares of RG Brands for the amount of KZT 900,000 thousand were included in the pension assets of Republic Pension Savings Fund.

As at 31 December 2010 preferred shares of Resmi Group JSC for the amount of KZT 1,050,000 thousand were placed with affiliated company – Innova Investment LLP; and for the amount of KZT 240,285 thousand – with RG Brands JSC.

As at 31 December 2010 guaranteed accrued dividends made KZT 370,879 thousand and were included in finance costs (Note 39).

29. Equity

(KZT'000)

	31 December 2010	31 December 2009
Share capital	289 395	200 229
Property, plant and equipment revaluation provision	22 340 771	22 603 776
Provisions	998 030	996 621
Retained earnings (uncovered loss)	88 150	(1 284 109)
including for the current year	*1 690 623*	*(6 101 313)*
Total equity attributable to shareholders	**23 716 346**	**22 516 517**
Non-controlling interests	2 637 872	1 522 152
	26 354 218	**24 038 669**

30. Provisions

(KZT'000)

	31 December 2010	31 December 2009
Employee benefits based on equity instruments	944 599	944 599
Investment revaluation	43 658	30 318
Exchange differences from foreign activities	9 773	21 704
	998 030	**996 621**

31. Carrying Amount per Share

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

(KZT'000)

Cost of common share	31 December 2010	31 December 2009
Assets of the Group	59 041 060	-
Intangible assets	(59 598)	-
Goodwill	(406 408)	-
Liabilities of the Group	(32 686 842)	-

Net assets	**25 888 212**	-
Number of share as at the reporting date (pcs)	**24 990 929**	-
Carrying amount per common share (KZT)	**1 035,90**	-

As at 31 December 2010 and 2009 there were no dilutive financial instruments or other financial instruments capable of making the Group to issue common shares.

Carrying Amount per Preferred Share:

In accordance with the decision of the Shareholders' General Meeting held on 30 April 2010, RESMI Group JSC issued 8,500,000 preferred shares with cumulative guaranteed dividend of KZT 120 per share a year, of which 2,301,856 shares were placed during 2010. RESMI Group JSC classified these preferred shares in equity.

As at 31 December 2010 790,190 preferred shares were placed in subsidiaries of RESMI Group JSC. Under the purchase and sale agreements 1,671,856 preferred shares were not paid as at 31 December 2010.
Calculation of the carrying amount per preferred share of RESMI Group JSC is not presented as there is no balance of Share Capital, Preferred Shares item in the balance sheet.

32. Revenue

(KZT'000)

	2010	**2009**
Proceeds from sale of juices, juice-containing drinks	8 016 519	7 942 656
Proceeds from sale of carbonated alcohol-free beverages	5 944 956	5 803 794
Proceeds from sale of packaged tea	8 450 071	6 740 817
Proceeds from sale of goods for resale	2 349	26 548
Proceeds from sale of packaged milk	3 238 383	2 276 724
Proceeds from sale of chips	242 115	139 322
Proceeds of services rendered	341 375	356 142
	26 235 768	**23 286 003**

33. Fee and Commission Income and Expenses

(KZT'000)

	2010	**2009**
Pension asset management	609 983	479 666
Fees from pension assets	285 914	-
Fee and commission income from pension asset investment management, asset trust management and mutual funds management	15 903	-
Broker services	-	2 721
Securities underwriting services	-	17 440
Other financial services	5 071	91 901
Total fee and commission income	**916 871**	**591 728**
Fee and commission expenses for agents	(236 599)	(306 575)
Broker services	(591)	(17 412)
Total fee and commission expenses	**(237 190)**	**(323 987)**
	679 681	**267 741**

34. Proceeds from Trading in Financial Assets

(KZT'000)

	2010	**2009**
Proceeds from trading in financial assets	3 589 754	19 829 649
Realised gains from change in value of financial assets	516 772	1 820 703
Expenses for trading in financial assets	(2 973 285)	(1 522 694)
Realised expenses from change in value of financial assets	(130 978)	(18 036 963)
	1 002 263	**2 090 695**

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

		(KZT'000)
	2010	**2009**
Gains from change in value of financial assets at fair value through profit or loss	8 985	202 773
Losses from change in value of financial assets at fair value through profit or loss	(171 968)	(262 612)
	(162 983)	**(59 839)**

36. Interest Income and Dividend Income

		(KZT'000)
	2010	**2009**
Deposits with banks	471	2 105
Dividends	24 275	140 067
Interest income from financial assets at fair value through profit or loss	181 935	143 187
Interest on investments available for sale	6	-
Interest on REPO transactions	-	16 466
	206 687	**301 825**

37. Other Gains

		(KZT'000)
	2010	**2009**
Proceeds from write-off of payables (receivables)	389 510	376 243
Proceeds from materials and services sold (net)	9 452	3 115
Proceeds from debt discounting (net)	27 961	57 012
Other gains	(176 306)	57 229
	250 617	**493 599**

38. Cost of Goods Sold and Services Provided

		(KZT'000)
	2010	**2009**
Materials	15 201 887	13 539 311
Cost of goods acquired for resale	2 154	20 011
Amortization	717 136	1 615 045
Salaries and related taxes	392 096	305 871
Utilities	268 259	225 019
Repair	75 543	70 953
Other expenses	155 856	100 007
	16 812 931	**15 876 217**

39. Interest Expenses

		(KZT'000)
	2010	**2009**
Bank loan interest	1 413 845	1 649 240
Bond interest accrued	1 141 551	552 569
Interest on finance lease payable	214 759	157 777
REPO transactions	-	195 280
Dividends on preferred shares	370 879	-
	3 141 034	**2 554 866**

40. Administrative Expenses

		(KZT'000)
	2010	**2009**
Write-off of defected goods	129 564	377 448
Consulting services	26 372	134 759
Provision for doubtful debts accrued/(reversed)	61 228	(67 079)

Amortization	154 917	250 461
Bank services	146 044	139 337
Fines and penalties	74 336	219 315
Taxes, other than income tax	159 714	165 274
Transportation charges	124 480	138 306
Repair	22 367	42 458
Security services	68 805	58 342
Provision for hard-to-sell and obsolete inventory accrued/(reversed)	(34 014)	(55 413)
Training	9 483	6 055
Communication services	55 466	52 947
Insurance	25 188	24 874
Utilities	46 818	40 651
Information services	2 961	17 185
Professional and custody services	10 283	16 171
KASE (Kazakhstan Stock Exchange) fees	17 196	25 859
Post services	16 789	22 510
Assignment of ratings, KKB membership fee	14 256	12 547
Operating lease expenses	70 712	62 748
Legal services	37 270	27 685
Travel expenses	62 694	35 850
General and administrative expenses	31 403	31 712
Maintenance of complexes	12 629	-
Other expenses	211 410	128 999
	1 558 371	**1 909 001**

41. Selling Costs

		(KZT'000)
	2010 г.	**2009 г.**
Advertising campaigns and marketing research	725 141	510 095
Transportation charges	1 271 283	1 287 387
Salaries and related payments	410 366	484 277
Advertising expenses and advertising materials	692 997	377 735
Expenses for sales reps	385 380	369 709
Lease of vehicles, warehouses and office premises	206 771	204 720
Write-off of materials	62 991	109 648
Taxes, other than income tax	24 769	34 390
Travelling expenses	21 340	8 376
Reimbursement of selling costs	(247 378)	(204 404)
Amortization of deferred income	(38 165)	(46 677)
Depreciation of advertising equipment	443 380	295 422
Other selling expenses	448 356	259 371
	4 407 231	**3 690 049**

42. Other Gains

		(KZT'000)
	2010	**2009**
Expenses for provisions and estimated liabilities		3 101 902
Other expenses		-
		3 101 902

43. Discontinued Operations

On 14 April 2009 the Group entered into the Common Share Purchase and Sale Agreement with RESMI Asset Management Organisation Managing Pension Assets JSC for 234,000 shares with par of KZT 1,088 each or 100% ownership interest.

	(KZT'000) Year ended 31 December 2009
Loss from discontinued operations:	
- RESMI Asset Management Organisation Managing Pension Assets, JSC	(63 213)
	(63 213)

Income statement of RESMI Asset Management Organisation Managing Pension Assets, JSC:

	(KZT'000) Period ended 18 April 2009
Fee and commission income	10 491
Fee and commission expense	(622)
Net interest income	10 970
Net profit from disposal of investments available for sale	(15 507)
Other gains	55
OPERATING INCOME	**5 387**
Salaries and bonuses	(9 053)
General and administrative expenses	(13 533)
Depreciation and amortization	(230)
Net profit /(loss) from foreign currency transactions	9 172
TOTAL OPERATING EXPENSE	**(13 644)**
Tax loss	(8 257)
Income tax expense	-
NET LOSS	**(8 257)**

Statement of financial position of RESMI Asset Management Organisation Managing Pension Assets, JSC:

	(KZT'000) 18 April 2009
ASSETS:	
Cash and cash equivalents	19 489
Investments available for sale	275 298
Reverse REPOs	-
Investments held to maturity	-
Fee and commission income receivable	5 310
Property, plant and equipment and intangible assets	1 267
Other assets	17 943
TOTAL ASSETS	**319 307**
LIABILITIES:	
Other liabilities	1 490
Total liabilities	1 490
NET ASSETS	**317 817**
Cash benefits received	254 604
Loss from discontinued operations	(63 213)
Cash benefits received	254 604

Less: disposed cash and cash equivalents	(19 489)
Net inflow of cash at disposal	**235 115**

44. Corporate Income Tax

The Group makes tax computations based on the data of tax accounts kept in accordance with the tax laws of the Republic of Kazakhstan which may differ from International Financial Reporting Standards (IFRS). Corporate income tax rate for legal entities of the Republic of Kazakhstan in 2009 and 2010 made 20% in Kazakhstan.
Since certain expenses are not accounted for taxation purposes and the Group has non-taxable profit, the Group companies have certain tax differences.

(KZT'000)

	2010	2009
Profit (loss) before tax	**1 204 743**	**(6 982 279)**
Tax at established rate	(306 027)	(378 119)
Withholding tax (15%)	(77)	(489)
Tax effect of temporary differences	862 703	1 259 574
Effect of tax rate change	(70 710)	-
Income tax savings	**485 889**	**880 966**

45. Non-controlling Interests

(KZT'000)

2010	Non-controlling interests	Income from subsidiaries	Non-controlling interest (%)
INNOVA INVESTMENT LLP	-	211 339	-
other shareholders	64 923	-	30,72
RG Brands JSC	-	2 016 692	-
other shareholders	271 245		13,45
Resmi Finance & Investment House JSC	-	553 562	-
other shareholders	106 339	-	19, 21
Republic Pension Savings Fund	-	(111 550)	-
other shareholders	(3 692)	-	3,31
	438 815	-	-

46. Earning per Share

Basic earnings per share for the reporting year are calculated by dividing the Company profit for the year designated for distribution to holders of the Company common shares by the weighted average number of common shares outstanding during the year.

(KZT'000)

	2010	2009
Net profit (loss)	**1 690 623**	-
Weighted average number of common shares	18 743 197	-
Earnings (loss) per share (KZT)	**90,20**	-

47. Contingent Liabilities

Litigations

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

Economic Environment

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

Contract Obligations

Contract obligations to acquire property, plant and equipment as at 31 December 2010 and 2009 made zero and USD 2,401 thousand, accordingly.

Operating Environment

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

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

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

Taxation and Legal Environment

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

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

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

Loan Agreement Provisions

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

48. Post Retirement Benefits

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

Subject to the requirements of the Republic of Kazakhstan laws, the Group makes 10% payments from employee wages. However, in accordance with the Republic of Kazakhstan laws, this amount per employee should not exceed KZT 112,140 a month since 1 January 2010; previously – in 2009 – monthly deduction per employee made KZT 90,188. Contributions to pension funds are deducted from employee wages and charged to salaries payable in the consolidated statement of comprehensive income.

As at 31 December 2010 and 2009 the Group was not liable to its current or former employees for additional pension contributions for post-retirement health services, insurance indemnities or other post-retirement benefits.

49. Related Parties

(a) Accounts receivable from related parties (less provision for doubtful debts)

(KZT'000)

	31 December 2010	**31 December 2009**
Tree A LLP	329 022	339 070
Uni Commerce LLP	123 153	123 153
Textile Group LLP	132	(973)
Marnetic LLP	1 132	2 779
ACP LLP	261 618	15 052
7'YA Supermarket Chain	58 758	(11 272)
Perspectivnyi Closed Mutual Hedge Fund	72 575	67 651
Telman Offset & Print LLP	9	-
Food Retail Invest LLP	3 851	-
	850 250	**535 460**

Provision for doubtful accounts receivable from related parties as at 31 December 2010 made KZT 3,061,896 thousand.

(b) Accounts payable to related parties

(KZT'000)

	31 December 2010	**31 December 2009**
Nea Management LLP	24 938	24 189
	24 938	**24 189**

(c) Other Related-party Transactions

(KZT'000)

	2010 transaction amount	**2010 settlement balance**	**2009 transaction amount**	**2009 settlement balance**
Income and expenses				
Sales of services	**116**	**107**	**10 086**	-
Parent company	107	107	-	-
Group companies	9	-	10 086	
Fee and commission income	-	-	**23 534**	**22 536**
Group companies	-	-	23 534	22 536
Other gains	**(80 840)**	**4 925**	**597 243**	**1 083 870**
Parent company	-	-	9 723	238 077
Group companies	(85 765)	-	38 853	297 126
Transactions in securities	4 925	4 925	548 667	548 667
Services received	**(7 159)**	-	**(22 301)**	-

Parent company	(973)	-	(2 889)	-
Group companies	(6 186)	-	(19 412)	-
	(87 883)	**5 032**	**608 562**	**1 106 406**

Employee Benefits

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

All benefits paid to key management of the Group during the years ended 31 December 2010 and 2009 were short-term payments of KZT 401,476 thousand and KZT 297,260 thousand respectively.

50. Subsequent Events

On 14 January 2011, within the governmental program "2010 Business Roadmap", the Group signed the additional agreement with BTA Bank JSC for decrease of interest rate on existing loans from 16% to 7% per annum.

51. Operating Segments and Geographic Information

In view of the management's assessment of the Group's business on a sole geographic base, i.e. Kazakhstan where 95% of the Group's business is done, the management determined that the Group segmentation base is best reflected by the following business lines:

a. Production, distribution and sale of products under the house brands of the Group including juices (Gracio, Da-Da, Nectar Solnechnyi), juice-containing drink (DaDa-Day), milk (Moye), tea (Piala), chips (Grizzly), carbonated alcohol-free beverages (Pepsi, Pepsi Light, Mirinda, Seven-Up, AquaFina) and trade transactions including sale and distribution of imported goods of other manufacturers;
b. Financial services – broker/dealer transactions, investing transactions, consulting in corporate finance, organisation of securities issue and placement, attraction of pension contribution and pension asset management;
c. Real estate project management, consulting services on real estate market, general business and agency activities;
d. Investment managing company;
e. Pension funs activities on attraction of pension contributions.

2010	**RG Brands JSC (production and trade in consumer goods)**	**Resmi F&I House (financial activities)**	**REPUBLIC PSF, JSC**	**Innova LLP (investment property)**	**Resmi Group JSC (Managing company)**	**Eliminated amounts**	**Consolidated figures**
Revenue from sale to external customers	25 893 616	20 383	659 298	342 258	(107)	-	26 915 448
Revenue from inter-segment sales	777	89 185	-	25 401	132 122	(247 485)	-
Total revenue	**25 894 393**	**109 568**	**659 298**	**367 659**	**132 015**	**(247 485)**	**26 915 448**
Profit/(loss) before income tax	1 530 137	553 561	(111 550)	147 644	(617 913)	(297 145)	1 204 734
Corporate income savings (expenses)	486 555	-	-	(589)	(77)	-	485 889
Profit/(loss) for the year	**2 016 692**	**553 561**	**(111 550)**	**147 055**	**(617 990)**	**(297 145)**	**1 690 623**
Segment assets	31 388 347	4 691 591	1 012 512	28 652 463	13 681 050	(20 384 903)	59 041 060
Total assets	**31 388 347**	**4 691 591**	**1 012 512**	**28 652 463**	**13 681 050**	**(20 384 903)**	**59 041 060**

Segment liabilities	23 586 646	1 531 736	50 842	2 177 624	12 494 305	(7 154 311)	32 686 842
Total liabilities	**23 586 646**	**1 531 736**	**50 842**	**2 177 624**	**12 494 305**	**(7 154 311)**	**32 686 842**

(KZT'000)

2009	RG Brands JSC (production and trade in consumer goods)	Resmi F&I House (financial activities)	REPUBLIC PSF, JSC	Innova LLP (investment property)	Resmi Group JSC (Managing company)	Eliminated amounts	Consolidated figures
Revenue from sale to external customers	22 929 861	112 062	479 666	356 142	-	-	23 877 731
Revenue from inter-segment sales	-	85 908	-	30 986	114 212	(231 106)	-
Total revenue	**22 929 861**	**197 970**	**479 666**	**387 128**	**114 212**	**(231 106)**	**23 877 731**
Profit/(loss) before income tax	(3 263 568)	665 637	(626 654)	(1 134 762)	(2 289 101)	(333 831)	(6 982 279)
Corporate income savings (expenses)	130 271	484	-	(489)	750 700	-	880 966
Profit/(loss) for the year	**(3 133 297)**	**666 121**	**(626 654)**	**(1 135 251)**	**(1 538 401)**	**(333 831)**	**(6 101 313)**
Segment assets	31 494 717	3 824 655	885 748	27 700 775	12 411 748	(16 590 126)	59 727 517
Total assets	**31 494 717**	**3 824 655**	**885 748**	**27 700 775**	**12 411 748**	**(16 590 126)**	**59 727 517**
Segment liabilities	25 720 023	1 426 964	62 527	1 117 792	14 077 484	(6 715 942)	35 688 848
Total liabilities	**25 720 023**	**1 426 964**	**62 527**	**1 117 792**	**14 077 484**	**(6 715 942)**	**35 688 848**

52. Risk Management Policy

Financial and economic activities of the Group are exposed to economic and social risks inherent in doing business in Kazakhstan: these risks result from such objective factors as political decisions of the Government, economic conditions, changes in tax laws and other regulations of the Republic of Kazakhstan, but the Group management controls and monitors all risk fluctuations to minimise their influence on the Group financial performance.
Major risks inherent in the Group's activities are liquidity risks, credit risks, interest rate risks and exchange rate risks arising with the Group for the reporting period. Below is the description of the Group risk management policies.

Liquidity Risk

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

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

Below is the analysis of financial assets and liabilities grouped based on the period from the reporting date to maturity.

The Group holds a portfolio of various, sought-after assets which can be readily sold for cash in case of unexpected break up of cash flows.

(KZT'000)

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

(KZT'000)

31 December 2009	On demand	Within 1 month	1 – 3 months	3 months – 1 year	1 – 3 years	More than 3 years	Total
FINANCIAL ASSETS:							
Cash	2 360 200	-	-	-	-	-	2 360 200
Cash related to broker activities	1 182 925	-	-	-	-	-	1 182 925
Deposits with banks	-	-	-	783 520	-	-	783 520
Short-term financial investments	1 039 654	-	-	-	-	-	1 039 654
Short-term receivables	-	-	-	878 786	-	-	878 786
Reverse REPO	-	-	16 007	-	-	-	16 007
Fee and commission income receivable	-	-	70 247	-	-	-	70 247
Other financial assets	-	-	-	1 007 679	-	-	1 007 679
Long-term financial investments	-	-	-	-	216 709	-	216 709
Long-term receivables	-	-	-	-	-	200 295	200 295
	4 582 779	**-**	**86 254**	**2 669 985**	**216 709**	**200 295**	**7 756 022**
FINANCIAL LIABILITIES:							

Payables	-	-	-	4 683 075	-	-	4 683 075
Financial liabilities	-	-	-	8 996 703	283 938	7 888 626	17 169 267
Finance lease payable	-	-	-	646 063	1 588 035	-	2 234 098
Bonds payable	-	-	-	64 095	-	7 315 076	7 379 171
Accounts payable to customers	-	-	-	1 353 852	-	-	1 353 852
Long-term payables	-	-	-	-	-	1 927 748	1 927 748
	-	-	-	**15 743 788**	**1 871 973**	**17 131 450**	**34 747 211**
Net position	**4 582 779**	-	**86 254**	**(13 073 803)**	**(1 655 264)**	**(16 931 155)**	**(26 991 189)**

Credit Risk

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

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

(KZT'000)

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

Credit risk exposure of the Group assets as at 31 December 2009:

(KZT'000)

Item	Maximum credit risk exposure	Offset amount	Net credit risk after offset	Collateral	Net credit risk after offset and collateral
Cash	2 360 200	-	2 360 200	-	2 360 200
Cash related to broker activities	1 182 925	-	1 182 925	-	1 182 925
Deposits with banks	783 520	-	783 520	-	783 520
Short-term financial investments	1 039 654	-	1 039 654	-	1 039 654
Short-term receivables	878 786	-	878 786	-	878 786
Adverse REPO transaction	16 007	-	16 007	-	16 007
Fee and commission income receivable	70 247	-	70 247	-	70 247
Other financial assets	1 007 679	-	1 007 679	-	1 007 679
Long-term financial investments	216 709	-	216 709	-	216 709
Long-term receivables	200 295	-	200 295	-	200 295

Total credit risk exposure	7 756 022	-	7 756 022	-	7 756 022

Market Risk

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

Risk of Changes in Market Value of Securities

Issuer	NIN	Type of security	Market value (KZT) 20.05.2011	31.12.2010	31.12.2009
Rosa JSC	KZ1C07780014	securities	686,12	-	-
CISCO SYSTEMS INC	US17275R1023	securities	16,6	20,23	-
Kazakhstan Stock Exchange JSC	KZ1C10030019	securities	4 500,00	3 800,00	-
Kazakhtelecom JSC	KZ1C12280018	securities	18 819,43	18 503,91	-
Halyk Bank of Kazakhstan JSC	KZ1C33870011	securities	348,29	370,75	-
KazMunaiGas Exploration Production JSC	KZ1C51460018	securities	19 297,76	17 171,55	-
Kazkommertsbank JSC	KZ1C00400016	securities	456,20	405,60	637,00
Depository Receipt of Rosneft OJSC	US67812M2070	securities	8,2300	7,1600	-
Kaspi Bank JSC	KZPC2Y10B467	bonds	86,3801	75,9233	63,3143
ATF Bank JSC	KZ2CKY10B406	bonds	98,5163	101,6365	84,0315
Bank CenterCredit JSC	KZPC7Y10B656	bonds	96,2960	90,0544	75,5869
Bank CenterCredit JSC	KZ2CKY10B604	bonds	92,5016	91,9230	80,4694
Mortgage Organisation “Kazakhstan Mortgage Company”, JSC	KZ2C0Y10A980	bonds	99,1701	83,9120	-
Mangistau Electric Grid Company JSC	KZP05Y05B662	bonds	120,4273	116,2941	120,3411
Halyk Bank of Kazakhstan JSC	KZPC6Y10B195	bonds	96,5555	96,3038	82,1988
Nurbank JSC	KZPC2Y10B426	bonds	80,2136	82,4871	67,8850
Subsidiary Bank of Sberbank of Russia JSC	KZ2CKY07B352	bonds	101,6781	101,1943	93,8577
Ministry of Finance of the Republic of Kazakhstan	KZK2KY040402	bonds	107,9314	108,4805	101,9433
Ministry of Finance of the Republic of Kazakhstan	KZKDKY070073	bonds	105,0215	101,9010	95,7348
Ministry of Finance of the Republic of Kazakhstan	KZK1KM090161	bonds	100,0403	99,4297	-
Ministry of Finance of the Republic of Kazakhstan	KZK2KY020792	bonds	100,6892	100,3604	-
Ministry of Finance of the Republic of Kazakhstan	KZKDKY090014	bonds	107,6308	103,5798	96,1485
Ministry of Finance of the Republic of Kazakhstan	KZK1KY011032	bonds	-	100,0209	-
Ministry of Finance of the Republic of Kazakhstan	KZK2KY030726	bonds	105,5526	107,2825	106,3999
Ministry of Finance of the Republic of Kazakhstan	KZK2KY050278	bonds	114,5213	116,0167	111,3354
Ministry of Finance of the Republic of Kazakhstan	KZK2KY070060	bonds	-	101,5487	101,9706
Ministry of Finance of the Republic of Kazakhstan	KZK2KY030775	bonds	104,3961	105,0467	100,9183

Foreign Currency Risk

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

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

However, in a long-term perspective the Group limits its currency risk through balancing of funding sources among KZT, USD and EUR, where each averages 30%. Besides, the structure of liabilities is formed in such a manner that foreign currency liabilities are long-term liabilities maturing within 5 – 7 year, which enables the Group to adjust any sharp movements in exchange rates through commercial policies.

As for the structure of suppliers, the Group operates in various parts of the world and consequently is exposed to foreign currency risk resulting from mix of various currencies. Assets and liabilities expressed in a foreign currency and expected cash flows from purchases and sales are most probably to expose the Group to foreign currency risk. To mitigate these risks mainly affecting current liabilities denominated in a foreign currency the Group uses the following hedging instruments: short-term non-deliverable forwards for USD and EUR (as at 31 December 2010 there were no open positions under such contracts), special provisions in contracts with suppliers concerning sharp turnaround exceeding 10%, and commercial policies. As for the commercial policies, it should be noted that adjustment of prices in response to fluctuations of currency rates is not a proportional growth in line with devaluation rate. It is due to the fact that import content of finished goods makes 30% - 50%, the remaining portion is local raw materials and expenses denominated in local currency. This enables the Group to adjust negative effect of exchange difference smoothly without any damage to sales.

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

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

	31 December 2010								
	KZT	**USD**	**EUR**	**GBP**	**CHF**	**KGS**	**UZS**	**RR**	**Total**
FINANCIAL ASSETS	**6 076 555**	**266 575**	**90 670**	**6 493**	**7 331**	**17 450**	**50 689**	**119**	**6 515 882**
Cash	642 315	68	191	-	7 331	11 593	50 689	-	712 187
Cash related to broker activities	1 278 786	6 647	-	6 493	-	-	-	-	1 291 926
Deposits with banks	1 194	147 500	-	-	-	-	-	-	148 694
Cash taken into investment management	41 802	1 281	-	-	-	-	-	-	43 083
Short-term financial investments	1 044 575	-	-	-	-	-	-	-	1 044 575
Short-term receivables	909 104	111 079	90 479	-	-	5 857	-	119	1 116 638
Fee and commission income receivable	106 784	-	-	-	-	-	-	-	106 784
Other financial assets	1 725 073	-	-	-	-	-	-	-	1 725 073
Long-term financial investments	205 019	-	-	-	-	-	-	-	205 019
Long-term receivables	121 903	-	-	-	-	-	-	-	121 903
FINANCIAL LIABILITIES	**19 219 098**	**9 729 379**	**2 872 610**	**6 493**	-	**20 902**	**6 057**	**230**	**31 854 769**
Long-term and short-term payables	1 958 797	2 128 995	2 165 037	-	-	20 902	6 057	230	6 280 018
Financial liabilities	5 363 649	7 592 456	707 573	-	-	-	-	-	13 663 678
Finance lease payable	1 607 650	-	-	-	-	-	-		1 607 650
Bonds payable	7 497 293	-	-	-	-	-	-	-	7 497 293

Accounts payable to customers	1 424 095	6 647	-	6 493	-	-	-	-	1 437 235
Other financial liabilities	1 318 279	-	-	-	-	-	-	-	1 318 279
Financial assets taken in trust or investment management	49 335	1 281	-	-	-	-	-	-	50 616
Net balance sheet position	**(13 142 543)**	**(9 462 804)**	**(2 781 940)**	**-**	**7 331**	**(3 452)**	**44 632**	**(111)**	**(25 338 887)**

As at 31 December 2009 the Group had assets in the form of advances paid in a foreign currency.

(KZT'000)

	31 December 2009							
	KZT	**USD**	**EUR**	**GBP**	**KGS**	**UZS**	**RR**	**Total**
FINANCIAL ASSETS	**6 987 412**	**726 344**	**15 182**	**163**	**18 237**	**8 684**	**-**	**7 756 022**
Cash	3 491 286	24 396	359	163	18 237	8 684	-	3 543 125
Deposits with banks	100 604	682 916	-	-	-	-	-	783 520
Short-term financial investments	1 039 654	-	-	-	-	-	-	1 039 654
Short-term receivables	878 786	-	-	-	-	-	-	878 786
Adverse REPO	16 007	-	-	-	-	-	-	16 007
Fee and commission income receivable	70 247	-	-	-	-	-	-	70 247
Other financial assets	973 824	19 032	14 823	-	-	-		1 007 679
Long-term financial investments	216 709	-	-	-	-	-	-	216 709
Long-term receivables	200 295	-	-	-	-	-	-	200 295
FINANCIAL LIABILITIES	**22 749 103**	**4 700 795**	**7 258 601**	**163**	**18 379**	**18 851**	**1 319**	**34 747 211**
Long-term and short-term payables	1 053 246	2 221 589	3 297 439	-	18 379	18 851	1 319	6 610 823
Financial liabilities	12 986 856	2 455 347	1 727 064	-	-	-	-	17 169 267
Finance lease payable	-	-	2 234 098	-	-	-	-	2 234 098
Bonds payable	7 379 171	-	-	-	-	-	-	7 379 171
Accounts payable to customers	1 329 830	23 859	-	163	-	-	-	1 353 852
Net balance sheet position	**(15 761 691)**	**(3 974 451)**	**(7 243 419)**	**-**	**(142)**	**(10 167)**	**(1 319)**	**(26 991 189)**

Risk related to price of securities – the Group has certain strategic minority investments which are not admitted to official listing. These investments are classified as available for sale and held for trading.
Presently there are no outstanding derivatives designated for hedging such share investments.

Sensitivity analysis for price of securities – the following sensitivity analysis is made based on the Group susceptibility to security price risk at the reporting date in case the price of securities is 5% higher/lower. There were no significant changes in the Group sensitivity to price of securities against the previous year.

	Foreign currency rates					
Currency	**At 31.12.2010**	**Parallel shift**		**At 31.12.2009**	**Parallel shift**	
		10% growth	**10% decrease**		**10% growth**	**10% decrease**
USD	147.50	162.25	132.75	148.46	163.30	133.61
EUR	196.88	216.57	177.19	213.95	235.35	192.56

(KZT'000)

	31 December 2010	**31 December 2009**
	Effect on profit or loss	**Effect on profit or loss**
10% strengthening of USD	(946 280)	(397 445)
10% weakening of USD	946 280	397 445
10% strengthening of EUR	(278 194)	(724 342)
10% weakening of EUR	278 194	724 342

Categories of financial instruments

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

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

(KZT'000)

Item	BBB- and higher	From BB+ to B-	Without rating	Total
Cash	712 187	-	-	712 187
Cash related to broker activities	1 291 926	-	-	1 291 926
Deposits with banks	148 694	-	-	148 694
Cash taken into investment management	43 083	-	-	43 083
Short-term financial investments	766 484	118 917	159 174	1 044 575
Short-term receivables	-	-	1 116 638	1 116 638
Fee and commission income receivable	-	-	106 784	106 784
Other financial assets	-	-	1 725 073	1 725 073
Long-term financial investments	-	-	205 019	205 019
Long-term receivables	-	-	121 903	121 903
	2 962 374	**118 917**	**3 434 591**	**6 515 882**

Classification of financial assets by credit ratings as at 31 December 2009:

(KZT'000)

Item	BBB- and higher	From BB+ to B-	Without rating	Total
Cash	2 360 200	-	-	2 360 200
Cash related to broker activities	1 182 925	-	-	1 182 925
Deposits with banks	783 520	-	-	783 520
Short-term financial investments	21 843	99 800	918 011	1 039 654
Short-term receivables	-	-	878 786	878 786
Adverse REPO	-	-	16 007	16 007
Fee and commission income receivable	-	-	70 247	70 247
Other financial assets	-	-	1 007 679	1 007 679
Long-term financial investments	-	-	216 709	216 709
Long-term receivables	-	-	200 295	200 295
	4 348 488	**99 800**	**3 307 734**	**7 756 022**

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

Financial credit risk – Financial instruments are exposed to risk related to failure of counterparties to perform their obligations. The Group mitigates financial credit risk limiting the number of counterparties to sufficient quantity of large banks and financial institutions.

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

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

Cash Flow Risk

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

Fair Value Change

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

Fair Value of Financial Instruments

(KZT'000)

	31 December 2010		31 December 2009	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash	712 187	712 187	2 360 200	2 360 200
Cash related to broker activities	1 291 926	1 291 926	1 182 925	1 182 925
Deposits with banks	148 694	148 694	783 520	783 520
Cash taken into investment management	43 083	43 083	-	-
Short-term financial investments	1 044 575	1 044 575	1 039 654	1 039 654
Short-term receivables	1 116 638	1 116 638	878 786	878 786
Adverse REPO	-	-	16 007	16 007
Fee and commission income receivable	106 784	106 784	70 247	70 247
Other financial assets	1 725 073	1 725 073	1 007 679	1 007 679
Long-term financial investments	205 019	205 019	216 709	216 709
Long-term receivables	121 903	121 903	200 295	200 295

Fair value is determined as the amount for which an instruments may be exchanged between the knowledgeable parties in an arm's length transaction, other than forced sale or sale at liquidation. Since there are no organised financial markets for some financial instruments of the Group, the Group uses assumptions based on the current economic conditions and instrument specific risks when estimating the fair value of such instruments. Estimates here are not necessarily indicative of the amounts the Group can receive in the market from sale of all investments in such instrument. Carrying amount of financial assets equals to their fair value.

Early Repayment Risk

Early repayment risk is a risk that the Group will incur financial loss due to the fact that its customers or counterparties repay or demand repayment of obligations later or earlier than expected. As discussed above, in the reporting period the Group carried out activities at the expense of own means, however, the amount of payables and obligations as a whole is material to the Group. Besides, current liabilities of the Group exceeded its current assets by KZT 1,047,117 thousand.

Risks of Accidents and Acts of God

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

Operating Risk

Operating risk is a risk resulting from system failure, errors of personnel, fraud or external events. In case of control system failure, operating risks may injure reputation, result in legal implications or financial loss. The Group may not assume that all operating risks are eliminated, but the Group can manage those risks using the system of control and monitoring, as well as appropriately addressing the potential risks. The system of control provides for effective segregation of duties, access rights, approval and review procedures, personnel training, and assessment procedures. Besides, due to small number of personnel and low volume of transactions effected by the Group, operating risks are minimised; absence of security function have no effect on operating risks.

52. Approval of the Consolidated Financial Statements

These consolidated financial statements were approved for issue by the management of the Group on 20 May 2011.

A. Kanafin

General Director

Y.P.Litvinova

Financial Controller