Asian Credit Fund Microcredit Organization Limited Liability Company

Financial Statements

For the year ended 31 December 2011

ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

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ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Management is responsible for the preparation of the financial statements that present fairly the financial position of Asian Credit Fund Microcredit Organization Limited Liability Company (the "Company") as at 31 December 2011, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- Making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- Maintaining accounting records in compliance with legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended 31 December 2011 were authorized for issue on 29 May 2012 by the Management of the Company.

On behalf of the Management:

Zhakupova Zhanna
Executive Director

29 May 2012

Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

29 May 2012

Almaty, Kazakhstan

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Management of Asian Credit Fund Microcredit Organization Limited Liability Company.

We have audited the accompanying financial statements of Asian Credit Fund Microcredit Organization Limited Liability Company ("the Company"), which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Auditors' opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Asian Credit Fund Microcredit Organization Limited Liability Company as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Asian Credit Fund Microcredit Organization Limited Liability Company for the year ended 31 December 2010, were audited by another auditor who expressed an unmodified opinion on those statements on 31 May 2011.

Andrew Weekes
Engagement Partner
Chartered Accountant
Certificate of Public Practice 78586
Australia

Nurlan Bekenov
Auditor-performer
Qualified auditor
of the Republic of Kazakhstan
Qualification certificate No. 0082
dated 13 June 1994
General Director
Deloitte, LLP

Deloitte, LLP
State license on auditing of the Republic of Kazakhstan
Number 0000015, type MFU-2, given by
the Ministry of Finance of the Republic of Kazakhstan
dated 13 September 2006

29 May 2012
Almaty, Kazakhstan

ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

(in thousand of Kazakhstani tenge)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
Interest income	3	351,099	237,327
Interest expense	3, 16	(96,099)	(66,680)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS		255,000	170,647
(Provision)/recovery of provision for impairment losses on interest bearing assets	4	(14,933)	3,551
NET INTEREST INCOME		240,067	174,198
Net gain on disposal of property, equipment and investment property		2,593	387
Net foreign exchange (loss)/gain		(3,474)	1,245
Other (expense)/income		(1,497)	4,826
NET NON-INTEREST (EXPENSE)/INCOME		(2,378)	6,458
OPERATING INCOME		237,689	180,656
OPERATING EXPENSES	5, 16	(232,317)	(183,357)
PROFIT/(LOSS) BEFORE INCOME TAX		5,372	(2,701)
Income tax expense	6	(2,881)	(8,359)
NET PROFIT/(LOSS)		2,491	(11,060)
TOTAL COMPREHENSIVE INCOME/(LOSS)		2,491	(11,060)

On behalf of the Management:

Zhakupova Zhanna
Executive Director

29 May 2012
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

29 May 2012
Almaty, Kazakhstan

The notes on pages 9-38 form an integral part of these financial statements.

ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011
(in thousand of Kazakhstani tenge)

	Notes	31 December 2011	31 December 2010
ASSETS:			
Cash	7	11,802	41,552
Due from banks	8	392,860	249,000
Loans to customers	9	616,717	362,774
Property and equipment	10	16,784	16,222
Intangible assets	11	1,360	1,643
Investment property		-	7,085
Current income tax asset		2,041	2,041
Inventory		2,033	8,075
Other assets	12	12,957	14,011
TOTAL ASSETS		1,056,554	702,403
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks and other financial institutions	13, 16	986,179	635,759
Unused vacation reserve		4,053	3,275
Other liabilities		3,906	3,444
Total liabilities		994,138	642,478
EQUITY:			
Charter capital	14	195,922	195,922
Accumulated deficit		(133,506)	(135,997)
Total equity		62,416	59,925
TOTAL LIABILITIES AND EQUITY		1,056,554	702,403

On behalf of the Management:

Zhakupova Zhanna
Executive Director

29 May 2012
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

29 May 2012
Almaty, Kazakhstan

The notes on pages 9-38 form an integral part of these financial statements.

ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
(in thousand of Kazakhstani tenge)

	Charter capital	Accumulated deficit	Total equity
As at 31 December 2009	195,922	(124,937)	70,985
Total comprehensive loss	-	(11,060)	(11,060)
As at 31 December 2010	195,922	(135,997)	59,925
Total comprehensive income	-	2,491	2,491
As at 31 December 2011	195,922	(133,506)	62,416

On behalf of the Management:

Zhakupova Zhanna
Executive Director

29 May 2012
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

29 May 2012
Almaty, Kazakhstan

The notes on pages 9-38 form an integral part of these financial statements.

ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011
(in thousand of Kazakhstani tenge)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		5,372	(2,701)
Adjustments for:			
Accrual of interest income		(4,336)	(1,828)
Accrual of interest expense		5,912	1,356
Provision/(recovery of provision) for impairment losses on interest bearing assets		14,933	(3,551)
Provision for vacations and bonuses		778	787
Foreign exchange loss/(gain)		3,134	(1,150)
Depreciation and amortization		7,083	7,133
Gain on disposal of property, equipment and investment property		(2,593)	-
Cash flows from operating activities before changes in operating assets and liabilities		30,283	46
Changes in operating assets and liabilities			
(Increase)/decrease in operating assets:			
Due from banks		(392,593)	-
Loans to customers		(264,807)	(60,084)
Inventory		6,042	(2,610)
Other assets		1,054	(9,433)
Increase in operating liabilities:			
Other liabilities		462	(7,375)
Cash outflow from operating activities before taxation		(619,559)	(79,456)
Income tax paid		(2,881)	(2,041)
Net cash outflow from operating activities		(622,440)	(81,497)

ASIAN CREDIT FUND MICROCREDIT ORGANIZATION LIMITED LIABILITY COMPANY

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011
(in thousand of Kazakhstani tenge)

	Notes	Year ended 31 December 2011	Year ended 31 December 2010
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Purchase of property and equipment		(9,819)	(6,785)
Purchase of intangible assets		(383)	(701)
Proceeds on sale of property and equipment and investment property		12,338	-
Proceeds on sale of intangible assets		180	-
Net cash inflow/(outflow) from investment activities		2,316	(7,486)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		549,372	356,932
Repayments of borrowings		(211,733)	(207,699)
Net cash inflow from financing activities		337,639	149,233
Effect of changes in foreign exchange rate on cash and cash equivalents		3,735	(1,426)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(278,750)	58,824
CASH AND CASH EQUIVALENTS, at the beginning of the year	7	290,552	231,728
CASH AND CASH EQUIVALENTS, at the end of the year	7	11,802	290,552

On behalf of the Management:

Zhakupova Zhanna
Executive Director

29 May 2012
Almaty, Kazakhstan

Smazhanova Dinara
Chief Accountant

29 May 2012
Almaty, Kazakhstan

The notes on pages 9-38 form an integral part of these financial statements.

1. ORGANISATION

Asian Credit Fund Microcredit Organization Limited Liability Company ("the Company") was registered on 27 October 2005 under the number 73630-1910-TOO and carrying out its activities in the territory of the Republic of Kazakhstan. On 26 June 2009 the Company was re-registered in connection with the decision of Participant on acceptance of a new Participant-Mercy Corps (re-registration number 73630-1910-TOO).

The Company carries out its activity according to the Civil code of the Republic of Kazakhstan, the Law Republic of Kazakhstan # 392-II "About microcredit organizations" dated 06 March 2003 (last amended and supplemented on 10 February 2011 # *406-IV*), Charter and Constituent documents of the Company.

According to the Charter, the main activities of the Company are:

1. Granting of micro-credits in cash form on terms of repayment, term and recurrency in the amount not exceeding the size of eight thousand multiple monthly rated index, established by the law of the Republic of Kazakhstan on the national budget for appropriate financial year per one borrower;
2. Investing of temporary available assets into governmental securities, corporate securities, deposits of second level banks and in other ways which do not contradict with the laws of the Republic of Kazakhstan;
3. Closing transactions with collateral which was provided as collateral security for a microcredit in the manner stipulated by the laws of the Republic of Kazakhstan;
4. Sale of its property;
5. Rendering consulting services in connection with microcredit activity; and
6. Providing training on a free of charge basis.

A predominant purpose of the Company is the comprehensive assistance in developing and strengthening of small and medium-size business in Kazakhstan, as well as development of entrepreneurial culture with an emphasis on relationship establishment and strengthening thereof between entrepreneurs and financial institutions.

The overall goal of the Company is accomplishment of the Company activity, gaining of net profit and its use in interest of Participants.

The Company is located at 2, Kotelnikov St., Almaty, the Republic of Kazakhstan.

The Company's operations are administered in the head office, which is located in Almaty. As at 31 December 2011 and 2010, the Company had 3 branches in the Republic of Kazakhstan in Semei, Karaganda and Taraz.

As at 31 December 2011 and 2010, the Company had 116 and 108 employees, respectively.

Participatory shares in the Company are distributed in the following way:

Member	Country of activity carrying out	Share of participation 2011	2010	Type of activity
Public Fund "Asian Credit Fund"	Republic of Kazakhstan	40%	40%	Granting micro credits to the businessmen of small and medium scale business
Mercy Corps	USA	60%	60%	Rendering of assistance on economical development

The Company's shares in the charter capital are not proportional to contributions made. Recalculation of the Company participatory shares in the charter capital is as follows:

- Mercy Corps: contribution amount – KZT 77,488 thousand, share in the charter capital – 60%;
- Public Fund "Asian Credit Fund": contribution amount – KZT 118,434 thousand, share in the charter capital – 40%;

As at 31 December 2011 and 2010, the ultimate shareholder of the Company is Mercy Corps.

These financial statements were approved by the Management of the Company on 29 May 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Other basis of presentation criteria

These financial statements have been prepared on the assumption that the Company is a going concern and will continue in operation for the foreseeable future.

These financial statements are presented in thousands of Kazakhstani tenge ("KZT"), unless otherwise stated. These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The principal accounting policies are set out below.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

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

Interest earned on assets at fair value is classified within interest income.

Recognition of revenue – other

Recognition of fee and commission income and expense

Loan origination fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the loan. Where it is probable that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement, the loan commitment fees are recognized in the statement of comprehensive income over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a loan, the loan commitment fee is recognized in profit or loss on expiry. Loan servicing fees are recognized as revenue as the services are provided. All other commissions are recognized when services are provided or received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and time deposit accounts and advances to banks with original maturities within 90 days, which may be converted to cash within a short period of time and thus are considered liquid.

Loans and receivables

Due from banks and other financial institutions, loans to customers, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as loans and receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Write-off of loans and advances

Loans and advances are written off against the allowance for impairment losses when deemed uncollectible. Loans and advances are written off after management has exercised all possibilities available to collect amounts due to the Company and after the Company has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the statement of comprehensive income in the period of recovery.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the statement of comprehensive income.

On derecognition of a financial asset other than it is entirety (e.g. when the Company retains an option to repurchase part of the transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Other financial liabilities

Other financial liabilities, including due to banks and other financial institutions, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of comprehensive income.

Loans to customers

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

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

Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less accumulated depreciation and amortization.

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

Vehicles	25%
Machinery and equipment	15%-40%
Computer equipment	40%
Intangible assets	25%
Other	15%-40%

Capital expenditures for leasehold improvements are amortized over the shorter of the life of the related leased asset or the lease term. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

The carrying amounts of property and equipment are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts. The recoverable amount is the higher of fair value less costs to sell and value in use. Where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount, impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss the depreciation charge for property and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Due to banks and other financial institutions

Due to banks and other financial institutions are initially recognized at fair value. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings, using the effective interest method.

Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of comprehensive income in the period in which they arise.

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

	31 December 2011	31 December 2010
KZT/1 US Dollar	148.40	147.50
KZT/1 Kyrgyz som	3.21	3.13

Charter capital

Charter capital is recognized at historical cost.

Retirement obligations

In accordance with the requirements of the Kazakhstani legislation certain percentages of pension payments are withheld from total disbursements to staff to be transferred to pension funds, such that a portion of salary expense is withheld from the employee and instead paid to a pension funds on behalf of the employee. This expense is charged in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension fund as selected by employees. The Company does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loans and receivables

The Company regularly reviews its loans and receivables to assess for impairment. The Company's loan impairment provisions are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Company considers accounting estimates related to allowance for impairment of loans and receivables a key source of estimation uncertainty because (i) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired loans and receivables are based on recent performance experience, and (ii) any significant difference between the Company's estimated losses and actual losses would require the Company to record provisions which could have a material impact on its financial statements in future periods.

The Company uses management's judgment to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Company estimates changes in future cash flows based on past performance, past customer behaviour, observable data indicating an adverse change in the payment status of borrowers in a group, and national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans. The Company uses management's judgment to adjust observable data for a group of loans to reflect current circumstances not reflected in historical data.

As at 31 December 2011 and 2010, gross loans to customers totalled KZT 649,390 thousand and KZT 384,187 thousand, respectively, and allowance for impairment losses amounted to KZT 32,673 thousand and KZT 21,413 thousand, respectively.

The allowances for impairment losses of financial assets in the financial statements have been determined on the basis of existing economic and political conditions. The Company is not in a position to predict what changes in conditions will take place in the Republic of Kazakhstan and what effect such changes might have on the adequacy of the allowances for impairment of financial assets in future periods.

Application of new and revised International Financial Reporting Standards (IFRS)

The Company has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the IFRIC) which became effective for the Company's financial statement for the year ended 31 December 2011:

- IFRS 7 "Financial Instruments: Disclosures" — amendments resulting from May 2010 Annual Improvements to IFRSs: clarification of disclosures and release of requirement for disclosure regarding restructured loans;
- IAS 24 "Related Party Disclosures" — (as revised in 2010) modifies the definition of a related party and simplifies disclosures for government-related entities.

The adoption of the new or revised standards did not have any effect on the financial position or performance of the Company, and all have been retrospectively applied in compliance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", unless otherwise noted below.

Amendments to IAS 24

The disclosure exemptions introduced in IAS 24 (as revised in 2010) do not affect the Company because the Company is not a government-related entity.

New and revised IFRSs in issue but not yet effective

At the date of authorization of these consolidated financial statements for issue, the following new standards and interpretations were in issue, but not yet effective, and which the Company has not early adopted:

- IFRS 7 "Financial Instruments: Disclosures" — amendments enhancing disclosures about transfers of financial assets [1];
- IFRS 9 "Financial Instruments" [6];
- IFRS 13 "Fair Value Measurement" [2];
- IAS 1 "Presentation of Financial Statements" — amendments to revise the way other comprehensive income is presented [4];
- IAS 12 "Income Taxes" — Limited scope amendment (recovery of underlying assets) [5];
- IAS 27 - reissued as IAS 27 "Separate Financial Statements" (as amended in May 2011) [3];
- IAS 32 "Financial Instruments: Presentation" and IFRS 7 – amendments which provide clarifications on the application of the offsetting rules and disclosure requirements[7].

[1] Effective for annual periods beginning on or after 1 July 2011, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.
[3] Each of the five standards becomes effective for annual periods beginning on or after 1 January 2013, with earlier application permitted if all the other standards in the 'package of five' are also early applied (except for IFRS 12 that can be applied earlier on its own).
[4] Effective for annual periods beginning on or after 1 July 2012, with early adoption permitted.
[5] Effective for annual periods beginning on or after 1 January 2012, with earlier application permitted.
[6] Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.
[7] Amendments to IAS 32 effective for annual periods beginning on or after 1 January 2014. Respective amendments to IFRS 7 regarding disclosure requirements – for annual periods beginning on or after 1 January 2013.

Amendments to IFRS 7

The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

IFRS 9

Was issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Company management anticipates that IFRS 9 will be adopted in the Company's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Companys' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 13 "Fair Value Measurement"

Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements to use across IFRSs. The Standard:

- defines fair value;
- sets out in a single IFRS a framework for measuring fair value;
- requires disclosures about fair value measurements.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for share-based payment transactions within the scope of IFRS 2 "Share-based Payment", leasing transactions within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

The Company is currently assessing the impact of the amended standard on its financial statements.

Amendments to IAS 1 "Presentation of Financial Statements"

Revise the way other comprehensive income is presented.

The amendments to IAS 1:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income ("OCI") to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' – rather than requiring a single continuous statement as was proposed in the exposure draft
- Require entities to Company items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently. i.e. those that might be reclassified and those that will not be reclassified;
- Require tax associated with items presented before tax to be shown separately for each of the two Company's of OCI items (without changing the option to present items of OCI either before tax or net of tax).

The Company does not expect this amendment to have a material effect on its financial position or results of operations.

Amendment to IAS 12 "Income Taxes"

Provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale. Retrospective application is required in accordance with IAS 8. The Company is considering the impact of the amendment on the consolidated financial statements and the timing of its application.

Amendments to IAS 32 "Financial Instruments: Presentation"

Provide clarifications on the application of the offsetting rules, and focus on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

The respective amendments to the disclosure requirements in IFRS 7 "Financial Instruments: Disclosure" requires information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the Company's financial position.

The Company is considering the impact of these amendments on the consolidated financial statements and the timing of their application.

All other Standards and Interpretations are not applicable to the Company's operations. Management believe the adoption of these Standards and Interpretations will not have a significant impact on the results of the Company's operations.

3. NET INTEREST INCOME

	Year ended 31 December 2011	Year ended 31 December 2010
Interest income comprises:		
Interest income on impaired financial assets recorded at amortized cost comprises:		
Interest on loans to customers, including:		
Interest income from group loans	310,388	190,952
Interest income from individual loans	16,336	26,280
Penalties on loans to customers	3,529	4,716
Interest income on unimpaired financial assets recorded at amortized cost comprises:		
Interest on due from banks	20,610	15,151
Other interest income	236	228
Total interest income on financial assets recorded at amortized cost	351,099	237,327
Interest expense comprises:		
Interest expense on financial liabilities recorded at amortized cost comprise:		
Interest expenses on due to banks and other financial institutions	96,099	66,680
Total interest expense on financial assets recorded at amortized cost	96,099	66,680
Net interest income before provision for impairment losses on interest bearing assets	255,000	170,647

Group loans are unsecured loans granted to groups of borrowers who sign loan agreements with joint responsibility to repay the loan.

4. ALLOWANCE FOR IMPAIRMENT LOSSES

	Loans to customers (Note 9)	Other assets (Note 12)	Total
31 December 2009	39,500	-	39,500
(Recovery of provision)/additional provision recognized	(3,551)	336	(3,215)
Write off of assets	(14,536)	-	(14,536)
31 December 2010	21,413	336	21,749
Additional provision recognized	14,933	-	14,933
Write off of assets	(6,014)	(161)	(6,175)
Recovery of previously written off assets	2,341	-	2,341
31 December 2011	32,673	175	32,848

5. OPERATING EXPENSES

	Year ended 31 December 2011	Year ended 31 December 2010
Salary and bonuses	122,049	94,719
Operational lease	18,441	18,181
Transport services	12,449	7,788
Bank services	9,579	7,751
Business trip expenses	8,450	5,445
Communication services	8,085	6,610
Consultatation services	7,660	3,113
Social tax	7,402	5,655
Depreciation and amortization	7,083	7,133
Taxes, except income tax	6,458	6,402
Expenses for data base servicing	2,761	1,260
Advertising expenses	2,582	2,002
Stationery and office supplies	1,766	1,251
Property, equipment and intangible assets maintenance	1,425	1,070
Professional services	923	628
Education and training	467	264
Other expenses	14,737	14,085
Total operating expenses	232,317	183,357

6. INCOME TAXES

The Company provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations in the Republic of Kazakhstan, which may differ from International Financial Reporting Standards. For the years ended 31 December 2011 and 2010, the income tax rate was 20%.

The Company is subject to certain permanent tax differences due to non-tax deductibility of certain expenses.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2011 and 2010 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Temporary differences as at 31 December 2011 and 2010 comprise:

	31 December 2011	31 December 2010
Taxable temporary differences:		
Amortization of commission fees	11,673	25,330
Unused vacation reserve	4,053	3,275
Loss carry forward	-	21,205
Total taxable temporary differences	15,726	49,810
Deductible temporary differences:		
Property, equipment and intangible assets	684	120
Total deductible temporary differences	684	120
Net taxable temporary differences	15,042	49,690
Deferred tax asset at the statutory rate (20%)	3,008	9,938
Unrecognized deferred tax asset	(3,008)	(9,938)
Net deferred tax asset at the statutory rate	-	-

The ratio between tax expenses and accounting profit for the years ended 31 December 2011 and 2010 are disclosed as follows:

	Year ended 31 December 2011	Year ended 31 December 2010
Profit/(loss) before income tax	5,372	(2,701)
Tax at the statutory tax rate	1,074	(540)
Change in deferred tax asset not recognized	(6,930)	1,579
Tax effect of permanent differences	8,737	7,320
Income tax expense	2,881	8,359
Current income tax expense	2,881	-
Deferred income tax expense	-	8,359
Income tax expense	2,881	8,359

7. CASH

	31 December 2011	31 December 2010
Current bank account	11,747	41,462
Cash on hand	55	90
Total cash	11,802	41,552

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is composed of the following items:

	31 December 2011	31 December 2010
Cash	11,802	41,552
Due from banks	-	249,000
Total cash and cash equivalents	11,802	290,552

8. DUE FROM BANKS

	Maturity	31 December 2011	Maturity	31 December 2010
JSC Eurasian Bank	15 February 2012 26 April 2012	272,175	28 February 2012	249,000
JSC ATF Bank	1 June 2012	120,685	-	-
Total due from banks		392,860		249,000

As at 31 December 2011 and 2010, due from banks includes accrued interest of KZT 267 thousand and nil, respectively.

As at 31 December 2011 and 2010, interest rates on due from banks were from 4.00% to 7.75% and 7.75%, respectively.

As at 31 December 2011, due from banks were held as security against loans from banks and other financial institutions in Deutsche Bank Microcredit Development Fund, Netri Private Foundation, Deutsche Bank Aktiengesellschaf and Frontiers LLP (Note 13). As at 31 December 2010, due from banks were held as security against JSC Eurasian Bank loan (Note 13).

9. LOANS TO CUSTOMERS

	31 December 2011	31 December 2010
Originated loans	649,390	384,187
Less allowance for impairment losses	(32,673)	(21,413)
Total loans to customers	616,717	362,774

As at 31 December 2011 and 2010, accrued interest income included in loans to customers amounted to KZT 12,247 thousand and KZT 8,178 thousand, respectively.

Movement in allowance for impairment losses for the years ended 31 December 2011 and 2010, are disclosed in Note 4.

As at 31 December 2011 and 2010, loans to customers comprised of the following products:

	31 December 2011	31 December 2010
Group loans	619,293	337,710
Individual loans	30,097	46,477
	649,390	384,187
Less allowance for impairment losses	(32,673)	(21,413)
Total loans to customers	616,717	362,774

Group loans are unsecured loans granted to groups of borrowers who sign loan agreements with joint responsibility to repay the loan.

The Company provides loans to customers for development of small businesses.

The table below summarizes carrying value of loans to customers analysed by type of collateral obtained by the Company:

	31 December 2011	31 December 2010
Unsecured loans	619,151	337,711
Loans collateralized by real estate	13,199	41,989
Loans collateralized by equipment	17,040	4,487
	649,390	384,187
Less allowance for impairment losses	(32,673)	(21,413)
Total loans to customers	616,717	362,774

During the years ended 31 December 2011 and 2010, the Company received non-financial assets by taking possession of collateral it held as security. As at 31 December 2011 and 2010, such assets amounting to KZT nil and KZT 7,085 thousand, respectively, are included in investment property.

	31 December 2011	**31 December 2010**
Analysis by sector:		
Agriculture	398,415	184,297
Trade	214,192	170,733
Services	20,819	14,117
Manufacturing	12,616	9,981
Others	3,348	5,059
	649,390	384,187
Less allowance for impairment losses	(32,673)	(21,413)
Total loans to customers	616,717	362,774

As at 31 December 2011 and 2010, the entire loan portfolio of KZT 616,717 thousand and KZT 362,774 thousand, respectively, was disbursed to customers operating in the Republic of Kazakhstan, which represents a significant geographical concentration and credit risk exposure.

As at 31 December 2011 and 2010, the maximum credit risk exposure on loans to customers amounted to KZT 649,390 thousand and KZT 384,187 thousand, respectively.

As at 31 December 2011 and 2010, loans to customers included loans totaling KZT 4,182 thousand and KZT 11,378 thousand, respectively, whose terms were renegotiated. Otherwise these loans would be past due or impaired.

	31 December 2011			**31 December 2010**		
	Carrying amount before allowance	**Allowance for impairment losses**	**Carrying amount**	**Carrying amount before allowance**	**Allowance for impairment losses**	**Carrying amount**
Loans to customers collectively determined to be impaired	649,390	(32,673)	616,717	384,187	(21,413)	362,774
Total	649,390	(32,673)	616,717	384,187	(21,413)	362,774

During the years 2011 and 2010, the Company has written off loans to customers in the amount of KZT 6,014 thousand and KZT 14,536 thousand, respectively. Company performs write off of the loans according to the decision of the Credit Committee.

10. PROPERTY AND EQUIPMENT

	Computers and auxiliary equipment	Machinery and equipment	Vehicles	Production and household equipment	Other	Total
At cost						
31 December 2009	9,160	4,573	10,945	5,431	1,118	31,227
Additions	3,292	1,396	-	1,681	415	6,784
Disposals	(807)	(637)	(2,921)	(2)	(109)	(4,476)
31 December 2010	11,645	5,332	8,024	7,110	1,424	33,535
Additions	2,815	2,596	2,268	1,499	641	9,819
Disposals	(313)	(93)	(3,436)	(44)	(129)	(4,015)
31 December 2011	14,147	7,835	6,856	8,565	1,936	39,339
Accumulated depreciation and amortization						
31 December 2009	(6,232)	(2,507)	(2,388)	(1,648)	(525)	(13,300)
Charge for the year	(2,063)	(868)	(2,507)	(992)	(295)	(6,725)
Disposals	563	443	1,628	1	77	2,712
31 December 2010	(7,732)	(2,932)	(3,267)	(2,639)	(743)	(17,313)
Charge for the year	(2,192)	(1,086)	(2,202)	(703)	(414)	(6,597)
Disposals	-	2	1,316	-	37	1,355
31 December 2011	(9,924)	(4,016)	(4,153)	(3,342)	(1,120)	(22,555)
Net book value						
31 December 2011	4,223	3,819	2,703	5,223	816	16,784
31 December 2010	3,913	2,400	4,757	4,471	681	16,222

As at 31 December 2011 and 2010, the Company did not have property and equipment that was pledged as collateral.

11. INTANGIBLE ASSETS

	2011	2010
At cost		
At the beginning of the year	3,281	2,580
Additions	383	701
Disposals	(182)	-
At the end of the year	3,482	3,281
Accumulated depreciation		
At the beginning of the year	(1,638)	(1,230)
Charge for the year	(486)	(408)
Eliminated on disposal	2	-
At the end of the year	(2,122)	(1,638)
Net book value		
At the end of the year	1,360	1,643

As at 31 December 2011 and 2010, intangible assets comprised of software.

12. OTHER ASSETS

	31 December 2011	31 December 2010
Other financial assets		
Accounts receivable for collateral property sold	2,331	3,255
Other accounts receivable	14	29
	2,345	3,284
Less allowance for impairment losses	(175)	(336)
	2,170	2,948
Other non-financial assets		
Advances paid	4,903	5,115
Deferred expenses	4,331	4,041
Prepayments on taxes other than income tax	1,553	1,907
	10,787	11,062
Total other assets	12,957	14,011

13. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2011	31 December 2010
Loans from banks and other financial institutions	757,167	410,227
Subordinated loans	229,012	225,532
Total due to banks and other financial institutions	986,179	635,759

Counterparty	Currency	Interest rate	Maturity date	31 December 2011	31 December 2010
Loans from banks and other financial institutions					
JSC Eurasian Bank	KZT	8.00%-12.25%	07/02/2012-17/04/2012	263,116	252,082
Frontiers, LLP	USD	15.00%	05/12/2012-14/05/2013	151,259	15,650
JSC ATF Bank	KZT	7.65%-9.06%	01/06/2012-26/12/2012	116,470	-
ResponsAbility Global Microfinance Fund	KZT	10.65%	22/08/2012	76,130	-
ArselorMittal CME Resource LLP	KZT	8.00%	31/01/2012	45,500	45,500
CPP-INCOFIN Belgian investment company	KZT	14.00%	26/11/2012	44,630	-
Oikocredit	USD	8.25%	15/10/2012	30,160	96,995
Netri Private Foundation	USD	5.00%	19/04/2012	22,427	-
Deutsche Bank Microcredit Development Fund.Inc	USD	5.00%	19/04/2012	7,475	-
Total loans from banks and other financial institutions				757,167	410,227
Subordinated loans					
Deutsche Bank Aktiengesellschaf	USD	10.50%	31/12/2014	151,749	150,984
Financial Group Kompanion	KGS	14.50%	25/04/2016	77,263	74,548
Total subordinated loans				229,012	225,532
Total due to banks and other financial institutions				986,179	635,759

As at 31 December 2011 and 2010, due to banks and other financial institutions included accrued interest amounting to KZT 10,701 thousand and KZT 4,789 thousand, respectively.

The Company is required to comply with financial covenants in relation to borrowed funds disclosed above. These covenants include stipulated ratios, debt to equity ratios and various other financial performance ratios.

14. CHARTER CAPITAL

As at 31 December 2011 and 2010, the Company's authorized and paid charter capital amounted to KZT 195,922 thousand. Participatory shares of the members are distributed as follows:

- Mercy Corps: contribution amount – KZT 77,488 thousand, participatory share in the charter capital – 60%;
- Asian Credit Fund Public Fund: contribution amount – KZT 118,434 thousand, participatory share in the charter capital – 40%.

15. FINANCIAL COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 December 2011 and 2010, the Company had no material commitments for capital expenditure.

Operating lease commitments

As at 31 December 2011 and 2010, the Company had no material commitments under operating leases.

Legal proceedings

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

Taxation

Commercial legislation of the Republic of Kazakhstan and countries where the Company operates, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Company's business activities, was to be challenged by the tax authorities, the Company may be assessed additional taxes, penalties and interest.

Such uncertainty may relate to the valuation of financial instruments, valuation of provision for impairment losses and the market pricing of deals. Additionally such uncertainty may relate to the valuation of temporary differences on the provision and recovery of the provision for impairment losses on loans to customers and receivables, as an underestimation of the taxable profit. The management of the Company believes that it has accrued all tax amounts due and therefore no allowance has been made in the consolidated financial statements.

Pensions and retirement plans

Employees of the Company receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2011 and 2010 the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Kazakhstan and the Kazakhstani economy in general.

Laws and regulations affecting businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within Kazakhstan are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Kazakhstan. The future economic direction of Kazakhstan is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Kazakhstani economy, adversely affect the Company's access to capital and cost of capital for the Company and, more generally, its business, results of operations, financial condition and prospects.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market which has fluctuated significantly during 2011 and 2010.

16. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is paid to the substance of the relationship rather than only their legal status. The Company had the following transactions outstanding with related parties:

	31 December 2011		31 December 2010	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Due to banks and other financial institutions	77,263	986,179	74,548	635,759

Included in the statement of comprehensive income for the years ended 31 December 2011 and 2010 there are the following amounts which arose due to transactions with related parties:

	Year ended 31 December 2011		Year ended 31 December 2010	
	Related party transactions	Total category as per financial statements caption	Related party transactions	Total category as per financial statements caption
Interest expense	(12,467)	(96,099)	(14,782)	(66,680)
Operating expenses	(20,593)	(232,317)	(24,781)	(183,357)
-Key management personnel compensation	(20,593)		(24,781)	

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Company could realize in a market exchange from the sale of its full holdings of a particular instrument.

The carrying amount of financial assets approximates their fair value due to the short-term nature of such financial instruments.

18. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity attributable to the participants, comprising issued capital and retained earnings as disclosed in statement of changes in equity.

The Management Board reviews the capital structure on a regular basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

As at 31 December 2011 and 2010, there have been no changes in the Company's capital structure.

19. RISK MANAGEMENT POLICIES

Management of risk is fundamental to the Company's business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are:

- Credit risk
- Operational risk
- Liquidity risk
- Market risk

The Company recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Company has established a risk management framework, whose main purpose is to protect the Company from risk and allow it to achieve its performance objectives.

Risk management policies and procedures

The Company's risk management policies aim to identify, analyze and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

Supervisory Board of the Company has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

Management Board of the Company is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company operates within the established risk parameters. Each department is responsible for direct management of the relevant risks, and together with the lawyer continuously monitor compliance with currently effective legislation.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of different committees.

Both external and internal risk factors are identified and managed throughout the Company's organizational structure.

Through the risk management framework, the Company manages the following risks:

Credit risk

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

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

The Company has developed policies and procedures for the management of credit exposures including guidelines to limit portfolio concentration and the establishment of a Credit Committee, which actively monitors the Company's credit risk. The Company's credit policy is reviewed and approved by the Supervisory Board. The Company establishes limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees but a significant portion is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Maximum Exposure

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of balance sheet and off balance sheet financial assets and contingent liabilities. For financial assets in the statement of financial position, the maximum exposure equals to the carrying amount value of those assets prior to any offset or collateral. For financial guarantees and other off balance sheet assets contingent liabilities, the maximum exposure to credit risk is the maximum amount the Company would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	31 December 2011 Net exposure after offset and collateral
Cash	11,802	-	11,802	-	11,802
Due from banks	392,860	-	392,860	-	392,860
Loans to customers	616,717	-	616,717	30,239	586,478
Other financial assets	2,170	-	2,170	-	2,170

	Maximum exposure	Offset	Net exposure after offset	Collateral Pledged	31 December 2010 Net exposure after offset and collateral
Cash	41,552	-	41,552	-	41,552
Due from banks	249,000	-	249,000	-	249,000
Loans to customers	362,774	-	362,774	43,887	318,887
Other financial assets	2,948	-	2,948	-	2,948

The following table details the credit ratings of financial assets held by the Company.

	BBB	BB	Not rated	31 December 2011 Total
Cash	-	-	11,802	11,802
Due from banks	392,860	-	-	392,860
Loans to customers	-	-	616,717	616,717
Other financial assets	-	-	2,170	2,170

	BBB	BB	Not rated	31 December 2010 Total
Cash	-	-	41,552	41,552
Due from banks	249,000	-	-	249,000
Loans to customers	-	-	362,774	362,774
Other financial assets	-	-	2,948	2,948

The banking industry is generally exposed to credit risk through its financial assets and loans to customers. The credit risk exposure of the Company is concentrated within the Republic of Kazakhstan. The exposure is monitored on a regular basis to ensure that the credit limits and credit worthiness guidelines established by the Company's credit and risk management policy are not breached.

In determining the credit risk of financial assets which do not have ratings, the Company uses internal scoring models based on risk ranking criteria. The scoring model takes into consideration the financial performance of the borrower, the ability of repayment and any delays in repayment and the collateral pledged against any borrowings. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The Company manages credit risk of financial assets by use of an internal rating system. Loans are classified based on internal evaluations and other analytical procedures, branches and Credit Administration Department classify loans according to their risk and the risk of potential losses, with classifications subject to the approval of the Credit Committee.

Standard loans

The financial condition of the borrower is assessed as stable and there is no indication of any external or internal factors to suggest that the financial condition of the borrower has deteriorated. In case there are some minor negative indicators, the Company has confidence that the borrower will be able to cope with such (temporary) difficulties. Interest and principal are repaid in full. The borrower is considered as having the ability to repay the loan in accordance with its terms and conditions.

Substandard loans

There are evidences of deterioration of creditworthiness and financial position of the borrower. Such negative tendency can have influence on capacity to fulfill borrower's obligation in terms of loan repayment (principle amount or interest). In case weaknesses of the loan are not being improved, most likely that Company will have losses. Key characteristics are overdue amounts up to 30 days, prolongation of loan with timely done payments.

Unsatisfactory

There is evidence of a temporary deterioration in the financial condition of the borrower, including a decrease in income or a loss of market share. The borrower repays the loan principal and the interest without delay and in full. Key characteristics are overdue amounts from 31 to 60 days, prolongation of loan, or the repayment of the loan depends to an extent on the realization of collateral. The amount of collateral is sufficient to cover principal amount, interest income accrued, and expenses related to the sale of collateral.

Doubtful

The deterioration in the financial condition of the borrower has reached a critical level, but borrower's business continues operating. Possibility of loss of doubtful assets is very high, but due to several specific expected factors, that could improve the quality of asset, its classification as loss is deferred until a more precise assessment can be performed. Key characteristics are overdue amounts from 61 to 90 days, or the quality of collateral has deteriorated since origination or it is absent.

Losses

In the absence of any information to the contrary, the borrower's financial condition and operations have reached the point where it is evident that the borrower cannot repay the loan and the collateral value is negligible. The loan is uncollateralized or borrower prevents selling its collateral. Key characteristics are overdue amounts over 90 days, inability or refusal of the client to repay the loan, or absence of the borrower. Once all legal measures to recover the loan have been exhausted, the loan is accounted for as off-balance for at least three years in case of possible repayment.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

		Financial assets past due and unimpaired				**Financial assets that have been impaired**	**31 December 2011**
	Neither past due nor impaired	**0-3 months**	**3-6 months**	**6 months to 1 year**	**Greater than one year**		**Total**
Cash	11,802	-	-	-	-	-	11,802
Due from banks	392,860	-	-	-	-	-	392,860
Loans to customers	-	-	-	-	-	649,390	649,390
Other financial assets	2,170	-	-	-	-	-	2,170

		Financial assets past due and unimpaired				**Financial assets that have been impaired**	**31 December 2010**
	Neither past due nor impaired	**0-3 months**	**3-6 months**	**6 months to 1 year**	**Greater than one year**		**Total**
Cash	41,552	-	-	-	-	-	41,552
Due from banks	249,000	-	-	-	-	-	249,000
Loans to customers	-	-	-	-	-	362,774	362,774
Other financial assets	2,948	-	-	-	-	-	2,948

Operational risk

The Company is exposed to operational risk which is the risk of losses that can be a result of any system inefficiencies or breaks of internal process, systems, presence of human error or effect of any external negative factor.

The Company's risk management policies are designed to identify and analyze this risk to set appropriate risk limits and controls.

Geographical concentration

Management of the Company exercises control over the risk related to changes in the legislation and regulatory arena and assess its influence on the Company's activity. This approach allows the Company to minimize potential losses from the investment climate fluctuations in the Republic of Kazakhstan.

The geographical concentration of assets and liabilities is shown below:

	Kazakhstan	OECD countries	Other non-OECD countries	31 December 2011 Total
FINANCIAL ASSETS:				
Cash	11,802	-	-	11,802
Due from banks	392,860	-	-	392,860
Loans to customers	616,717	-	-	616,717
Other financial assets	2,170	-	-	2,170
TOTAL FINANCIAL ASSETS	1,023,549	-	-	1,023,549
FINANCIAL LIABILITIES:				
Due to banks and other financial institutions	425,087	332,571	228,521	986,179
TOTAL FINANCIAL LIABILITIES	425,087	332,571	228,521	986,179
NET POSITION	598,462	(332,571)	(228,521)	

	Kazakhstan	OECD countries	Other non-OECD countries	31 December 2010 Total
FINANCIAL ASSETS:				
Cash	41,552	-	-	41,552
Due from banks	249,000	-	-	249,000
Loans to customers	362,774	-	-	362,774
Other financial assets	2,948	-	-	2,948
TOTAL FINANCIAL ASSETS	656,274	-	-	656,274
FINANCIAL LIABILITIES:				
Due to banks and other financial institutions	387,780	247,979	-	635,759
TOTAL FINANCIAL LIABILITIES	387,780	247,979	-	635,759
NET POSITION	268,494	(247,979)	-	

Liquidity risk

Liquidity risk refers to availability of funds to repay liabilities as they fall due and meeting the demand in cash in the process of crediting customers.

The Management controls these types of risks by means of maturity analysis, determining the Company's strategy for the next financial period. Current liquidity is managed by the Financial department, which supports current liquidity on sufficient level to minimize the liquidity risk.

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

	Weighted average interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2011 Total
FINANCIAL ASSETS:							
Due from banks	6.02%	-	-	392,860	-	-	392,860
Loans to customers	28.83%	9,678	70,619	523,690	12,730	-	616,717
Total interest bearing financial assets		9,678	70,619	916,550	12,730	-	1,009,577
Cash		11,802	-	-	-	-	11,802
Other financial assets		-	-	-	2,170	-	2,170
TOTAL FINANCIAL ASSETS		21,480	70,619	916,550	14,900	-	1,023,548
FINANCIAL LIABILITIES:							
Due to banks and other financial institutions	10.84%	47,015	265,584	373,037	300,543	-	986,179
Total interest bearing financial liabilities		47,015	265,584	373,037	300,543	-	986,179
TOTAL FINANCIAL LIABILITIES		47,015	265,584	373,037	300,543	-	986,179
Liquidity gap		(25,535)	(194,965)	543,513	(285,643)	-	
Interest sensitivity gap		(37,337)	(194,965)	543,513	(287,813)	-	
Cumulative interest sensitivity gap		(37,337)	(232,302)	311,211	23,378	23,378	
Cumulative interest sensitivity gap as a percentage of total assets		-4%	-23%	30%	2%	2%	

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2010 Total
FINANCIAL ASSETS:							
Due from banks	7.75%	-	249,000	-	-	-	249,000
Loans to customers	38.31%	13,315	56,609	265,607	20,767	6,477	362,775
Total interest bearing financial assets		13,315	305,609	265,607	20,767	6,477	611,775
Cash		41,552	-	-	-	-	41,552
Other financial assets		-	-	2,948	-	-	2,948
TOTAL FINANCIAL ASSETS		54,867	305,609	268,555	20,767	6,477	656,275
FINANCIAL LIABILITIES:							
Due to banks and other financial institutions	12.53%	-	244,007	196,109	195,643	-	635,759
Total interest bearing financial liabilities		-	244,007	196,109	195,643	-	635,759
TOTAL FINANCIAL LIABILITIES		-	244,007	196,109	195,643	-	635,759
Liquidity gap		54,867	61,602	72,446	(174,876)	6,477	
Interest sensitivity gap		13,315	61,602	69,498	(174,876)	6,477	
Cumulative interest sensitivity gap		13,315	74,917	144,415	(30,461)	(23,984)	
Cumulative interest sensitivity gap as a percentage of total assets		2%	11%	22%	-5%	-4%	

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

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

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the statement of financial position on an undiscounted basis.

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	31 December 2011 Total
FINANCIAL LIABILITIES							
Due to banks and other financial institutions	10.84%	8,370	116,284	732,796	298,409	-	1,155,858
Total financial liabilities		8,370	116,284	732,796	298,409	-	1,155,858

	Weighted average effective interest rate	Up to 1 month	1 month to 3 months	3 month to 1 year	1 year to 5 years	Over 5 years	31 December 2010 Total
FINANCIAL LIABILITIES							
Due to banks and other financial institutions	12.53%	3,195	87,663	88,150	422,919	-	601,927
Total financial liabilities		3,195	87,663	88,150	422,919	-	601,927

Market Risk

Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. There have been no changes as to the way the Company measures risk or to the risk it is exposed in 2011.

The Company did not exposed to interest rate risks as Company borrows funds at only fixed rates.

The Credit Administration and Financial department also manage interest rate and market risks by matching the Company's interest rate position, which provides the Company with a positive interest margin. Financial department conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in interest rates and its influence on the Company's profitability.

Currency risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial position and cash flows are exposed to effects of fluctuations in foreign currency exchange rates. The management controls currency risk by management of the open currency position on the estimated basis of KZT devaluation and other macroeconomic indicators, which gives the Company an opportunity to minimize losses from significant currency rates fluctuations toward its functional currency.

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

	KZT	USD USD 1 = KZT 148.40	Kyrgyz Som KGS 1 = KZT 3.21	31 December 2011 Total
FINANCIAL ASSETS:				
Cash	10,130	1,670	2	11,802
Due from banks	5,000	387,860	-	392,860
Loans to customers	616,717	-	-	616,717
Other financial assets	2,170	-	-	2,170
TOTAL FINANCIAL ASSETS	634,017	389,530	2	1,023,549
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	545,846	363,070	77,263	986,179
TOTAL FINANCIAL LIABILITIES	545,846	363,070	77,263	986,179
OPEN BALANCE SHEET POSITION	88,171	26,460	(77,261)	

	KZT	USD USD 1 = KZT 147.50	Kyrgyz Som KGS 1 = KZT 3.13	31 December 2010 Total
FINANCIAL ASSETS:				
Cash	23,926	17,626	-	41,552
Due from banks	13,000	236,000	-	249,000
Loans to customers	362,774	-	-	362,774
Other financial assets	2,948	-	-	2,948
TOTAL FINANCIAL ASSETS	402,648	253,626	-	656,274
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	297,582	338,177	-	635,759
TOTAL FINANCIAL LIABILITIES	297,582	338,177	-	635,759
OPEN BALANCE SHEET POSITION	105,066	(84,551)	-	

Currency risk sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in the US Dollar/Kazakhstani tenge exchange rates in 2011 and 2010. Management of the Company believe that given the current economic conditions in the Republic of Kazakhstan that a 10% decrease is a realistic movement in the Tenge exchange rates against the US Dollar. This is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in currency rates as at 31 December 2011 and 2010, respectively.

Impact on net profit based on asset values as at 31 December 2011 and 2010:

	31 December 2011 KZT/USD		31 December 2010 KZT/USD	
	+10%	-10%	+10%	-10%
Impact on profit and loss	2,478	(2,478)	(8,455)	8,455

Impact on equity:

	31 December 2011 KZT/USD		31 December 2010 KZT/USD	
	+10%	-10%	+10%	-10%
Impact on equity	1,982	(1,982)	(6,764)	6,764

Limitations of sensitivity analysis

The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs. For example, the Company's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in assumptions may not have any impact on the liabilities, whereas assets are held at market value on the balance sheet. In these circumstances, different measurement bases for liabilities and assets may lead to volatility in shareholder equity.

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

20. SUBSEQUENT EVENTS

On 6 February 2012 and 9 April 2012, the Company prolonged its existing credit lines with JSC Eurasian Bank in the amount of KZT 224,000 thousand and KZT 28,100 thousand, respectively.

On 15 March 2012, the Company attracted USD 200 thousand loan from JSC Impact-Finance. On 29 March 2012, Company attracted a new USD 200 thousand loan from Deutsche Bank Microcredit Development Fund lnc.

On 20 February 2012, the Company fully repaid ArcelorMittal SME Resource LLP loan in the amount of KZT 45,500 thousand (Note 13).

On 31 March 2012, the Company fully repaid Netri Private Foundation loan in the amount of USD 150,000 and Deutsche Bank Microcredit Development Fund loan in the amount of USD 50,000. As at 31 December 2011, these loans amounted to KZT 22,427 thousand and KZT 7,475 thousand, respectively (Note 13).