

Annual Report

2012

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Address of the management

Dear shareholders!

We present to your attention the annual statement of "REAL-INVEST.KZ" FINANCIAL COMPANY" JSC for the year 2014.

We thank you for being with us throughout this year, notwithstanding difficult macroeconomic situation in the Kazakhstan market and in the world economy. The Board of Directors of "REAL-INVEST.KZ" FINANCIAL COMPANY" JSC thanks shareholders for understanding, confidence, and support.

The year 2014 was noted with numerous events for "REAL-INVEST.KZ" FINANCIAL COMPANY" JSC. First of all, this year the company proceeded to implementation of the new Development Strategy for the years 2014-2019. In the Development Strategy the Company pursues clear, comprehensible and very ambitious objects. One of the most important factors of success is clear awareness and understanding of uniqueness of our investment business formation concept. The basis is our firm intention to adhere to own principles and standards of establishment of relations with partners and clients, orientation to win from cooperation for both parties. The Company has conventionally determined for itself basic principles of "ecological finances". In this event ecological properties mean not only and not so much our portfolio of "green investments" as "non-toxicity", utility of those financial products, which we offer people. This is an underlying factor to determine those business directions, which we are engaged in now, and which we are going to engage in the future, as well as to build relations with all partners.

Consecutive implementation of our underlying business principles, equal relationships with partners were also confirmed with the fact that, notwithstanding difficulties with liquidity in the capital market, in 2014 the Company fully repaid a bond loan and fulfilled all its obligations to shareholders on dividend payment.

Throughout the year we studied the best world experience in the area of investments. As a matter of fact, we are at the initial stage of creation of a new product and we are preparing for offering the same to our clients, partners, and the whole market. We leave "overboard" everything "toxic" that prevented us in that work during a long period and did not allow us to move ahead; we are studying the world experience, the best things, which had been invented by man in the area of investments. All of this is subject to experience of investment activities accumulated by us over the period of activity of the Company from 2003; this will allow us creating a product subject to today world trends, which product is unique by definition.

This year permitted us strengthening in our confidence that in the present-day world "dull" business principles do not work. Therefore we are sure about correctness of chosen direction.

As in the previous year, in 2014 recession in the financial sector of Kazakhstan is continuing. However our subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – takes stable leading positions in its sector of financial services. Tremendous potential, which, according to our estimations, we will realize the nearest 2-3 years, is laid on this direction.

Such social organizations as Association of Legal Entities "Union "Kazakhstan green building committee – KazGBC" and federation of organic agriculture movement (KazFOAM) are successfully continuing their activity. Active participation in social life and creation of good conditions by means of those facilities for those business directions, which we consider the most interesting and perspective, is also our contribution to the future large-scale success.

In general, results of work of the Company in 2014 became an example of full-fledged interaction of employees of the Company, its management, as well as the Board of Directors in order to ensure observe interests of our shareholders. We are looking forward with optimism and, having huge experience in the area of investments, tremendous human, professional potential, firm confidence in correctness of chosen strategy, we will continue realization thereof in 2015, as well.

Basic targets and tasks for the next year 2004

In 2014 the shareholders of the Company adopted a new Strategy of development for the years 2014-2019 a basic target of which is to establish a big management investment company focusing one-hundred-per cent on direct investments. By the year 2019 Real Invest group will be the leader in the stock market of direct investments. The Company is successfully and professionally investing in implementation of impressive, efficient, useful, and profitable projects inside the country and abroad. The Company is consecutively entering the projects and emerging therefrom forming with its participation an added value and earning its profit by means thereof.

The principle of 100% focus on the main thing is laid as basis of the strategy 2014-2019.

In 2015 the Company is going to complete the procedures for establishment of a management company and an investment fund. By the end of the year the volume of managed investments must amount to \$10 million.

Information on listing company

RRReal Invest group is a general-purpose, multiproduct financial and investment company, which is successfully working in the stock market of Kazakhstan since 2003.

Real Invest group was formed in 2003 as a licensed broker-dealer and asset manager. From the first years of activity RIG took solid positions in the TOP 5 rating of brokerage companies of Kazakhstan demonstrating high performances as for trading volumes on Kazakhstan Stock Exchange (KASE), underwriting transactions in the primary market, amount of assets under management and profitability of investment funds, for what during different years RIG was awarded with more than a dozen of various prizes. The total volume of underwriting transactions of RIG over the period of activity exceeded the amount of \$200 million, and volume of transactions with assets under management exceeded the amount of \$500 million.

Successful growth of the Company and listing in 2008 of the securities of RIG on the KASE provided a wide access to borrowed capital and became a new stage in development of the Company focusing on making direct investments in and outside Kazakhstan with entering the international markets and opening an investment subsidiary in Dubai International Financial Center (DIFC).

Today the strategic task of RIG is to provide the Kazakhstan investors with access to the international high-technology innovation venture projects by way of formation of the international direct investment funds and management of assets of those funds.

History of basic developments

2003

August

- “REAL-INVEST.kz” Financial Company” JSC was established

December

- The Company obtained license to carry out activity related with investment portfolio management.
- The Company obtained license to carry out brokerage and dealer’s activity in the securities market with the right to manage accounts of clients as a nominal holder.

February

- The Company became a member of the KASE in categories “K”, “P”, and “H” (with the right to participate in trades in government and non-government equity securities).

March

- The Company completed the first project for financial consulting – ordinary shares of “Kazakhstan Industrial Bank” JSC are officially listed on the KASE in category “B”.

May

- The Company became a member of the Association of Kazakhstan Financiers and the Association of Asset Managers.

- The Company completed the first bond project having acted as an initiator, financial consultant, and underwriter of the first issue of bonds of “GMK Kazakhaltyn” JSC.

June

- The Company became a shareholder of the KASE.

July

- The Company got the status of a consultant in the Program of business support of the European Bank for Reconstruction and Development (BAS).

- The Company acted as a financial consultant for officially listing the shares of “Rossa” JSC on the KASE in category “A”.

December

- The stock turnover of the company over the period of work amounted to 50 billion tenge.

2005

February

- The Company began to provide its clients with “Internet trading” service.

June

- The Company acted as an underwriter of the first issue of bonds within the framework of the first bond program of “ATF Bank” JSC to the amount of 5.5 billion tenge.

July

- The Company established a closed unit venture investment fund “Etalon”.
- The Company established an interval unit investment fund “Favorit”.

August

- The Chairman of the Board of Directors of the Company, Mr. Niyazov B.B., was elected to be a member of the Exchange Committee of the KASE.

November

- The Company’s site was launched in the Internet.

December

- A point of sale of units of IUIF “Favorit” was activated.

2006

January

- Updated version of the Company’s site was launched in the Internet.

March

- The Company acted as underwriter and financial consultant for listing of bonds of the second issue of “DANABANK” JSC

in category "B". Issue amount – 3 billion tenge.

April

- The Company acted as underwriter of coupon bonds of the first issue of "Tsesnabank" JSC within the framework of the first bond program, having allocated the same to the amount of 1 billion tenge.

May

- The Company acted as financial consultant for listing of bonds of the second issue of "ROSSA" JSC in category "A".

July

- Anniversary from commencement of allocation of units of the Interval Investment Unit Fund "Favorit".

September

- In order to popularize UIFs in Kazakhstan the Company began to hold free training seminars for new methods of investment.

October

- Equity capital of the Company increased up to the amount of 220 million tenge. The Company acted as financial consultant for listing of shares of "Almaty distillery" JSC in category "B". The Company acted as underwriter and financial consultant for listing of bonds of the first issue of "Tort-Kudyk" LLP to the amount of 2 billion tenge in category "B".

November

- Value of assets of the Interval Unit Investment Fund "Favorit" increased from beginning more than by 80%. Increase in value of a unit from beginning till November 2006 was equal to 40% per annum.

2007

January

- Equity capital of the Company exceeded the amount of 1 billion tenge.
- The Agency of the Republic of Kazakhstan for regulation of activity of the Regional financial centre of Almaty City registered "REAL-INVEST RFCA" JSC as a participant of the Regional financial centre of Almaty City (Certificate of Registration No.18-1910-RFCA-AO).

February

- The Company registered the first in Kazakhstan Fund of funds "Favorit Collection" and two closed unit investment venture investment funds – "Granit" and "Bestseller".

March

- The Company obtained license from the FSA of RK to make particular types of banking transactions.

2008

January

- The Company was admitted as a member of the KASE in category "A".

June

- The Company introduced for listing the ordinary shares and bonds, which, under condition 3, are officially listed on STP of RFCA (category "C").

July

- The Company was admitted as a member of the KASE in category "B".

September

- The Company successfully passed through certification audit of the quality management system for conformance to requirements of IS ISO 9001:2000 and obtained certificate.

2009

January

- The Company established a subsidiary - "REAL-CREDIT.kz" Micro-Credit Organization" LLP.

April

- A new Closed Unit Investment Venture Investment Fund "Favorit BRIK" was registered.

December

- IUIF "Favorit" took the first place nominated as "The Biggest Retail Unit Investment Fund".
- With the support of subsidiary - "REAL Art production.kz" LLP - work on shooting a film of V. Butussov "Iz raya v rai (From paradise to paradise)" was performed.
- IUIF "Favorit" took the third place nominated as "The Best Revenue Performance".

2010

January

- A new Strategy of development of the Group for the years 2010-2012 was adopted.

April

- With the support of subsidiary - "REAL Art production.kz" LLP - the film of V. Butussov "Iz raya v rai (From paradise to paradise)" was released on DVD discs.
- A subsidiary producing company - "REAL Art production.kz" LLP - was established. The recital was organized and DVD disc of V. Butussov "Iz raya v rai (From paradise to paradise)" was released, these events became the first joint project of "REAL Art production.kz" LLP and V. Butussov.

May

- A new brand of group was created: "Real Invest group".
- In the context of a new Strategy of development the Board of Directors and the Management Board of the Company were changed.

- IUIF "Favorit" was rebranded; a line of unit funds "Favorit" was formed.

- "REAL-INVEST.kz" Financial Company" JSC concluded agreement for cooperation with SAXO Bank (Denmark).

- The ongoing exhibition of the Kazakhstan artists Andrey Nod and Nataliya Litvinova was opened.

June

- Analytical centre was formed in subsidiary - "REAL ASSET MANAGEMENT" JSC.

July

- A new Closed Unit Investment Venture Investment Fund "Favorit Russia – Kazakhstan" was registered.

- "REAL-INVEST.kz" Financial Company" JSC became a leader in trade volume among members of the KASE.

September

- Presentation was held and the film "Iгла. Remix", producer of which was subsidiary - "REAL Art production.kz" LLP - was shown.

- Subsidiary - "REAL-GOLD" Jewellery Company" LLP - was

established.

- The Marketing and PR Department was formed in subsidiary - "REAL ASSET MANAGEMENT" JSC.

October

- The Sales Department was formed in subsidiary - "REAL ASSET MANAGEMENT" JSC.

November

- With the support of subsidiary - "REAL Art production.kz" LLP - the album of V. Butussov "Tsvety i ternii (Flowers and thorns)" was presented.
- With the support of subsidiary – "REAL Art production.kz" LLP – presentation concerts in the cities of Moscow and Saint Petersburg were organized.
- Subsidiary - "JAZZ CAPITAL" Brokerage House" JSC - was established.

December

- A new high-technology site of the subsidiary - "JAZZ CAPITAL" Brokerage House" JSC - was launched in the Internet.
- The Trade platform "JAZZ CAPITAL" was launched.
- A new web-site of Real Invest group was launched.
- With the support of the subsidiary - "REAL Art production.kz" LLP - the album of V. Butussov "Tsvety i ternii (Flowers and thorns)" was released on CD discs and exclusive collection series of vinyl discs.
- Confirmation of conformance to requirements of the international standard ISO 9001:2008 was obtained.

2011

February

- Site of the subsidiary - "REAL ASSET MANAGEMENT" JSC - was launched in the Internet.

March

- The first shop of jewellery network of "REAL-GOLD" Jewellery Company" LLP was opened.

April

- "REAL-GOLD" Jewellery Company" LLP participated in the International jewellery exhibition "Aru – Almaty 2011", which took place from 14 to 17 April in Almaty City (BCC "Atakent").
- "JAZZ CAPITAL" Brokerage House" JSC obtained license to carry out brokerage and dealer's activity in the securities market with the right to manage accounts of clients as a nominal holder.

May

- "JAZZ CAPITAL" Brokerage House" JSC concluded agreement for cooperation with SAXO Bank (Denmark).
- Financial holding Real Invest group held press lunch devoted to creation of a new brokerage house JAZZ CAPITAL and cooperation with the leading European financial institution SAXO BANK (Denmark).
- With the support of RFCA Academy, "JAZZ CAPITAL" Brokerage House" JSC and SAXO BANK held master class for investments in stock markets, to which clients of "JAZZ CAPITAL" Brokerage House" JSC and members of the Club of Private Investors had been invited.

2012

January

- Decision on a need for Group business restructuring by

affiliation of "REAL ASSET MANAGEMENT" JSC to "JAZZ CAPITAL" Brokerage House" JSC and re-issue of license of "REAL ASSET MANAGEMENT" JSC to manage investment portfolio to "JAZZ CAPITAL" Brokerage House" JSC was made.

- Establishment of "BonFood Distribution" LLP.

February

- Another point of sale of jewellery network of "REAL-GOLD" Jewellery Company" LLP was opened in SLC "ADK".

March

- The VII Kazakhstan financial forum, professional specialized competition for brokerage and management companies of the Republic of Kazakhstan took place in Almaty City.
- "REAL ASSET MANAGEMENT" JSC and IUIF "FAVORIT" managed by it became winners of INVESTFUNDS AWARDS in three nominations at once.
- "REAL ASSET MANAGEMENT" JSC obtained the first award nominated as "The Most Popular Management Company".
- IUIF "FAVORIT" was recognized as one of the best as for return performance among retail unit investment funds, as well as it was nominated as "The Biggest Retail Unit Investment Fund in Kazakhstan".

June

- In connection with business restructuring the Management Board of "REAL-INVEST.kz" Financial Company" JSC decided to transfer brokerage and dealer's activity to the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC.
- On 6 June 2012 "REAL-INVEST.kz" Financial Company" JSC voluntarily returned the license to carry out brokerage and dealer's activity in the securities market with the right to manage accounts of clients as a nominal holder to the Committee for control and supervision of financial market and financial organizations of the National Bank of the Republic of Kazakhstan.

July

- "JAZZ CAPITAL" Brokerage House" JSC obtained license to carry out activity related with investment portfolio management.

2013

July

- The Federation of organic agriculture movement (KazFOAM) was registered.

September

- The Association of Legal Entities "Union "Kazakhstan green building committee - KazGBC" was formed.

December

- The shareholders of the Company adopted a new Development Strategy for the years 2014-2019, where main task is to form a big investment management company 100% focused on direct investments.
- Team of "JAZZ CAPITAL" Brokerage House" JSC took active part in allocation of shares of "Kaztransoil" JSC in the context of programs Public IPO and took the fifth place as for volume of allocation among 22 local brokers.
- In 2013 the subsidiary ("JAZZ CAPITAL" Brokerage House" JSC) took the 5th place in rating of activity of the trades in equity instruments on the KASE.
- In 2013 the subsidiary of "REAL-INVEST.kz" Financial Company" JSC ("REAL-GOLD" Jewellery Company" LLP)

rebranded the distribution network, having represented to the market a new brand - FILIGRANO. New points of sale in SLC APORT, SLC MART, SLC Sputnik, SLC ADK (Ust-Kamenogorsk), SLC Globus under new brand FILIGRANO were opened.

- n 2013 activity of the subsidiary ("REAL-CREDIT.kz" Microcredit Organization" LLP) was terminated.

Our mission

To improve the life of people by means of efficient investment of capital into the business projects.

Vision

In 2030 money investing in investment funds of Kazakhstan will be an easy accessible and popular alternative for keeping money on bank deposits.

Purpose

On the basis of a group, to create a reliable international platform to invest private capital in perspective business projects in Kazakhstan and all over the world.

Principles of business

- Principle of business advantage
- Principle of conformance of plans and projects of the company, strategy of its development to life, creative, and mental priorities of its shareholders and key team members
- Principle of social utility and principle of ideological and material involvement
- Principle of efficient partnership
- Principle of concentration on basic directions of development, targets and tasks for a long term

Subsidiaries of "REAL-INVEST.kz" Financial Company" JSC.

Basic performances and results of activity

"JAZZ CAPITAL" Brokerage House" Joint-Stock Company

"AVERS" Construction Firm" Limited Liability Partnership

"REAL Art-production.kz" Limited Liability Partnership

"Real Development.kz" Limited Liability Partnership

Name of subsidiary	Interest/voting shares, %		Type of activity
	31.12.2014	31.12.2013	
"JAZZ CAPITAL" Brokerage House" JSC	100%	100%	Brokerage and dealer's activity in the securities market with the right to manage accounts as nominal holder.
"REAL Art-Production.kz" LLP	100%	100%	Financing and producing film projects, projects in the area of art, book publishing and music
"AVERS" Construction Firm" Limited Liability Partnership	100%	100%	Construction
"Joint-Stock Real Estate Investment Fund "REAL ESTATE INVESTMENT FUND" Joint-Stock Company	0%	100%	Real estate lease
"REAL-GOLD" Jewellery Company" Limited Liability Partnership	0%	100%	Sale of jewelleryes
"Alua TOP Construction" Limited Liability Partnership	0%	100%	Construction

Item	"JAZZ CAPITAL" Brokerage House" JSC	"Real-Invest.kz" Financial Company" JSC	ZAID Invest LLC
Proceeds	32 031	47 708	-
Cost of goods and services sold	(20 382)	(91)	-
Gross profit	11 650	47 616	-
Administrative expenses	(115 772)	(197 015)	(839)
Total operating profit (loss)	(104 122)	(149 398)	(839)
Incomes on funding	1 048	12 924	1 189
Expenses for funding	(561)	(10 036)	-
Other non-operating incomes	892 155	1 247 332	71 722
Other non-operating expenses	(377 614)	(407 790)	(98 403)
Profit (loss) before tax	410 905	693 032	(26 332)
Expenses on income tax	(14 827)	50 079	-
Profit (loss) after tax	396 079	743 111	(26 332)

Key developments of the year

Starting from 2014 the Company proceeded to implementation of the new strategy providing for transition from multiproduct investment holding focused on development of a major and active retail broker in the securities market to formation of a strong, professional and stable financial institution 100% focused on direct investments.

The world experience in direct investment fund business formation is studied. The principles of business formation are determined, the tactics of the Company objects achievement is approved, the basic benchmarks, plan of actions for improving image, building an efficient corporate governance system using the best world business formation experience, and the Company structure (forming efficient team aimed at achievement of key performances) are determined.

In the context of implementation of the Company's Development Strategy, the assets, processes, and resources were analyzed at all levels of the Company's structure. Idle and non-strategic assets/liabilities were found out. A restructuring plan is being developed; the Company has proceeded to implementation thereof. The secondary projects are closed; the Company structure and accounting system are simplified to the limit. The transactions of sale of 100% interest in the authorized capital stock of the following Partnerships owned by the Company were settled: "REAL ESTATE INVESTMENT FUND" LLP, "Alua TOP Construction" LLP, ""REAL-GOLD" Jewelry Company" LLP. In 2014 "JAZZ CAPITAL" Brokerage House" JSC voluntarily returned license to carry out the investment portfolio management activity.

In 2014 the subsidiary ("JAZZ CAPITAL" Brokerage House" JSC) took the 7th place in the rating of activity of trades in equity instruments on the KASE. The team of "JAZZ CAPITAL" Brokerage House" JSC also took active part in allocation of shares of "KEGOC" JSC within the framework of the program Public IPO.

Throughout the year the Association of Legal Entities "Union "Kazakhstan green building committee (KazGBC)" actively worked.

KazGBC or ALE "Union "Kazakhstan green building committee (KazGBC)" is a non-for-profit organization,

activity of which is aimed at advancement of green building in Kazakhstan. Mission of KazGBC is to change attitude of people to construction and operation of buildings through formation of green building industry in Kazakhstan.

From July 2013 till the present time the Kazakhstan federation of organic agriculture movement (KazFOAM) is operating in Kazakhstan. When forming this public organization, the founders of the Kazakhstan federation of organic agriculture movement (KazFOAM) set themselves as an object to integrate, develop, and support organic sector. It is necessary to create all conditions and preconditions to ensure organic products would become available for the Kazakhstan citizens and to ensure organic sector would become a driver of domestic agriculture.

It is very important to note that formation of KazFOAM is a result of integration and cooperation of business and public organizations. Principal founders of the federation were: "Real Invest Group" JSC, Ecological Culture Integration Fund (ECIF), and Organic-Center of Kazakhstan.

Operating activity

Review of development of the economy of Kazakhstan in 2014

In 2014 growth of the GDP in Kazakhstan slowed down in connection with reduction of prices for energy sources and weak demand. In the years 2010-2013 the real GDP growth was equal to 6.5 per cent on average due to high prices for oil. However, it reduced then from 6 per cent in 2013 down to 4.3 per cent in 2014 because of reduction of domestic demand caused by devaluation of the tenge in February 2014, decrease in demand from the part of China and Russia for the Kazakhstan metals and metal production, as well as significant reduction of the prices for oil in the second half of the year.

In particular, the private consumption suffered from negative effect of reduction of purchasing power after devaluation, stiffening of terms and conditions of consumer lending and deferred effect of reduction of growth of real salary occurred in 2013. In the second half of the year 2014 the prices for oil reduced by about 50 per cent that influenced not only on export and budget incomes, but also confidence of investors in the Kazakhstan economy. Growth of investments decreased from 6.3 per cent in 2013 down to about 2 per cent in 2014.

Growth of industrial production reduced from 2.3 per cent in 2013 down to 0.2 per cent in 2014 mainly due to reduction of petroleum production. Restrictions of capacity resulted in reduction of petroleum production by 1.2 per cent in 2014, after increase by 3.2 per cent in 2013.

In 2014 the national Bank of the Republic of Kazakhstan began to provide banks with non-market tenge funding instruments. They included provision through own balance of long-term foreign exchange swaps to transform currency funding into tenge funding, as well as auctions of tenge deposits and acquisition of tenge bonds of the banks by the Single National Pension Fund managed by the National Bank of the Republic of Kazakhstan.

The gold and foreign exchange reserves of the National Bank of the Republic of Kazakhstan increased in 2014. Inflation for 2014 was equal to 7.5% that is higher than in 2013 (4.8%), but within limit of a corridor of the National Bank of the Republic of Kazakhstan. Inflation speeded up after devaluation in February and increase in salaries of the public sector employees followed this. In 2015 the NB of RK began to actively form rates in the market of overnight REPO and one-day foreign exchange swaps, having stabilized the same at 15%. This became absolutely positive development in the area of monetary policy.

Launch of two state economic support programs in 2014 was oriented to stimulation of growth by eliminating main barriers in activity of private sector. Immediately after devaluation and against the background of appearance of evidences of slowdown of economic growth, the Government initiated the economy support program to the amount of 1 trillion tenge (about 5.5 billion US dollar) for the years 2014-2015, which was mainly aimed at solution of lending problems in banking sector by settling an old problem of non-performing loans and granting of subsidized credits to small and medium-scale business entities. Against the background of reduction of prices for oil and extension of uncertainty in external environment, the Government announced about additional economy support program ("Nurly Zhol") in the amount of 14 billion US dollar for the years 2015-2017 (a half is funded by the international financial organizations), which is aimed at construction of transport and social infrastructure and continuation of SME lending.

The Government adjusted the budget in connection with reduction of prices for oil. Planned republican budget for the year 2015 was reduced by 611 billion tenge (3.3 billion US dollar) mainly at the expense of rescheduling of non-priority investment expenses and delay in wage increase in the public sector until 1 January 2016. Reduction of the budget was partially compensated with additional application of the amount of 339 billion tenge out of funds of the National fund for program "Nurly Zhol". Assuming relatively stable external conditions, in the short term the program "Nurly Zhol" must have positive effect on employment, although its effect on growth of GDP most probably will be minimal due to reduction of the budget.

Changes in prices for oil and economic events in China and Russia (two very important trade partners) directly influence on Kazakhstan. According to forecasts, the Russian economy will decrease by 3.8 per cent in 2015 and 0.3 per cent in 2016 due to reduction of prices for oil and geopolitical tension connected with situation in Ukraine. It is expected that reduction of the Russian industry will continue and this will influence on the Kazakhstan export of metal products. Domestic demand in Russia will also decrease: it is expected that weak overall condition of economy will further scare investors and high inflation rate, reduction of salary and incomes and high cost of lending will further weaken

consumer demand. Economic growth of China is expected to slow down to about 7 per cent during the years 2015-2017, and increase in investments will also be reduced. As in case of Russia, all other conditions being equal, slowdown in growth of China will result in reduction of demand for the Kazakhstan export. Prospects for the nearest future are so that there will be double "shortage of demand" – domestic and foreign. Kazakhstan GDP growth most probably will achieve the minimum in 2015, and then it will gradually recover. Assumed that price for oil will be 53 US dollar for a barrel, it is expected that growth rate will decrease from 4.3 per cent in 2014 down to 1.3 per cent in 2015. In 2015 reduction of oil incomes may be expected to result in deficiency both on account of current operations and on total fiscal balance.

Correction of monetary policy may be needed in response to pressure connected with currency weakening. The authorities expressly made understand that financial and monetary stability are ultimate objects of their short-term monetary and foreign exchange policies, and they are not going to permit any changes more in foreign exchange rates. In the medium term they are going to pass on inflation targeting and more flexible exchange rate regime. Thus, they signaled on plans to launch a new interest rate instrument, which will help them to better manage monetary policy. However in the short term pressure on the tenge will continue and demand adjustment. Taking into consideration the current external disbalance and increase in real effective foreign exchange rate, as well as the fact that prices for oil will intensely not recover the next two-three years, exchange rates adjustment may be inevitable, although terms thereof, method, amounts, as well as effect on economy must be carefully evaluated.

Kazakhstan securities market

For the Kazakhstan stock market the year 2014 was also turbulent. Almost 50% reduction of prices for energy sources in the second half of the year 2014, together with correction of the Russian rouble, caused the most impressive expectations of the tenge weakening, which in turn resulted in sales of all securities of the Kazakhstan market. Investors began to sharply reduce its tenge positions preferring dollar investments as protection against devaluation that resulted in decline in value of shares and debentures of the Kazakhstan issuers. Based on results of 2014 KASE index increased by 2.6% and was equal to 941.86 points. From 1300 point pip in the middle of the year 2014 the index was adjusted more than by 30% by the end of the year.

Along with market disruption the trading volume has visibly reduced. Private investors practically completely kept away for some time from exchange trades. At the same time the number of allocations both in the share market and in the corporate bond sector has sharply reduced.

According to the information of the National Bank of the Republic of Kazakhstan, the number of brokers-dealers as at 31 December 2014 was equal to 50, of them 24 are non-banking organizations. As a comparison, at the end of 2013 the number of brokers-dealers was equal to 54, of them 28 were non-banking organizations. The total assets of brokers-dealers amounted to 2 032 million tenge and with respect to the similar index of the previous year they increased by 34%. Equity capital ratio of brokers-dealers increased by 30.7% and amounted to 1 847 million tenge. Liabilities of brokers-dealers significantly increased in 2014 by 79.6% and achieved the amount of 185 million tenge.

Drastic change of credit and investment climate in Kazakhstan resulted in a number of companies in different branches of economy remained without funding, which

is necessary for their breakthrough development, and a number of small investment projects remain not sufficiently financed at the stage of completion thereof. At the present time the most of existing lending institutions are more engaged in solution of their current problems, in this regard young investment banks, which are ready to finance the projects to the value of 100 thousand dollars and more, are being involved at the present time in filling that niche. The strong competitive advantage of the Kazakhstan investment banks is mobility, flexibility, and efficiency when making investment decisions, not inherent in many-stage, bureaucratized system of decision-making by the second tier banks.

Thus, investment banks, as new players in investment market, which did not obtain money of institutional investors until recently, are now acting as a channel through which money of institutional investors may be spent for support and development of real economy sector enduring difficulties. In addition, having many-year experience of work as financial consultants, investment banks are capable to manage projects financed aimed at development of such projects towards stock market, creating thereby preconditions for forming the second echelon of issuers for Kazakhstan and domestic IPO.

Project financing

In the context of activity related with project financing the subsidiary - "JAZZ CAPITAL" Brokerage House" JSC - on the basis of existing experience and cumulated base of projects, is going to develop project financing direction. Emphasis in development of that direction will be mainly made on direct purchase of interests in capital of medium-scale companies (10% and more) having a need for financing, project management aimed at development thereof, subject to subsequent sale thereof to strategic or portfolio investors (in the event of orientation to hold domestic IPOs).

In the situation of excess demand for funds and low liquidity of banking sector competition in that segment of the market is not high. Limitation of opportunities of investment banks to fund will not allow substantially satisfying investment shortage of medium-scale companies that currently allows investment banks working in that market without serious consequences for each other.

Financial consulting

Over past years of work the subsidiary - "JAZZ CAPITAL" Brokerage House" JSC - implemented a number of projects in the area of financial consulting and underwriting. Acting as a financial consultant and underwriter, the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – performs a full cycle of works for a client connected with its preparation for issue of securities, issue of securities, official listing on the Stock, allocation of securities among investors. During the period from 2012 to 2014 our clients were:

SPK Sary-Arka NC JSC

Bank Kassa Nova JSC

Sunkar Resources PLS

Kazakhstan Engineering NC JSC

Principal competitors of the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – in the market in this direction are such companies as:

"Assyl-Invest" JSC;

"Centras Securities" JSC;

"BTA Securities" JSC;

"HalykFinance" JSC;

"BCC Invest" JSC.

Brokerage services

Today the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – as a member of the stock exchange, has access to trades in all securities traded in formal securities market of Kazakhstan. Clients of the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – in the context of brokerage services, may purchase/sell securities in domestic market both by directly making client orders and in remote mode, using Internet trading system. In 2007 the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – began to provide clients with brokerage services related with transactions with securities on international trading platforms and, first of all, on trading platform of the London Stock Exchange. The subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – as a broker, services both corporate clients and natural persons.

Today the principal competitors of the subsidiary – "JAZZ CAPITAL" Brokerage House" JSC – in this direction of work are such companies as:

- "Assyl Invest" JSC,
- "BTA Securities" JSC,
- "HalykFinance" JSC,
- "Centras Securities" JSC,
- "BCC Invest" JSC.

In the context of brokerage direction the company offers its clients a maximum possible set of services providing access to trades in securities both on the Kazakhstan Stock Exchange and on leading international platforms.

As for investment banking activity, the project financing service becomes needed for many Kazakhstan companies under crisis circumstances. Today there are many uncompleted projects in the market, which need for financing, and major banks have severely restricted or merely closed limits suffering heavy shortage of liquidity. Existing situation enables young investment banks taking their share of market and even now we are considering projects to the amount exceeding 100 thousand US dollar. In order to finance major projects and to develop this direction the Company is going to finance the next year the projects within limits of special funds together with other institutional investors that will allow substantially increasing volumes of profitable transactions.

Financial and economic performances (thousand tenge)

Analysis of financial condition of the Company was carried out on the basis of the audited consolidated financial statements. All information is presented based on results of continuing operations.

Review of financial performances

Key performances for 2014:

- Amount of proceeds increased by 1% up to 66 984 thousand tenge (66 251 thousand tenge in 2013);
- Gross proceeds increased by 9,1% and amounted to 46 511 thousand tenge (as against 42 623 thousand tenge in 2013)
- Amount of expenses for funding decreased down to 10 597 thousand tenge in 2014 (108 211 thousand tenge in 2013);
- Net profit after tax in 2014 amounted to 22 097 thousand tenge.

Financial performances

thousand tenge, except key ratios, indices per share and changes

Item	2013	2014	Change 2013/2014, %
Proceeds	66,251	66,984	1%
EBITDA	183,103	17,629	-90%
Return on EBITDA, %	276%	26%	-27%
Incomes on funding	108,211	10,597	-90%
Earnings per share (tenge)	0.015	(0.018)	-220%
Profit after tax	195,794	22,097	-89%

Proceeds

Proceeds in 2014 increased by 1% up to 66 984 thousand tenge (66 251 thousand tenge in 2013).

In particular, income on brokerage activity in 2014 decreased by 26% down to 27 106 thousand tenge (36 542 thousand tenge in 2013), at the same time proceeds from rendering consulting services increased by 440%.

thousand tenge, except key ratios, changes

Item	2013	2014	Change 2013/2014, %	Of total amount of proceeds, %
Incomes from brokerage activity	36,542	27,106	-26%	40%
Incomes from management of investment portfolios	5,881	974	-83%	1%
Incomes from lease	5,063	-	-100%	0%
Consulting (financial) services	6,756	36,508	440%	55%
Other income	12,009	2,396	-80%	4%
Proceeds	66,251	66,984	1%	100

Expenses for funding

Expenses for funding decreased by 90% down to 10 597 thousand tenge (108 211 thousand tenge in 2013) that is conditioned by termination of payments on bond loan.

Expenses

Cost of goods and services sold

Cost of goods and services sold decreased by 13% down to 20 473 thousand tenge (23 698 thousand tenge in 2013).

General and administrative expenses

The general and administrative expenses increased in 2014 by 14% up to 280 659 thousand tenge (246 942 thousand tenge in 2013). Increase resulted mainly due to increase in expenses for depreciation connected with change of classification of investment property as fixed assets, due to legal expenses and expenses for property insurance.

Key financial performances

Item	2013	2014
Current liquidity ratio	13.2	2.4
Equity ratio (equity to total assets ratio)	0.8	0.9
Return on equity ratio	8.8	(8.6)
Return on assets ratio	7.0	(6.5)

Current liquidity ratio determines sufficiency of current assets to repay current liabilities. As at 31.12.2014 it was equal to 2.4% that characterizes stability of financial position of the Company.

Equity ratio (equity to total assets ratio) characterizes a share of equity capital in the total capital, as well as degree of independence of an organization from external sources of financing of activity. As at 31.12.2014 it was equal to 0.9% that evidences of sufficient degree of independence of an organization from source of borrowed funds.

As at 31.12.2014 return on equity ratio was equal to -8.6%, and return on assets ratio – -6,5%.

Condensed consolidated statement of comprehensive income

thousand tenge, except data per one share, changes

Item	2012	2013	2014	Change 2013/2014, %
Proceeds	424,579	66,251	66,984	1%
Cost of goods and services sold	223,466	23,628	20,473	-13%
Gross profit	201,113	42,623	46,511	9%
General administrative expenses	486,933	252,016	303,143	20%
Operating profit (loss)	(285,820)	(209,393)	(256,632)	23%
Other non-operating incomes and expenses, net	764,172	387,422	251,777	-35%
Financial incomes and expenses, net	(96,090)	(81,456)	5,299	-107%
Profit before tax	382,262	96,573	444	-100%
Saving on tax on profit	6,126	99,221	21,653	-78%
Other comprehensive income/loss	(263,922)	125,925	(274,085)	-318%
Comprehensive income/loss for the period	124,466	321,719	(251,988)	-178%
EBITDA	500,685	183,103	17,629	-90%
Deterioration, depreciation	22,333	5,074	22,484	343%
Basic and diluted, as for profit for the reporting year attributed to holders of ordinary shares of parent company (tenge)	0.054	0.015	(0.018)	-220%
Quantity of outstanding shares (thousand) at the end of the reporting period	5 000 000	5 000 000	5 000 000	

Condensed consolidated statement of financial position

thousand tenge

Item	31.12.2012	31.12.2013	31.12.2014
Assets			
Intangible assets	13,691	20,093	13,943
Fixed assets	72,283	79,039	369,182
Other non-current assets	4,035,032	3,705,606	2,767,312
Total non-current assets	4,121,006	3,804,738	3,150,437
Inventories	138,344	137,615	4,332
Accounts receivable from operating activity and other accounts receivable	91,714	11,140	80,137
Cash and cash equivalents	479,122	469,189	38,025
Total current assets	709,180	617,944	122,494
Total assets	4,830,186	4,422,682	3,272,931
Authorized capital stock	3,038,408	3,038,408	2,963,408
Provisions for revaluation	(233,531)	(107,605)	(381,691)
Retained profit	631,349	708,083	349,352
Total equity capital attributed to parent company	3,436,226	3,638,886	2,931,069
Deferred tax liabilities	40,428	-	14,189
Other long-term liabilities	1,142,954	705,190	-
Total long-term liabilities	1,183,382	705,190	14,189
Short-term liabilities	18,610	40,999	304,148
Settlement of payments with suppliers and other short-term liabilities	191,968	37,608	23,525
Total short-term liabilities	210,578	78,607	327,673
Total equity capital and liabilities	4,830,186	4,422,682	3,272,931

Condensed consolidated statement of cash flow

thousand tenge

Item	2012	2013	2014
Cash flow from operating activity			
Goods sold, services provided	488,371	499,317	127,827
Obtained dividends	757,479	33,746	307,348
Proceeds from REPO transactions	132,385	—	96,737
Other proceeds	342,796	295,361	566,686
Payments to suppliers for goods and services	(490,598)	(437,836)	(161,426)
Retirements on REPO transactions	(123,886)	—	
Salary-related payments	(209,622)	(186,004)	(94,598)
Budgetary payments	(9,414)	(94,632)	(67,542)
Other payments	(651,117)	(662,968)	(209,278)
Cash (used in) from operating activity	151,668	(553,016)	565,754
Cash flow from investment activity			
Disposal of investment property	58,733	260,288	
Disposal of financial assets	1,320,147	4,330,748	1,501,222
Other proceeds from investment activity	25,605	9,648	
Acquisition of investment property	(15,269)	(38,474)	
Acquisition of financial assets	(1,541,601)	(3,761,103)	(1,438,944)
Other payments related with investment activity	(382,147)	(57,294)	(20,167)
Cash (used in) from investment activity	(5,935)	743,813	42,111
Cash flow from financial activity			
Issue of shares and other securities	—	—	
Bond redemption	—	(81,671)	
Obtained loans	—	—	
Loan repayment	(9,128)	—	(705,190)
Purchase of treasury shares	(144,715)	—	
Dividend payment	(119,059)	(119,059)	(333,839)

Cash flow (used in) from financial activity	(272,902)	(200,730)	(1,039,029)
Total decrease in cash and cash equivalents	(127,169)	(9,933)	(431,164)
Cash and cash equivalents at the beginning of the year	606,291	479,122	469,189
Cash and cash equivalents at the end of the year	479,122	469,189	38,025

Condensed consolidated statement of changes in capital

thousand tenge

Item	Authorized capital stock	Provision for revaluation of investment available for sale	Provision for revaluation of fixed assets	Retained profit	Total
As at 31 December 2012	3,038,408	(233,531)	-	631,349	3,436,226
Net profit for the year	-	-	-	195,794	195,794
Other comprehensive loss	-	125,810	115	-	125,925
Dividends	-	-	-	(119,059)	(119,059)
As at 31 December 2013	3,038,408	(107,721)	115	708,084	3,638,886
Net profit for the year	-	-	-	22,097	22,097
Redeemed treasury shares	(75,000)	-	-	-	-
Total comprehensive income	-	(274,085)	-	-	(274,085)
Allocations among shareholders	-	-	-	(46,990)	(46,990)
Dividends	-	-	-	(333,839)	(333,839)
As at 31 December 2014	2,963,408	(381,806)	115	349,352	2,931,069

Risk management.

Risk management and internal control system is introduced and successfully functioning in the Company. It is based on policy and regulations on risk management, internal regulatory documents determining the process of risk management and procedures for detecting risk and eliminating difference between extents of particular risk as compared with fixed one. Plans adopted and implemented by the Company account for measures aimed at minimization of risks recorded in register and risk chart.

Functioning of built up risk management and internal control system resulted in continuous monitoring of basic risks of the Company using priority risk methods.

Risk management system is an integral part of the Company management system. "REAL-INVEST.kz" Financial Company" JSC pays attention to detection of all risks, which may hinder achieving set targets and tasks. Detection of existing and potential risks allows accordingly planning and minimizing adverse effect, which may occur in the absence of any measures. Risk management system is oriented to prompt risk management on daily basis, and the tasks of all departments of the Company include continuous detection, assessment, and monitoring of risks of all types of activity.

Industries in which the Company is functioning and therefore the Company itself are exposed to impact of different risks: financial, strategic, market (currency, stock), credit, operating, etc. The Company points out the following risks, which potentially may adversely affect activity of the Company.

Financial risks:

Activity of the Company is affected by different financial risks and market risks, liquidity risk, among which the following may be marked out:

- risk of reduction of incomes of the Company, which may be caused by contraction of clients activity;
- risk of worsening of financial position of the Company due

to occurrence of liquidity risk, interest risk and currency risk;

- risks of insolvency of securities issuers.

Liquidity risk is managed through managing investment portfolio so that current liabilities are always secured with current assets. Plan of actions is developed in the Company in the case of occurrence of events, which affect considerable worsening of financial position.

In order to manage market risk the Company uses a limit system. Restrictions are fixed on investments in each of types of assets and investments in financial instruments. Limits on maximal loss on financial instruments (Stop loss) are also used and compulsory profit taking level (Take profit) is fixed.

Operating risk:

Operating risk occurs due to systemic failure, errors of personnel, fraud or external factors. System of control provides for two-level control of transactions, efficient segregation of duties, procedures for approval and verification, personnel training and evaluation procedures.

Procedures, policies, and instructions are developed in the area of information safety on the basis of analysis of information and technical risks of key business processes.

For the purpose of minimization of operating risk the measures to minimize the same and prevention thereof in the future are provided for in the Company. Operating risks in the Company are rated as "low".

Legal risk:

Legal risk is managed in the Company by the Legal Department and compliance controller. Responsible subdivisions inspect and control internal and external documents of the Company for compliance with the legislation on an on-going basis.

Today the Company is efficiently managing risks in order to achieve set strategic and operating targets. The risk management system is invoked to minimize risks, which may be controlled by the Company.

Social responsibility of the Company and environmental protection

People are principal capital and core value for our Company in the context of business. By investing in people, their professional and personal growth we invest in our future!

Our target is to enable our employees to feel themselves like family members, to have good and friendly relations with colleagues, to constantly develop creatively and professionally, to feel in-demand and to be sure in the future.

We see ourselves as leaders and we would like each employee feels leader and is concerned about our achievements.

We intend to implement many interesting and ambitious projects in different sectors of economy and we count that our employees will make contribution into cause with their professional work. Irrespective of which position an employee holds in the Company, we appreciate professionalism of everyone. We count on success, career development, and active position of each employee in all aspects of cooperation with the Company!

The target of the Company is to study and to implement the best world practices in the area of personnel management and to systematize all basic directions: recruitment, hiring, adaptation, development, training, assessment, incentive (monetary and non-monetary) of personnel, strengthening of corporate aura, as well as improvement of personnel records management.

Recruitment, hiring, adaptation of personnel.

The Company tends to engage highly-skilled professionals aimed at efficient work, who string along the corporate valuables of the Company. Our employees must be oriented to achievement of result, directed to initiative development, good work in team, to show their best humanities and competency, to adhere to ideals of the Company. Special attention is also paid to adaptation of employees due to thought-out and organized process of adaptation.

Training, development and evaluation of personnel.

The Company is interested in career and professional development of each employee, demonstration by everyone of his/her best merits, maximal efficiency of efforts and interest in collective success and growth of the Company.

Personnel assessment, the system for finding out specific characteristics of employees in order to make management decisions aimed at enhancement of efficiency, as well as to make an individual employee's development plan, are in place in the Company. The purpose of this program is to assess efficiency of activity of employees in the course of realization of individual tasks.

In order to enhance efficiency of work, to ensure professional growth and development, the system of personnel training is developed, which system includes training both in and outside the Company.

The program of training and development is worked out so that every employee of our company would have an opportunity of professional and career development in order to enhance efficiency of the Company through professional and personal development of employees.

Training enables employees to acquire new knowledge and skills and to develop in order to more efficiently perform employment duties.

Planning and development of career help employees to determine possible directions of their professional activity in the future inside the Company and to prepare to efficient realization thereof.

Labour remuneration, incentive for personnel (monetary and non-monetary)

Besides competitive salary, an incentive system based on balanced performance system has been developed in the Company. Clear (digitized) individual tasks are set, which tasks cover all performances: financial, marketing, business processes of the Company, in accordance with the management system as for objects of the Company and material incentives for them to perform strategic and operating initiatives, as well as professional and personal development of an employee is taken into consideration. Personnel incentives depend on execution of individual tasks of an employee based on results of a month/quarter/year. Clearly set digitized tasks allow avoiding subjective attitude when evaluating work of an employee.

There are also non-monetary incentives for personnel such as congratulating an employee on special dates, events in life of an employee, awarding diplomas, certificates of merit, mentions for achieving results based on the results of a year.

Corporate aura strengthening.

All developed systems allow an employee planning career development inside the Company, feeling a part of the team of high-level professionals, in which everyone has a chance to become a leader, and everyone cultivates his/her abilities in order to get more.

Basic safety and labour protection performances

Labour protection and safety of employees is one of priorities of the Company. All measures in this area are taken in accordance with requirements of the Labour Code of the Republic of Kazakhstan and other regulatory and legal acts.

Labour protection measures are determined by the Rules of safety and labour protection and the Instruction for labour protection and occupational safety.

Basic measures in the area of labour protection include safety meetings, provision of optimal labour conditions, compliance with sanitary regulations at working places, as well as adherence to labour protection standards, labour and health protection promulgation.

Social guarantees

The Company not only gives social guarantees provided for by the legislation of the Republic of Kazakhstan, but also takes additional measures for social protection aimed at improvement of employees' life quality: it pays for cellular communication and fuels and lubricants for employees, renders financial assistance in case of disease of an employee or death of a close relative. The Company bears responsibility for life and health of its employees and maintains compulsory insurance against accidents when they perform employment duties.

Remuneration for work

Besides competitive salary, the program on evaluation of work performance and development of employee is in place in the Company. The purpose of that program is to evaluate efficiency of employees' activity in the course of realization of individual targets in accordance with the system of management as for targets of the Company and their material incentives for realization of strategic and operating initiatives. Employees participating in the program are entitled to get an annual bonus based on the results of realization of individual targets. There are also a number of other encouragement programs for different groups of employees connected with monthly and quarterly results of work.

Corporate social responsibility

"REAL-INVEST.kz" Financial Company" JSC is a responsible member of society paying serious consideration to the issues

of corporate social responsibility. As in previous years, in 2014 the Company continued to introduce principles of corporate responsibility in its activity seeking to correspond to the world standard. All achievements in this area represent transparency of the Company and are closely connected with corporate governance.

Rendering sponsorship (charity) support

“Mercy Generation” fund is a charitable foundation rendering targeted help to children harding up for urgent treatment.

In 2014, in the context of sponsorship (charity) support, the Company rendered support to socially vulnerable groups and different social funds to the amount exceeding 8.7 million tenge. A part of funds was spent for payment for medical services for children having heavy diseases, including oncological diseases. Starting from 2010 “REAL-INVEST.kz” Financial Company” JSC rendered charity support to the orphan asylum to the amount of 57.4 million tenge, including financing of construction of the orphan asylum building.

Corporate governance

Corporate governance of the Company means:

- an aggregate of economic and administrative facilities by means of which the rights of corporate property are exercised and corporate control structure is formed;
- system of interaction between the Management Board of the Company, the Board of Directors and shareholders in order to pursue their interests, system of reporting to shareholders of the Company by those persons, which day-to-day management of the Company is entrusted to;
- a method to govern the Company, which ensures fair and equal distribution of results of activity among all shareholders, as well as other persons concerned;
- a great complex of measures and rules, which help the Company shareholders to control and influence on the management in order to maximize profit and value of the Company;
- a system of relations between the Company managers and their shareholders as regards ensuring efficiency of activity of the Company and protection of shareholders’ interests.

The meaning of corporate governance of the Company lies in enabling the shareholders to efficiently control and monitor activity of the management and furthering increase in capitalization of the Company. This control implies both internal governing procedures and external legal and regulating facilities.

Procedures for corporate governance of the Company include the following basic moments:

- 1) preparation and holding of general meetings of shareholders;
- 2) election and ensuring efficient activity of the Board of Directors;
- 3) activity of the Company executive body;
- 4) disclosure of information on activity of the Company, as well as preparation and holding of major corporate events (re-organization and merger);
- 5) interaction of organization departments or legal entities included into holding and development of relative internal documents of the company.

Activity of the Company related with functioning of procedures of the system of corporate governance provides for relative measures in such directions as protection of the rights of shareholders and management of risks, activity of the Board of Directors and executive body, internal control, audit, transparency of the Company activity, corporate

social responsibility, and ensuring practice of corporate governance.

General regulation of activity of the Company by the Board of Directors is based on adopted Strategy of development, results of systematic analysis of the progress of implementation thereof, as well as consideration of internal and external factors. The Board of Directors carefully considers the processes happening in the Company and furthers quality improvement thereof. Members of the Board of Directors have wide professional and managerial experience, including in financial area, which allows making decisions on all key issues of activity of the Company referred to competence of the Board of Directors. The regulation of the Board of Directors establishes the Rules for participation of directors in governing bodies of other companies, determine a list of cases of improper discharge of duties by the directors, as well as forms and instruments of personal protection of members of the Board of Directors in case they incur responsibility.

The Committees of the Board of Directors contributing to exercise managerial and controlling powers of the governing body are functioning in the Company.

The Management Board of the Company is intended to arrange for efficient performance by the Board of Directors of its functions, to ensure satisfaction of procedural requirements by the bodies and officials of the Company guaranteeing exercising of the rights and interests of shareholders. Management of the current activity of the Company and direct performance of procedures for corporate governance are ensured by the collegial executive body – the Management Board. The Management Board solves issues concerning day-to-day management of the Company requiring collective consideration. The Committee for operating governance intended to consider particular issues of competence of the Management Board, to develop recommendations thereon and to make decisions within limits of granted powers, is operating under the Management Board. The Committee for operating governance of executive body is a working body for formation and implementation of a common policy in different directions of operating activity of the Company. The Board of Directors does not interfere in current work of the Management Board, but it controls its activity regularly considering its reports on results of its work.

The work on improvement of internal documents aimed at introduction of elements of the best practice of corporate governance into activity of the Company is being performed in the Company on continuing basis under the management and control of the Board of Directors and executive body.

Principles of and procedures for corporate governance of the Company are formalized in the Articles of Association, internal documents, including the Code of corporate governance. Adherence to the standards of the Code of corporate governance is aimed not only at forming positive image of the Company in the eyes of its shareholders, clients, and employees, but also minimization of risks, keeping steady growth of financial performances of the Company and successful carrying out of its activity prescribed by the Articles of Association. Provisions of the Code are developed on the basis of the effective legislation, the Articles of Association of the Company and international principles of corporate conduct (OECD). The Code covers general principles of corporate conduct of the Company, rules of interaction with shareholders, clients, and employees, principles for formation and activity of the Company bodies, as well as policy of disclosure by the Company of information on its activity.

In accordance with the Code, interaction of the company with shareholders is based on equal regard for them and information transparency. All shareholders are guaranteed reliable means to record right to shares, participation in

management of the Company by discussing and voting at the General Meeting of Shareholders, etc. The General Meeting of Shareholders is a supreme body of the Company. By participating therein the shareholders may influence on decisions on principal points of activity of the Company, as well as to participate in election of members of the Board of Directors and the Management Board. The management of the Company informs shareholders on its activity, achievements and plans through the General Meeting of Shareholders.

Quantity of authorized ordinary shares	Quantity of allocated ordinary shares	
5 000 000 000	5 000 000 000	

Quantity of authorized preferred shares	Quantity of allocated ordinary shares	Quantity of free-floating preferred shares
1 250 000 000	1 250 000 000	920 010 130

In 2014 there were changes among shareholders holding five and more per cent of shares of the number of allocated shares – Niyazov Bakht Bulatovich became holder of ordinary shares in the Company in a number of 60 per cent of the total number of allocated shares of the Company. Azymkhanov Daniyar Khalidovich became holder of 20 per cent of the total number of allocated shares of the Company.

In 2014 no transaction was made in the Company for initial offer of shares, purchase by the Company of treasury shares and subsequent sale thereof

Organization structure of “REAL-INVEST.kz” Financial Company” JSC as at 31.12.2014



Board of Directors of the Company

Chairman of the Board of Directors	Niyazov Bakht Bulatovich Born in 1973
Positions held by Niyazov B.B. over previous three years and at the present time	
12.08.2013 - present time Chairman of the Board of Directors of "JAZZ CAPITAL" Brokerage House" JSC	
01.02.2013 – 02.05.2013 Chairman of the Board of Directors of "JAZZ CAPITAL" Brokerage House" JSC	
05.11.2012 – 02.06.201 Director of "AVERS" Construction Firm" LLP	
02.11.2012 – 26.02.2014 Chairman of the Board of Directors of "JSREIF "REAL ESTATE INVESTMENT FUND" JSC	
01.03.2012 – present time Chairman of the Board of Directors of "REAL-INVEST.kz" Financial Company" JSC	
24.10.2003 – present time Member of the Board of Directors of "REAL-INVEST.kz" Financial Company" JSC	
As at 31.12.2014 Niyazov Bakht Bulatovich holds 3 750 800 000 ordinary shares and 195 583 930 preferred shares in "REAL-INVEST.kz" Financial Company" JSC	
Member of the Board of Directors	Niyazova Raikhan Nurlan-Bekovna Born in 1983
Positions held by Niyazova R.N.-B. over previous three years and at the present time	
12.03.2013 - 10.02.2015 Director of "Real Development.kz" LLP	
28.11.2011 - present time Member of the Board of Directors of "REAL-INVEST.kz" Financial Company" JSC	
01.08.2011 - 01.01.2013 Director for business development of "FOOD-MAKER" LLP	
30.11.2009 - 15.04.2015 Director of "REAL Art-production.kz" LLP	
Niyazova Raikhan Nurlan-Bekovna is not holder of shares in "REAL-INVEST.kz" Financial Company" JSC	
Member of the Board of Directors, independent director	Perekolsky Oleg Eduardovich
Positions held by Perekolsky Oleg Eduardovich over previous three years and at the present time	
14.03.2008 – present time "REAL-INVEST.kz" Financial Company" JSC	
Perekolsky O.E. is not holder of shares in "REAL-INVEST.kz" Financial Company" JSC	

Executive body of the Company as at 31.12.2014

Chairman of the Management Board	Vassiliyeva Yelena Ivanovna Born in 1966
Positions held by Vassiliyeva Yelena Ivanovna over previous three years and at the present time	
02.05.2013 – 14.06.2013 Chairman of the Board of Directors of "JAZZ CAPITAL" Brokerage House" JSC	
01.03.2013 - present time Financial Director of "JAZZ CAPITAL" Brokerage House" JSC	
28.12.2012 - 02.09.2013 Deputy Director of "REAL-GOLD" Jewellery Company" LLP	
02.07.2012 – 27.09.2012 Chief Accountant of "JAZZ CAPITAL" Brokerage House" JSC	
02.07.2012 - 27.09.2012 Chief Accountant of "REAL ASSET MANAGEMENT" JSC	
15.06.2012 - present time Chairman of the Management Board of "REAL-INVEST.kz" Financial Company" JSC	
11.07.2011 - 15.06.2012 Head of the Internal Audit Department of "REAL-INVEST.kz" Financial Company" JSC	
09.11.2010 – 12.08.2013 Member of the Board of Directors of "JAZZ CAPITAL" Brokerage House" JSC	
Васильева Е.И. не является владельцем акций АО «Финансовая компания "REAL-INVEST.kz"»	
Member of the Management Board	Milushev Emil Shamiliyevich Born in 1973
Positions held by Milushev Emil Shamiliyevich over previous three years and at the present time	
02.05.2013 - 10.06.2015 Member of the Board of Directors of "JAZZ CAPITAL" Brokerage House" JSC	
01.02.2013 – 01.10.2014 Chairman of the Management Board of "JAZZ CAPITAL" Brokerage House" JSC	
06.04.2011 - 10.06.2015 Chairman of the Investment Committee of "JAZZ CAPITAL" Brokerage House" JSC	
09.11.2010 – 01.02.2013 Chairman of the Board of Directors of "JAZZ CAPITAL" Brokerage House" JSC	
11.05.2010 - 01.02.2013 Chairman of the Investment Committee of "REAL ASSET MANAGEMENT" JSC	
11.05.2010 - 01.02.2013 Chairman of the Management Board of "REAL ASSET MANAGEMENT" JSC	
11.05.2010 - 01.04.2015 Member of the Management Board of "REAL-INVEST.kz" Financial Company" JSC	
Milushev E.Sh. is not holder of shares in "REAL-INVEST.kz" Financial Company" JSC	
Member of the Management Board	Turysbekov Madi Seilkhanovich
01.03.2012 – present time Member of the Management Board of "REAL ASSET MANAGEMENT" JSC	
01.03.2012 - 10.06.2015 Member of the Management Board of "JAZZ CAPITAL" Brokerage House" JSC	
01.02.2012 – 08.04.2013 Head of the Corporate Finance Department of "JAZZ CAPITAL" Brokerage House" JSC	
01.05.2011 - -1.04.2013 Head of the Corporate Finance Department of "REAL-INVEST.kz" Financial Company" JSC	
12.04. 2011 - 01.04.2015 Member of the Management Board of "REAL-INVEST.kz" Financial Company" JSC	
Turysbekov M.S. is not holder of shares in "REAL-INVEST.kz" Financial Company" JSC	

Committees of the Board of Directors and their functions

Committee	Functions
Committee for internal audit	<ol style="list-style-type: none"> 1) evaluation of efficiency of procedures for internal control in place in the Company and preparation of proposals on improvement thereof; 2) assistance in taking by the bodies and subdivisions of the Company of measures to timely remedy found out deficiencies in the area of accounting, reporting, and internal control; 3) assessment of conclusion of the Company's Auditor; 4) control of elimination of found out violations of the effective legislation and satisfaction of requirements of the public bodies; 5) evaluation of candidate Auditors of the Company, providing results of evaluation and preparation of recommendations to the Board of Directors and the Management Board of the Company on approval of decision on conclusion or termination of an agreement with the Company's Auditor.
Committee for social matters	<ol style="list-style-type: none"> 1) provision to the executive body and the Board of Directors of the Company of recommendations on guarantee for each employee of the Company of his/her employment (job preservation) providing employees fulfill their obligations and are ready to enhance production and quality of work, in order to minimize unemployment risk; 2) development of special programs of occupation of Company's employees; 3) provision to the executive body and the Board of Directors of the Company of recommendation on maneuvering labour resources inside the Company, including by means of "vertical, horizontal transfer" (employee transfer); 4) consideration of issues relating to retraining and/or advanced training of employees of the Company and provision of relative recommendations on that issue to the executive body of the Company; 5) provision to the executive body and the Board of Directors of the Company of recommendations on: <ul style="list-style-type: none"> - payment of amounts in addition to a benefit fixed by the law for state social insurance; - medical, sanatorium-and-spa treatment for the Company employees; - additional indemnification for damage caused by harm to health of an employee (family of an employee – in case of death of the latter); - keeping health of employees (examination at the expense of the Company and evaluation of initial quality of health and labour ability of an employee); 6) charity and realization of the programs of targeted assistance of socially vulnerable groups; 7) payments of gratuitous material assistance to employees in connection with death of close relatives; 8) conclusion with insurance organization of agreement for civil liability of an employer and health insurance; 9) assistance to bodies of the Company in the course of implementation of the social policy.
Committee for personnel and remunerations	<ol style="list-style-type: none"> 1) it determines efficiency of activity of the Company employee in the course of realization of individual targets on the basis of evaluation of his/her actual activity; 2) it considers proposals of the head of departments in relation to payment of remuneration to employees of the Company or pay package for an employee; 3) it provides the Board of Directors of the Company with proposals on distribution of remuneration among employees of the Company.
Committee for strategic planning	<ol style="list-style-type: none"> 1. development of strategic plans of development of the Company and determination of its long-term targets, including subsidiaries, review of mentioned plans and targets, as well as provision of recommendations on that function to the Board of Directors; 2. realization of developed strategy as particular plans of activity of the Company (its subsidiaries); 3. consideration of issues concerning distribution of resources of the Company for conformance to the strategic plans and long-term targets of the Company; 4. review from time to time of strategic plan and long-term targets of the Company (and its subsidiaries) in order to guarantee conformance thereof to mission and goals of the Company; 5. evaluation of the Company policy in the area of relations with shareholders and clients of the Company, putting its recommendations for consideration by the Board of Directors of the Company; 6. analysis and provision of recommendations to the Board of Directors on drawing up particular strategic decisions relating to determination of priority directions of activity of the Company (its subsidiaries), including entry to new commodity or regional markets and exit from previous commodity or regional markets; 7. analysis and provision of recommendations to the Board of Directors in relation to annual and long-term financial strategy and targets set by the Company, as well as relative goals and key performances of its activity; 8. analysis of significant aspects of financial activity of the Company (its subsidiaries), including issues connected with capitalization of the Company (subsidiaries), cash flow, obtaining of borrower funds, investment of free funds; 9. analysis and provision of recommendations to the Board of Directors in relation to allocation of securities of the Company (its subsidiaries), acquisition or alienation of shares of the Company (shares/interests of its subsidiaries), transactions to the amount of 5 and more per cent of value of assets of the Company; 10. analysis and provision of recommendations to the Board of Directors on procedure for distribution of profit and loss of the Company (its subsidiaries) based on results of a financial year; 11. analysis and provision of recommendations to the Board of Directors in relation to dividend policy of the Company (its subsidiaries), declaration and procedure for payment of dividends; 12. periodic review of conformance of actual investments and performances of activity to the amounts previously approved in the budget; 13. analysis and provision of recommendations to the Board of Directors on drawing up some strategic decisions relating to use of new or discontinuance of use of existing technologies, as well as use of other opportunities to enlarge scope and areas of activity of the Company (its subsidiaries), to enhance economic efficiency and quality of services of the Company (its subsidiaries).

Internal control and audit

The Internal Audit Service controls financial and economic activity in "REAL-INVEST.kz" Financial Company" JSC. In order to guarantee independence the Internal Audit Service is functionally subordinated to the Board of Directors of the Company. Employees of the Internal Audit Service are not entitled to fulfill responsibilities of other subdivisions of the Company.

Main purpose of the internal audit system is to protect legal interests of shareholders, investors, and clients of the Company by ensuring proper level of reliability corresponding to nature and scope of transactions made by the Company and minimization of risks of its activity; as well as control of compliance by the Company's employees with the legislation of the Republic of Kazakhstan, compulsory existence of and compliance with internal procedures and rules.

Internal audit is invoked to ensure achievement of the following purposes:

- reliability and efficiency of functioning of management systems in the Company subdivisions;
- satisfaction by the Company of requirements of the effective legislation of the Republic of Kazakhstan by inspecting activity of its departments;
- ensuring availability and functioning of an adequate internal control system;
- evaluation of adequacy and efficiency of internal control and risk management systems as for all aspects of activity of the Company;
- control of compliance with internal rules and procedures of the Company;
- control of execution of recommendations of internal and external auditors;
- control of enforcement actions and requirements of the authorized body prescribed in relation to carrying out of activity in financial market;
- provision of timely and reliable information on status of realization by subdivisions and employees of the Company of entrusted functions and tasks, as well as provision of valid and efficient recommendations on work improvement.

Main tasks of internal audit include:

- checking compliance by the Company of the legislation of the Republic of Kazakhstan, as well as internal documents of the Company;
- checking making of transactions by the Company in accordance with a license of the authorized body, policies, and procedures of the Company;
- audit of proper accounting and document circulation of the Company;
- audit of safety of assets (property) of the Company and its clients;
- checking proper functioning of electronic data processing, efficiency of the systems of protection of information data base of the Company by means of audit of information systems of relative subdivisions;
- checking proper status of statements enabling the shareholders obtaining adequate information on activity of the Company;

Internal control system of the Company guarantees proper realization of the strategy of development of the Company, efficient functioning of control system in subdivisions, relative level of knowledge of the Company personnel of the legislation of the Republic of Kazakhstan, international standards, improvement of accounting and reporting system of the Company, limit of risk of conflict of interests.

Information on dividends

Dividends on shares in "REAL-INVEST.kz" Financial Company" JSC are paid in money terms. List of shareholders entitled to obtain dividends must be prepared as of a date preceding a date of on which dividend payment is commenced.

Decision on payment of dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC based on results

shall be made by an annual general meeting of shareholders. Dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC based on results of a quarter or six months shall only be paid by decision of the General Meeting of Shareholders.

Dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC may be paid through a paying agent. Payment for services of a paying agent shall be made at the expense of "REAL-INVEST.kz" Financial Company" JSC.

Dividends shall not be accrued and paid on shares, which were not allocated or were purchased by "REAL-INVEST.kz" Financial Company" JSC, as well as in case a court or the General Meeting of Shareholders of "REAL-INVEST.kz" Financial Company" JSC makes decision on its liquidation.

Dividends are not accrued on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC:

- 1) in case equity capital is negative or equity capital of "REAL-INVEST.kz" Financial Company" JSC becomes negative as a result of accrual of dividends on its ordinary shares;
- 2) in case "REAL-INVEST.kz" Financial Company" JSC meets the criteria for insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan concerning bankruptcy, or "REAL-INVEST.kz" Financial Company" JSC meets mentioned criteria as a result of accrual of dividends on its shares.

On 29 December 2011 "REAL-INVEST.kz" Financial Company" JSC paid dividends for 2010 on preferred shares in the amount of 0.10 tenge for 1 share. The total paid dividends amounted to 125 000 thousand tenge.

On 28 December 2012 "REAL-INVEST.kz" Financial Company" JSC paid dividends for 2011 on preferred shares in the amount of 0.10 tenge for 1 share. The total paid dividends amounted to 125 000 thousand tenge.

On 28 December 2013 "REAL-INVEST.kz" Financial Company" JSC paid dividends for 2012 on preferred shares in the amount of 0.10 tenge for 1 share. The total paid dividends amounted to 125 000 thousand tenge.

On 30 December 2014 "REAL-INVEST.kz" Financial Company" JSC paid dividends for 2013 on preferred shares in the amount of 0.10 tenge for 1 share. The total paid dividends amounted to 125 000 thousand tenge.

Dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC for 2010 were not paid. The annual general meeting of shareholders decided to leave income derived from financial and economic activity in 2010 as part of retained income of prior years, and not to form capital reserves for 2010.

Dividends on ordinary shares "REAL-INVEST.kz" Financial Company" JSC for 2011 were not paid because net income for 2011 had not been earned.

Dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC for 2012 were not paid. The annual general meeting of shareholders decided not to distribute net income based on results of 2012 and not to pay dividends on ordinary shares.

Dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC for 2013 were not paid. The annual general meeting of shareholders decided not to distribute net income based on results of 2013 and not to pay dividends on ordinary shares.

On 22 December 2014 dividends were paid on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC at the expense of a part of retained profit for 2012 in the amount of 222 280 thousand tenge.

Dividends on ordinary shares of "REAL-INVEST.kz" Financial Company" JSC for 2014 were not paid. The annual general meeting of shareholders decided not to distribute net income based on results of 2014 and not to pay dividends on ordinary shares.

Information on remunerations

Remuneration paid to members of the governing body for 2014 amounted to 9 245 thousand tenge

Remuneration paid to members of the executive body for 2014 amounted to 18 293 870, 04 tenge.

FINANCIAL COMPANY REAL-INVEST.KZ JSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

In thousands of tenge	Note	December 31, 2014	December 31, 2013
Assets			
Cash and cash equivalents	6	38,025	469,189
Investments available-for-sale	7	1,053,422	2,019,097
Loans given	9	386,531	21,775
Trade receivables	10	80,137	134,656
Advances given	11	16,737	144,551
Inventories	12	4,332	137,616
Investment property	13	502,588	805,310
Property, plant and equipment	14	369,182	78,046
Long-term advances given for construction in progress	15	524,033	350,126
Deferred tax assets	16	141,178	120,229
Other assets		22,972	48,649
		3,139,137	4,329,244
Non-current assets held for sale	17	133,794	93,439
Total assets		3,272,931	4,422,683
Liabilities			
Financial liabilities at fair value through profit or loss		16,293	—
Trade payables		12,198	34,142
Advances received for investment property	18	274,244	—
Debt securities issued	19	—	705,190
Deferred tax liabilities	16	14,189	—
Other liabilities		24,597	44,465
		341,521	783,797
Non-current liabilities held for sale	17	341	—
Total liabilities		341,862	783,797
Equity			
Share capital	20	2,963,408	3,038,408
Other reserves		115	115
Investments available-for-sale revaluation reserve		(381,806)	(107,721)
Retained earnings		349,352	708,084
Total equity		2,931,069	3,638,886
Total liabilities and equity		3,272,931	4,422,683

Accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.

Chairwoman of the Board
Vasilyeva E.I.

Chief Accountant
Zhakanbayeva G.K.

May25, 2015
RepublicofKazakhstan, Almaty

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014**

In thousands of tenge	Note	2014	2013
Continuing operations			
Revenue from sale of goods and and rendering services	21	66,984	66,251
Cost of goods and services		(20,473)	(23,628)
Gross profit		46,511	42,623
Interest income	22	15,896	26,755
Interest expense	22	(10,597)	(108,211)
Dividend income	23	307,566	79,750
Gains/(losses) on revaluation of investment property	13	71,353	(11,482)
Income from the write-off of doubtful payables		—	154,533
Impairment losses on loans given	9	(41,624)	—
Gains/(losses) on revaluation of long-term assets held for sale	17	33,556	(52,933)
Impairment losses on investments available-for-sale		(8,601)	—
Net losses on disposal of investments available-for-sale	24	(213,757)	(27,872)
Losses from impairment of trade receivables	10,11	(34,168)	(6,726)
Gains/(losses) on disposal of investment property		1,019	(17,087)
Operating expenses	25	(303,143)	(252,016)
Net gains on foreign exchange operations		76,676	17,043
Other income		23,908	—
Operating (loss)/profit before taxation from continuing operations		(35,405)	(155,623)
Corporate income tax benefit	16	21,653	99,221
Loss for the year from continuing operations		(13,752)	(56,402)
Discontinued operations			
Profit for the year from discontinued operations after taxation		35,849	252,196
Profit for the year		22,097	195,794
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Unrealized (losses)/gains on investments available-for-sale		(487,842)	97,938
Realized losses on investments available-for-sale reclassified to profit or loss		213,757	27,872
Other reserves		—	115
Total comprehensive (loss)/income for the year		(251,988)	321,719
(Losses)/earnings per share:			
Basic and diluted in relation to (losses)/profit for the year, attributable to common shareholders of the Parent company from continuing and discontinued operations (tenge)	28	(0.018)	0.015
Basic and diluted in relation to (losses)/profit for the year, attributable to common shareholders of the Parent company from continuing operations (tenge)	28	(0.011)	0.066

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Chairwoman of the Board
Vasilyeva E.I.

Chief Accountant
Zhakanbayeva G.K.

May25, 2015
RepublicofKazakhstan, Almaty

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014**

In thousands of tenge	Share capital	Investments available-for-sale revaluation reserve	Other reserves	Retained earnings	Total
Asat January 1, 2013	3.038.408	(233.531)	—	631.349	3.436.226
Net profit for the year	—	—	—	195.794	195.794
Other comprehensive income	—	125.810	115	—	125.925
Total comprehensive income	—	125.810	115	195.794	321.719
Preferred shares dividends	—	—	—	(119.059)	(119.059)
Asat December 31, 2013	3.038.408	(107.721)	115	708.084	3.638.886
Net profit for the year	—	—	—	22.097	22.097
Other comprehensive loss	—	(274.085)	—	—	(274.085)
Total comprehensive loss	—	(274.085)	—	22.097	(251.988)
Treasury shares	(75.000)	—	—	—	(75.000)
Distribution to shareholders	—	—	—	(46.990)	(46.990)
Preferred shares dividends	—	—	—	(111.559)	(111.559)
Common shares dividends	—	—	—	(222.280)	(222.280)
Asat December 31, 2014	2.963.408	(381.806)	115	349.352	2.931.069

Accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.

Chairwoman of the Board
Vasilyeva E.I.

Chief Accountant
Zhakanbayeva G.K.

May 25, 2015
Republic of Kazakhstan, Almaty

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

In thousands of tenge	Note	2014	2013
Cash flow from operating activities			
Proceeds from sale of goods		—	437,347
Proceeds from rendering of services		127,827	61,970
Advances received		316,158	7,883
Dividends received		307,348	33,746
Proceeds from REPO transactions		96,737	—
Proceeds from repayment of interest on loans given		—	8,862
Proceeds from repayment of loans given		53,036	252,873
Return of advances given		57,700	—
Other proceeds		139,792	25,743
Payments to suppliers for goods and services		(161,426)	(437,836)
Advances paid		(114,954)	(494,677)
Personnel expense		(94,598)	(186,004)
Other payments to the budget		(67,542)	(94,632)
Other payments		(94,324)	(168,291)
Net cash flow from/(used in) operating activities		565,754	(553,016)
Cash flow from investing activities			
Proceeds from sale of investment property		—	260,288
Proceeds from sale of financial assets		1,501,222	4,330,748
Other proceeds from investing activities		—	9,648
Purchase of property, plant and equipment		—	(32,357)
Other purchases of long-term assets		—	(48)
Purchase of financial assets		(1,438,944)	(3,761,103)
Cash flows used in discontinued operations		(9,385)	(12,042)
Net cash outflow on acquisition of subsidiary	8	(10,782)	—
Other payments for investing activities		—	(51,321)
Net cash flow from investment activities		42,111	743,813
Cash flow from financing activities			
Repayment of debt securities issued	19	(705,190)	(81,671)
Dividends payment	20	(333,839)	(119,059)
Net cash used in financing activities		(1,039,029)	(200,730)
Net decrease in cash and cash equivalents		(431,164)	(9,933)
Cash and cash equivalents, beginning of the year	6	469,189	479,122
Cash and cash equivalents, ending of the year	6	38,025	469,189

NON-CASH OPERATIONS:

For the year ended December 31, 2014 the Group did not conduct non-cash transactions. For the year ended December 31, 2013 the Group has the following non-cash operations:

Property, plant and equipment

In 2013 the additions to property, plant and equipment for amount 6,117 thousands tenge were not paid as at December 31, 2013.

Debt securities issued

In 2013 the Group made redemption of debt securities issued in amount of 445,604 thousand tenge by transfer of securities and offset with debt securities holders.

Accompanying notes on pages 6 to 43 are an integral part of these consolidated financial statements.

Chairwoman of the Board
Vasilyeva E.I.

Chief Accountant
Zhakanbayeva G.K.

May25, 2015
RepublicofKazakhstan, Almaty

GENERAL INFORMATION

Financial company REAL-INVEST.kz JSC (the “Company”, together with subsidiaries – the “Group”) carries out its activities on the territory of the Republic of Kazakhstan. The Company was registered on August 13, 2003 (registration number 57284-1910-AO).

The shareholders of the Company are Mr. Niyazov B. B. – 75% and Mr. Azymkhanov D.K – 25%., residents of the Republic of Kazakhstan (December 31, 2013: Mr. Niyazov B.B. – 84.56%, resident of the Republic of Kazakhstan Mrs. Zainullina A.B. – 7.72%, residents of the Republic of Kazakhstan and Mr. Omirbek N.K., resident of the Republic of Kazakhstan).

The main activity of the Company is management of subsidiaries and projects investing.

The Company’s registered and actual address: 59a, AmangeldySt., Almaty, the Republic of Kazakhstan. As at December 31, 2014 the number of employees in the Group was 47 employees (December 31, 2013: 89 employees).

The companies included in the Group as at December 31:

Name of the company	Main activities	Location	Share of participation, %	
			December 31, 2014	December 31, 2013
“Brokerage house “JAZZ CAPITAL” JSC	Broker-dealer activities in the securities market with the right to manage clients’ accounts as a nominal holder (Note 31)	Republic of Kazakhstan	100%	100%
“REAL Art-production. kz” LLP	Financing and producing film projects, projects in the sphere of painting, films and music.	Republic of Kazakhstan	100%	100%
“Construction Company “AVERS” LLP	Construction	Republic of Kazakhstan	100%	100%
ZAIDInvest LLC	Investing in securities market	United Arab Emirates	100%	—
“REAL ESTATE INVESTMENT FUND” LLP	Investment in real estate and other property, permitted by legislation	Republic of Kazakhstan	—	100%
“Jewelry company “Real-Gold”	Manufacture and sale of jewelry export-import operations	Republic of Kazakhstan	—	100%
“Alua TOP Construction” LLP	Construction	Republic of Kazakhstan	—	100%

In 2014, the Company sold 100% shares of “REAL ESTATE INVESTMENT FUND” LLP, “Jewelry company “Real-Gold” and “Alua TOP Construction” LLP (Note 17).

In 2014 the Company obtained control over the company ZAID Invest LLC (Note 8).

The consolidated financial statements include the results of operations of the Company and its wholly-controlled subsidiaries.

BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are presented in thousands of Kazakstanitenge, unless otherwise stated. The functional currency and presentation currency of the consolidated financial statements is tenge. All values in the consolidated financial statements are rounded to thousands, except where specially noted.

Accrual basis

These consolidated financial statements have been prepared on accrual basis. Accrual basis is provided by the recognition of results of operation activities, as well as events on the fact of their commission, regardless of the time of payment. Transactions and events are recorded in the accounting records and are included in the consolidated financial statements of the periods to which relate.

Basis of consolidation

The Group financial statements consolidate financial statements of the parent Company and its subsidiaries. Subsidiary is the entity over which the Group has the power to control the financing and operating policies to obtain benefits from its activities.

Profit or loss of subsidiary acquired or disposed of during the year are included in consolidated statement of profit or loss and other comprehensive income recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable. Total comprehensive income of subsidiaries is distributed among the shareholders of the Company and the holders of non-controlling interests even if this leads to a negative balance of non-controlling interests.

Amounts reported in the financial statements of subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between the Group companies.

Changes in share of ownership of the Group in subsidiaries

Changes in share of ownership of the Group in subsidiaries that do not result in loss of control over the Group subsidiaries are accounted for in equity. The carrying value of the Group's share and non-controlling interest in a subsidiary is adjusted for changes in the ratio of these shares. Any difference between the amount by which non-controlling interests is being adjusted and the fair value of consideration received or paid are recognized in equity of the Parent company.

In case of loss of control over the Group's subsidiary, profit or loss occurred on disposal is being determined as the difference between (1) the fair value of consideration received and the fair value of the remaining interest and (2) the present value of assets (including goodwill) and liabilities of the subsidiary, as well as non-controlling ownership interest. In the case of accounting for assets of the subsidiary on the basis of estimated cost or fair value and recognition of the accumulated differences in other comprehensive income, the amounts previously recognized in other comprehensive income are accounted for as if the Company sold the assets (that is reclassified to profit or loss, or transferred directly to retained earnings as at the applicable IFRS). The fair

value of remaining investments in the former subsidiary at the date of loss of control is taken as the value of the initial recognition in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", or (where applicable) as the cost of initial recognition of investments in an associate or jointly controlled entity.

Going concern

The management believes that the Group will be able to generate sufficient cash to pay its debts as and when they fall due. The management of the Group does not have any intention or necessity to liquidate or significantly reduce the size of its business.

Recognition of elements of consolidated financial statements

These consolidated financial statements include all the assets, liabilities, equity, income and expenses, forming elements the consolidated financial statements. All elements of the consolidated financial statements are presented in the form of line items. Combining multiple elements of the consolidated financial statements in a single article carried based on their characteristics (functions) in the Group's activities.

Each material class of similar items is presented separately in the consolidated financial statements. Items of different nature or function are presented separately unless they are immaterial.

Operating environment

Economy of the Republic of Kazakhstan continues to be characterized by certain signs of a developing country. These signs include, but are not limited to the existence of a currency that does not have free convertibility outside the country and the low liquidity of debt and equity securities on stock exchanges. Prospects for future economic stability of the Republic of Kazakhstan significantly depend on the effectiveness of economic measures undertaken by the government, as well as the development of legal, political, and control systems, i.e. the circumstances that are beyond the Group's control.

Financial condition and future activities of the Group may be adversely affected by ongoing economic difficulties typical for a developing country. Management of the Group can not foresee any scope or duration of economic hardship, or to determine their impact, if any, on these financial statements.

SUMMARY OF ACCOUNTING POLICIES

Reclassifications

The following reclassifications have been made to 2013 balances to conform to the 2014 presentation:

Consolidated statement of financial position for 2013

In thousands of tenge	As previously reported	Reclassification	As adjusted
Assets			
Advances given	350,126	(350,126)	—
Long-term advances given for construction in progress	—	350,126	350,126

Consolidated statement of profit or loss and other comprehensive income for 2013

In thousands of tenge	As previously reported	Reclassification	As adjusted
Continuing operations			
Continuing operations			
Revenue from sale of goods and rendering services	484,633	(418,382)	66,251
Cost of goods and services	(307,426)	283,798	(23,628)
Gross profit	177,207	134,584	42,623
Interest income	27,541	(786)	26,755
Interest expense	(108,919)	708	(108,211)
Dividend income	84,633	(4,883)	79,750
Gains/(losses) on revaluation of investment property	243,652	(255,134)	(11,482)
Income from reversal of impairment of loans given	65,015	(65,015)	—
Net losses on disposal of investments available-for-sale	(24,825)	(3,047)	(27,872)
Losses from impairment of trade receivables	(7,629)	903	(6,726)
Losses on disposal of investment property	(17,329)	242	(17,087)
Operating expenses	(524,751)	272,735	(252,016)
Forex gain	—	17,043	17,043
Other income	14,196	(14,196)	—
Operating profit before taxation from continuing operations	(71,209)	83,154	(257,223)
Corporate income tax benefit	117,825	(18,604)	99,221
Profit/(loss) for the year from continuing operations	46,616	64,550	(158,002)
Discontinued operations			
Profit for the year from discontinued operations after taxation	47,578	204,618	252,196
Profit for the year	94,194	269,168	94,194
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Unrealized gains on investments available-for-sale	100,985	(3,047)	97,938
Realized losses on investments available-for-sale reclassified to profit or loss	24,825	3,047	27,872
Total comprehensive income for the year	220,004	269,168	220,004

Fair value measurement

The Group measures financial instruments, such as investments available-for-sale and non-financial assets such as investment property, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Group determines that the fair value at initial recognition differs from the transaction price, then:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Group recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- in all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognises that deferred difference as a gain or loss only when the inputs become observable, or when the instrument is derecognized.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master

netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash on current bank accounts.

Financial assets

Initial recognition

Financial assets are classified into the following categories: financial assets at fair value through profit or loss ("FVTPL"); held-to-maturity ("HTM"); available-for-sale ("AFS") and also loans and receivables.

The classification of financial assets into one category or another depends on the nature and purpose at initial recognition.

All financial assets are recognized initially at fair value. In the case of investments not at fair value through profit or loss, they are recorded at fair value plus directly attributable transaction costs. The Group determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Date of recognition

All regular purchases and sales of financial assets are recognized on the settlement date i.e. the date that an asset is delivered to or by the Group. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Available-for-sale financial assets

Financial assets classified as AFS are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held to maturity investments, (c) financial assets at fair value through profit or loss.

Shares and bonds traded in an active market are classified as "available for sale" and measured at fair value. The Group has investments in shares that are not quoted in an active market, which are also classified as financial assets AFS and measured at fair value (due to management believes that fair value can be measured reliably). Gains and losses, arising from changes in fair value, are recognized in other comprehensive income as part of investment revaluation reserve, except for the cases when the investment is determined to be impaired, with permanent character, interest income calculated using the effective interest rate and exchange rate, which recognized in income statement. At disposal or impairment of financial asset accumulated gains and losses that has been recognized in investment revaluation reserve refer to financial result in the period when disposal and impairment occurred.

The fair value of monetary assets in foreign currency classified as AFS is determined in the same foreign currency and recalculated at the exchange rate at the reporting date. Foreign exchange differences attributable to gains or losses are determined based on the amortized cost of the monetary asset.

Instruments classified as AFS not listed in an active market

and which fair value cannot be reliably measured are recognized at cost net of impairment losses, measured at the end of each reporting period.

Loans and account receivables

Trade account receivables, loans and other receivables with fixed and determinable payments which are not quoted in an active market are classified as "loans and receivables". Loans and receivables are recognized at amortized cost using effective interest rate net of impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables, which interest income is not significant.

The Group assesses all loans to customers for impairment on an individual basis. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale if their carrying amount will be recovered not in the process of production but under a sale. This condition is met if the asset (or disposal group) can be sold in its current condition, and the sale is highly probable. Management must complete the sale of an asset in the foreseeable future.

If the Company adopted a plan to sell control share of a subsidiary, all assets and liabilities of a subsidiary are classified as held for sale when the criteria described above, regardless of the Company save the non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount at the time of such classification and fair value less costs to sell.

Investment property

Investment property initially measured at cost including

Depreciation is calculated on a straight line basis over the estimated useful life, as shown below:

Categories of property, plant and equipment	Rate
Land	Not amortized
Buildings and constructions	5%
Machinery and equipment	10%
Vehicles	7-30%
Other	10%-30%

Upon sale or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts, and any gain or loss resulting from their disposal are included in the consolidated statement of profit or loss and other comprehensive income.

Costs incurred after the entry into operation of fixed assets, such as the cost of repairs and maintenance, are generally charged when these costs are incurred. Costs, which result in an increase in the expected future economic benefits from the use of the asset beyond its originally assessed performance (increased useful life, power, etc.) are capitalized as an additional cost of fixed assets.

The estimated useful lives, residual value and depreciation method are reviewed at each year and adjusted if appropriate.

directly attributable costs related to acquisition, installation and other expenditures. The carrying amount of an investment property includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and elimination of the cost of maintenance.

After initial recognition investment property is measured at fair value. Other gain or loss arising from a change in the fair value of investment property shall be recognised in profit or loss for the period in which it arises. The fair value of investment property shall reflect market conditions at the end of the reporting period.

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be recognised in consolidated statement of comprehensive income in the period of the retirement or disposal.

Transfers to investment property shall be made when, and only when there is a change in use, evidenced by discontinued use by owner, commencement of an operating lease to another party. Transfers from investment property shall be made when, and only when, there is a change in use, evidenced by commencement of owner-occupation or the reconstruction with the purpose of sale.

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost, less accumulated depreciation and impairment losses.

The initial cost of fixed assets comprises its purchase price, including import duties and non-refundable taxes, borrowing costs that are directly attributable to the construction of long-term projects if they meet the conditions of recognition, as well as any costs directly attributable to bringing the asset into operation and the delivery to the place of its intended use.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized in the consolidated statement of financial position 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 assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;
- and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized 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.

Financial liabilities

A financial liability is derecognized in consolidated statement of financial position when the obligation under the liability is discharged or cancelled or expires.

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, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Leases

Operating - Group as lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term and included into other operating expenses.

Taxation

The current income tax expense is calculated in accordance with the regulations of the Republic of Kazakhstan.

Deferred income tax assets and liabilities are estimated using the liability method on temporary differences. Deferred income tax recognized for all temporary differences arose between tax base of assets and liabilities and its carrying value in the consolidated financial statements, except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income taxes assets are recognized only to the extent that sufficient taxable profit will be available to allow temporary differences to be utilized. Deferred income tax assets and liabilities are measured using the tax rates, which are to be used within the period of asset realization or settlement of the liability according to the legislation that is in force as at reporting date.

There are also other taxes in Kazakhstan, which are reflected in the Group's activities. These taxes are included as a component of other operating expenses.

Provisions

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

Pension funds and other liabilities

The Group does not have any pension arrangements beside the State pension system of the Republic of Kazakhstan, which requires an employer to make deductions, calculated as a percentage of current gross salary payments, such deductions are expensed in the period in which the related salaries are earned and included in the statement of comprehensive income as salary expenses. The Group pays social tax to the Republic of Kazakhstan for its employees. Beyond that the Group has no other employee benefits accruals.

Equity

Equity contributions are recognized at cost.

Preferred shares

Not-redeemable preferred shares, dividends are at the discretion of the issuer, are classified as equity (Note 20). Expenses for services to third parties directly related to the issue of new shares are shown as a deduction in equity from the proceeds.

Treasury shares

In the case of acquisition by the Company or its subsidiaries the shares of the Company, the cost of acquisition, including transaction costs, net of income taxes, is deducted from equity as treasury shares until they are canceled or reissued. The purchase, sale, issue or cancellation of own equity instruments of the Company any gains or losses in the consolidated statement of income and other comprehensive income is not recognized. On the subsequent sale or re-issue of shares received is included in equity.

Contingencies

Contingent liabilities are not recognized in consolidated financial statements but are disclosed unless the possibility of any outflow associated with obtaining economic benefits is not unlikely. Contingent assets are not recognized in consolidated financial statements but are disclosed unless

the possibility of any outflow associated with obtaining economic benefits are probable.

Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

For all financial instruments measured at amortized cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

The currency exchange rates as at December 31, 2014 used by the Group for consolidated financial statements were:

Currency	December 31, 2014	December 31, 2013
US Dollar	182.35	154.06
Euro	221.59	212.02
British pound	283.92	254.80
Russina ruble	3.13	4.68

Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations, adopted in current year

The Group adopted the following new and revised standards during the reporting period:

- Amendments to IAS 10 "Consolidated financial statements", 12 "Disclosure of interests in other entities" and IAS 27 "Separate financial statements";
- Amendments to IAS 32 – "Offset of financial assets and liabilities";
- Amendments to IAS 36 – "Disclosure of information on the recoverable amount of non-financial assets";
- Amendments to IAS 39 – "Novations of derivatives and hedge accounting";
- Explanation to IFRIC 21 – "Levies".

Adoption of new and revised International Financial Reporting Standards (continued)

Standards and Interpretations, adopted in current year (continued)

Management believes that the application of new and revised IFRS amendments and revisions had no significant effect on assets and liabilities presented in the consolidated financial statements, profit or loss statement, as well as on the operating results and the statement of changes of equity, and cash flow statement, as well as notes to the consolidated financial statements.

New and revised IFRS – issued but are not yet effective

Once the recorded value of a financial asset or a group of similar financial assets has been reduced in consolidated financial statements due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Foreign currency translation

The consolidated financial statements are presented in tenge, which is the functional currency and presentation currency of the Group. Transactions in foreign currencies are initially recorded in the functional currency at the market rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. All foreign exchange differences are included to the consolidated statement of comprehensive income as income, net of foreign exchange cost for the period. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Group has not applied the following new and revised IFRSs and Interpretations (issued but not yet in force):

- Amendments to IAS 19 "Employee benefits"1;
- Annual Improvements to IFRSs 2010-20121;
- Annual Improvements to IFRSs 2011-20131;
- Annual Improvements to IFRSs 2012-20142;
- IFRS 14 "Regulatory deferral accounts"2;
- Amendments to IAS 38 "Clarification of acceptable methods of depreciation and amortization"2;
- Amendments to IAS 27 "Application of the equity method in Separate financial statements"2;
- Amendments to IAS 16 "Property, plant and equipment"2;
- Amendments to IFRS 11 "Joint arrangements"2;
- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investment in associates and joint ventures"2;
- IFRS 15 "Revenue from Contracts with Customers"3;
- IFRS 9 "Financial Instruments"4.

1 Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.

2 Effective for annual periods beginning on 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on 1 January 2018, with earlier application permitted.

Management anticipates that the application of the above standards will not have a significant impact on the consolidated financial statements in the period of initial application.

Uncertainty of estimates

In the process of applying the Group's accounting policies, management has used the following judgments and made estimates which significantly affect the amounts recognized in the consolidated financial statements. The most significant use of judgments and estimates are presented below:

Acquisition of ZAID Invest LLC

As at December 31, 2013 the Group owned 20% interest in ZAID Invest LLC, due to the fact that management believes that it has no a significant impact on the enterprise, an investment accounted for as investments available-for-sale in the consolidated statement of financial position. On October 27, 2014, the Group acquired a controlling share in ZAID Invest LLC, thus consolidated financial statements include the results of operations of the acquisition date (Note 8).

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The functional currency of foreign subsidiaries

In 2014 the Group acquired a controlling share in the company ZAID Invest LLC and consolidated the results of the Company from the date of obtaining control (Note 8). The company is located in Dubai, United Arab Emirates, and invests in the securities market. Following the acquisition of the enterprise accounting data were transferred in tenge in accordance with the accounting policies of the Group. Control of the company is carried out in the offices of the Group in the Republic of Kazakhstan, and all accounts are maintained in tenge. Thus, management believes that the functional and presentation currency of financial statements is the Kazakhstani tenge.

Fair value of financial instruments

For financial assets and financial liabilities, reported in consolidated financial statements, not traded in an active market, fair value is determined using appropriate valuation methodologies including mathematic models. The information to these models is taken from observable markets, if possible, otherwise, for the determination of fair value requires judgment to apply.

As described in Note 28, for estimation of fair value of financial instruments, the Group uses method, which takes into account primarily data which is not based on the market data. In Note 28 there is detailed information about key assumption used in estimation of fair value of financial instruments as well as detailed analysis of sensitivity of estimates in regard to these assumptions. The management believes that selected methods of estimations and used assumptions are appropriate for fair value estimation.

Allowance for loans and receivables impairment

The Group regularly reviews its loans and receivables to assess impairment. The Group uses its judgement to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or 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 and receivables. Based on its experience, the Group uses its judgment to adjust observable data for a group of loans or receivables to reflect current circumstances.

Write-off of loans and receivables

In case of failure of recovery of loans and receivables, including through repossession of collateral, they are written off against the allowance for impairment. Write-off of loans and receivables is made after the Group's management has taken all possible actions to collect amounts owed to the Group, and after the Group has sold all available collateral. Subsequent recoveries of amounts previously written off are reflected as a reduction in the charge for impairment of financial assets in the consolidated statement of profit or loss and other comprehensive income in the period of recovery.

Taxation

Tax, currency and customs legislation of the Republic of Kazakhstan is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and state authorities. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which these assets can be offset. To determine the amount of deferred tax assets that can be recognized in the consolidated financial statements, the Group exercises considerable judgment in relation to the likely timing and the level of future taxable income and tax planning strategies.

Impairment of fixed assets and intangible assets

Group reviews indicators of impairment of the carrying value of fixed assets and intangible assets at each reporting date.

Impairment is based on a large number of factors such as: the current competitive environment, changes in the expected growth of the industry, changes in the availability of funding in the future, technological obsolescence, discontinuance of services, current replacement costs and other changes in conditions that indicate a significant impairment.

If such indicators exist, the recoverable value of the assets is assessed and compares to the carrying value of the assets. If the carrying amount exceeds the recoverable amount of the asset, impairment is recognized. The recoverable amount is the higher of two values: fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax, which management believes reflects current market assessments of the time value of money. The change in the estimated recoverable amount can lead to impairment or recovery in future periods.

The useful lives of property, plant and equipment

The Group considers the useful lives of property, plant and equipment assets and intangible assets at the end of each reporting period. The assessment of the useful life of the asset is dependent on factors such as: the economic use, the plan on repairs and maintenance, technological improvements and other business conditions. Management's assessment of the useful lives of property, plant and

equipment reflects the relevant information at the date of these consolidated financial statements.

Allowance for doubtful accounts

The Group makes an allowance for doubtful accounts of receivable and advances given. In assessing of doubtful accounts it takes into account previous and expected performance of the debtor. Changes in the economy, industry or specific characteristics of the debtor may require adjustments to allowance for doubtful accounts recorded in the consolidated financial statements.

Recognition of inventories

Inventories are measured at the lower of the two values: at cost or net realizable value. The Group recognizes the associated allowance, reducing the cost of obsolete and underutilized inventories to net realizable value. The actual amount of realization on disposal of inventories may differ from the net realizable value. Any such differences could have a material impact on future operating results.

SEGMENT INFORMATION

With the management purpose the Group subdivides by the following business-segments.

- Investment activities with securities: the acquisition of securities with the aim to obtain investment income in the form of interest, dividends, and income from the change in value;
- Broker-dealer activities: provision of brokerage services to individuals and legal entities in the securities market, as well as investment portfolio management services;
- Investment activities with real estate: real estate acquisition for operating rent activities and income generation from changes in the value of investment property, and the management of investment property.
- Lending activities: issuance of loans for consumer needs (discontinued in 2013).

Information on revenues and operating expenses are attributed as unallocated in cases if the Group is unable to subdivide it by segments with certainty.

In 2014 and 2013 the Group did not generate revenue with one external customer, which exceeds 10% from gross profit.

Segment information for the years ended December 31, 2014 and December 31, 2013 are presented below:

In thousands of tenge	Investment activities with securities	Investment activities with real estate	Broker-dealer activities	Eliminations	For the year ended December 31, 2014
Revenue from sale of goods and rendering services to external customers	37,904	—	29,080	—	66,984
Intersegment revenue from sale of goods and rendering services	9,803	—	2,951	(12,754)	—
	47,707	—	32,031	(12,754)	66,984
External interest income	14,115	733	1,048	—	15,896
Dividend income	13,921	—	293,645	—	307,566
Intersegment dividend income	934,880	—	5,941	(940,821)	—
	948,801	—	299,586	(940,821)	307,566
Gains on revaluation of investment property	2,273	69,080	—	—	71,353
Intersegment gains on revaluation of investment property	19,220	—	—	(19,220)	—
	21,493	69,080	—	(19,220)	71,353
Gains on revaluation of long-term assets held for sale	33,556	—	—	—	33,556
Gains on disposal of investment property	1,019	—	—	—	1,019
Net gains on foreign exchange operations	8,595	14,762	53,319	—	76,676
External other income	(21,134)	3,416	41,626	—	23,908
Intersegment other income	6,555	—	2,541	(9,096)	—
	(14,579)	3,416	44,167	(9,096)	23,908
Total revenues	1,060,707	87,991	430,151	(981,891)	596,958
Cost of goods and services to external customers	(91)	—	(20,382)	—	(20,473)
External interest expenses	(10,036)	—	(561)	—	(10,597)
Impairment losses on loans given	(41,624)	—	—	—	(41,624)
Impairment losses on investments available-for-sale	(8,601)	—	—	—	(8,601)
Net losses on disposal of investments available-for-sale	(324,539)	—	110,872	—	(213,757)
Intersegment net losses on disposal of investments available-for-sale	(914)	—	—	914	—
	(325,453)		110,872	914	(213,757)
Losses from impairment of trade receivables	(40,852)	(2)	6,686	—	(34,168)
External operating expenses	(190,312)	(12,647)	(100,184)	—	(303,143)
Intersegment operating expenses	(3,968)	420	(15,589)	19,137	—
	(194,280)	(12,227)	(115,773)	19,137	(303,143)
Total expenses	(620,937)	(12,229)	(19,248)	20,051	(632,363)
Segment's financial result before corporate income tax expenses	439,770	75,762	410,903	(961,840)	(35,405)
Corporate income tax benefit	50,669	(14,189)	(14,827)	—	21,653
Segment net loss after corporate income tax benefit	490,439	61,573	396,076	(961,840)	(13,752)
Segment assets	4,565,546	577,824	879,652	(2,750,091)	3,272,931
Segment liabilities	297,587	666,004	30,432	(652,161)	341,862

In thousands of tenge	Lending activities	Investment activities with securities	Investment activities with real estate	Broker-dealer activities	Unallocated	Elimination	For the year ended December 31, 2013
Revenue from sale of goods and rendering services to external customers	626	7,739	—	57,886	—	—	66,251
Intersegment revenue from sale of goods and rendering services	—	10,023	—	42,004	—	(52,027)	—
	626	17,762	—	99,890	—	(52,027)	66,251
External interest income	7,706	19,049	—	—	—	—	26,755
Intersegment interest income	37,173	64,265	31,302	—	—	(132,740)	—
	44,879	83,314	31,302	—	—	(132,740)	26,755
Dividend income	—	46,004	—	33,746	—	—	79,750
Intersegment dividend income	—	—	—	5,941	—	(5,941)	—
	—	46,004	—	39,687	—	(5,941)	79,750
Income from the write-off of doubtful payables	—	154,533	—	—	—	—	154,533
Net gains on foreign exchange operations	6	15,739	—	1,298	—	—	17,043
Total revenues	45,511	317,352	31,302	140,875	—	(190,708)	344,332
Cost of goods and services to external customers	—	(338)	—	(23,290)	—	—	(23,628)
External interest expenses	(2,936)	(94,849)	—	(10,426)	—	—	(108,211)
Intersegment interest expenses	—	95,839	30,400	—	—	(126,239)	—
	(2,936)	990	30,400	(10,426)	—	(126,239)	(108,211)
Losses on revaluation of investment property	(37,077)	25,595	—	—	—	—	(11,482)
Losses on revaluation of long-term assets held for sale	—	(52,933)	—	—	—	—	(52,933)
Net losses on disposal of investments available-for-sale	(16,318)	17,088	(72)	(28,570)	—	—	(27,872)
Intersegment net losses on disposal of investments available-for-sale	3	18,783	29	299	—	(19,114)	—
	(16,315)	35,871	(43)	(28,271)	—	(19,114)	(27,872)
Losses from impairment of trade receivables	—	458	—	(7,184)	—	—	(6,726)
Intersegment losses from impairment of trade receivables	—	(73,387)	—	3	—	73,384	—
	—	(72,929)	—	(7,181)	—	73,384	(6,726)
Losses on disposal of investment property	179,878	(7,591)	(189,374)				(17,087)
External operating expenses	(6,841)	(119,596)	(756)	(124,823)	—	—	(252,016)
Intersegment operating expenses	901	20,114	191	49,912	—	(71,118)	—
	(5,940)	(99,482)	(565)	(74,911)	—	(71,118)	(252,016)
Total expenses	117,610	(170,817)	(159,582)	(144,079)	—	(143,087)	(499,955)
Segment's financial result before corporate income tax expenses	163,121	146,535	(128,280)	(3,204)	—	(333,795)	(155,623)
Corporate income tax benefit	—	59,214	36,452	3,555	—	—	99,221
Segment net loss after corporate income tax benefit	163,121	205,749	(91,828)	351	—	(333,795)	(56,402)
Segment assets	—	4,227,746	962,455	1,503,887	511,529	(2,995,520)	4,422,683
Segment liabilities	—	919,009	34,045	29,719	171,956	(650,226)	783,797

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include

In thousands of tenge	December 31, 2014	December 31, 2013
Cash on current bank accounts in Tenge	27,072	422,693
Cash on current bank accounts in currency	10,277	35,216
Cash on hand	676	11,278
Cash in transit	—	2
	38,025	469,189

Cash in transit represents cash that was paid for goods with bank cards but not yet received on current accounts of the Group.

INVESTMENTS AVAILABLE-FOR-SALE

Investments available-for-sale includes:

In thousands of tenge	December 31, 2014	December 31, 2013
Shares of Kazakhstan companies	676,348	1,181,218
Shares of foreign companies	188,082	823,360
Depository receipts	184,500	14,366
Exchange-traded funds	4,307	—
Eurobonds	185	153
	1,053,422	2,019,097

As at December 31, 2014 accrued interest on debt securities amounted to 386 thousand tenge (December 31, 2013: 10 thousand tenge).

Major part of securities listed below are traded on the Kazakhstan, London and New York stock exchanges.

Investments available-for-sale as at December 31, 2014 and December 31, 2013 were not pledged as collateral for the obligations of the Group.

In thousands of tenge	Type of investment	Currency	December 31, 2014	December 31, 2013
Shares of Kazakhstan companies				
"Kazakhtelecom" JSC	Preferred shares	Tenge	180,405	292,434
"KazMunaiGas Exploration Production" JSC	Preferred shares	Tenge	119,815	53,923
"Pension fund GRANTUM" JSC	Common shares	Tenge	114,788	288,325
"KazTransCom" JSC	Common shares	Tenge	99,328	55,183
"KazTransOil" JSC	Common shares	Tenge	82,347	136,260
"Kazakhtelecom" JSC	Common shares	Tenge	60,819	78,311
"KazTransCom" JSC	Preferred shares	Tenge	9,483	132
"Tsesnabank" JSC	Common shares	Tenge	8,873	14,240
"Halyk Bank Kazakhstan" JSC	Common shares	Tenge	462	3,691
"Kazakhstan Stock Exchange" JSC	Common shares	Tenge	27	27
"Halyk Bank Kazakhstan" JSC	Preferred shares	Tenge	1	15,200
"Temirbank" JSC	Preferred shares	Tenge	—	169,979
"KazMunaiGas Exploration Production" JSC	Common shares	Tenge	—	42,310
"Bank Center Credit" JSC	Common shares	Tenge	—	11,764
"MPP" "Tort-Kudyk" JSC	Preferred shares	Tenge	—	8,601
"Nur Bank" JSC	Common shares	Tenge	—	7,546
"Kazkomertsbanks" JSC	Preferred shares	Tenge	—	1,541
"Kazkomertsbanks" JSC	Common shares	Tenge	—	1,341
"ROSA" JSC	Common shares	Tenge	—	410
			676,348	1,181,218

Inthousandsoftenge	Typeofinvestment	Currency	December 31, 2014	December 31, 2013
Shares of foreign companies				
Ferro-Alloy Resources Limited	Commonshares	US Dollar	94,053	—
Softbank Corporation	Commonshares	US Dollar	27,209	—
GrouponInc	Commonshares	US Dollar	18,247	—
Tesla Motors Inc	Commonshares	US Dollar	16,338	9,421
Twitter Inc	Commonshares	US Dollar	11,447	—
KazMinerals Plc	Commonshares	British pound	9,850	57,566
Yandex Nv-A	Commonshares	US Dollar	9,396	—
Apple Inc	Commonshares	US Dollar	1,280	769
Sunkar Resources Plc	Commonshares	British pound	262	1,904
ZAID Invest LLC (Note8)	Preferredshares	US Dollar	—	753,700
			188,082	823,360

As at December 31, 2013 the Group owned 20% of shares capital in ZAID Invest LLC, registered and operating in the Dubai International Financial Centre, United Arab Emirates. As at December 31, 2013 the Group had no significant impact on the activities of the company. Thus, the share has been classified as investments available-for-sale.

On October 27, 2014 the Group purchased the remaining 80% shares in ZAID Invest LLC, gaining control over the investee (Note 8).

Inthousandsoftenge	Typeofinvestment	Currency	December 31, 2014	December 31, 2013
Depository receipts				
Softbank Corp.	Depositoryreceipts	US Dollar	108,835	—
"KazMunaiGas Exploration Production" JSC	Depositoryreceipts	US Dollar	24,870	—
"NC LUKOIL" JSC	Depositoryreceipts	US Dollar	13,483	—
"Gazprom" JSC	Depositoryreceipts	US Dollar	11,522	—
LSR Group	Depositoryreceipts	US Dollar	7,193	—
"Halyk Bank Kazakhstan" JSC	Depositoryreceipts	US Dollar	6,982	—
"Kazkomertsbanks" JSC	Depositoryreceipts	US Dollar	6,487	14,321
Qivi Plc-SponsoredAdr	Depositoryreceipts	US Dollar	4,561	—
"ForteBank" JSC	Depositoryreceipts	US Dollar	557	—
"Kazakhtelecom" JSC	Depositoryreceipts	Euro	10	10
"Temirbank" JSC	Depositoryreceipts	US Dollar	—	35
			184,500	14,366

BUSINESS COMBINATION

Inthousandsoftenge	December 31, 2014
Fair value of the share as at December 31, 2013	753,700
Loss from revaluation of share(Note 24)	(302,425)
Acquisition-datefairvalueoftheacquirer'spreviouslyheldequitysharein the acquiree	451,275

At the acquisition date the Group has revalued the interest, which the acquirer previously held in the acquiree. The loss from revaluation of shares in ZAID Invest LLC to the fair value at the acquisition date amounted to 302,425 thousand tenge (Note 24).

Inthousandsoftenge	December 31, 2014
Fair value of the consideration transferred	36,174
Acquisition-datefairvalueoftheacquirer'spreviouslyheldequitysharein the acquiree	451,275
Acquired identifiable net assets at fair value	(487,449)
Result of acquisition	—

The acquired assets and liabilities at the acquisition date Zaid Invest LLC are as follows:

In thousands of tenge	October 27, 2014
Assets	
Cash and cash equivalents	25,392
Loans given	128,765
Investments available-for-sale	285,250
Trade receivables	96,596
Advances given	1,346
Other assets	19,976
Total assets	557,325
Liabilities	
Financial liabilities at fair value through profit or loss	15,832
Trade payables	47,044
Other liabilities	7,000
Total liabilities	69,876
Total identifiable net assets	487,449

Net cash outflow on acquisition Zaid Invest LLC is as follows:

In thousands of tenge	October 27, 2014
Cash consideration	36,174
Less: acquired cash	(25,392)
	10,782

LOANS GIVEN

In thousands of tenge	December 31, 2014	December 31, 2013
Loans given to related parties (Note 30)	323,683	—
Loans given to third parties	104,472	25,795
Allowance for impairment of loans given	(41,624)	(4,020)
	386,531	21,775

Movement of allowance for impairment of loans given is presented below:

In thousands of tenge	Allowance for impairment
January 1, 2013	(69,035)
Reversal	65,015
December 31, 2013	(4,020)
Write-off	4,020
Accrued	(41,624)
December 31, 2014	(41,624)

Accrued interest as at December 31, 2014 amounted to 2,195 thousand tenge (December 31, 2013: 3,635 thousand tenge). As at December 31, 2014 the value of collateral amounted to 13,521 thousand tenge, which approximately equal to market value (December 31, 2013: 27,109 thousand tenge).

Loans given to related parties

Loans given to related parties are presented by loans to "Jewelry company "Real-Gold" LLP. In 2011, the parent company had signed an agreement on the financing in accordance with which the parent company financed the subsidiaries, including "Jewelry company "Real-Gold" LLP amounted to 304,752 thousand tenge for three years. However, this agreement was extended in February 2014. The final payment under the contract is due by the end of 2017. In 2014 100% share in "Jewelry company "Real-Gold" LLP has been realized, 75% of which was sold to the shareholders of the parent company. The Group recognized the loan at its fair value, calculated as the present value of future cash flows using the effective interest rate of 5.4% on the date of extension, which is the weighted average rate on deposits attracted by second-tier banks of the Republic of Kazakhstan on similar conditions. Adjustment to fair value at initial recognition was 46,990 thousand tenge (Note 20). Revenues associated with the recognition of the debt in the amount of 12,903 thousand tenge recognized in interest income from loans given (Notes 22, 30).

Loans given to third parties

On June 10, 2014 the Group issued a loan to "KiberTransRus" in the amount of 332 thousand US Dollars up to June 6, 2016. The interest rate was set at 10% per annum.

TRADE RECEIVABLES

In thousands of tenge	December 31, 2014	December 31, 2013
Trade receivables from customers	111,617	177,149
Trade receivables from related parties (Note 30)	2,999	21,149
Allowance for doubtful accounts	(34,479)	(63,642)
	80,137	134,656

Movement in allowance for doubtful accounts is presented below:

In thousands of tenge	Allowance for doubtful accounts
January 1, 2013	(83,213)
Write-off	27,200
Accrued	(7,629)
December 31, 2013	(63,642)
Write-off	48,331
Accrued	(19,168)
December 31, 2014	(34,479)

In 2013 the Group sold its 100% interest in "BonFood Distribution" LLP to individual, a third party. Under the contract of sale the buyer should pay for the loans issued by the parent company to a subsidiary, the full payment is due by the end of 2015. As at December 31, 2014 receivables from the buyer was 59,846 thousand tenge (December 31, 2013: 104,038 thousand tenge).

ADVANCES GIVEN

In thousands of tenge	December 31, 2014	December 31, 2013
Advances given to suppliers	31,737	83,388
Advances given to related parties (Note 30)	—	61,163
Allowance for advances given	(15,000)	—
	16,737	144,551

Movement in allowance for advances given is presented below:

In thousands of tenge	Allowance for doubtful accounts
January 1, 2013	—
Accrued	—
December 31, 2013	—
Accrued	(15,000)
December 31, 2014	(15,000)

INVENTORIES

In thousands of tenge	December 31, 2014	December 31, 2013
Construction materials	1,950	—
Jewelry	—	111,826
Consumer goods	—	18,729
Other	2,382	7,061
	4,332	137,616

As at December 31, 2014 and December 31, 2013 inventories were not pledged as collateral for the obligations of the Group.

INVESTMENT PROPERTY

In thousands of tenge	Land	Buildings and constructions	Total
Carrying value			
December 31, 2012	320,992	432,501	753,493
Additions	65,357	107,004	172,361
Disposals	(337,264)	(26,932)	(364,196)
Revaluation	38,925	204,727	243,652
December 31, 2013	88,010	717,300	805,310
Disposals	(6,222)	(70,093)	(76,315)
Revaluation	17,320	54,033	71,353
Reclassification to property, plant and equipment	(5,890)	(291,870)	(297,760)
December 31, 2014	93,218	409,370	502,588

Revenue from operating rent was included in revenues (Note 21). As at December 31, 2014 and December 31, 2013 investment property was not pledged as collateral for obligation of the Group.

As at December 31, 2014 investment property valuation was performed by independent valuation company "ANIRA" LLP (2013: "ANIRA" LLP and "Technical investigation of the buildings – valuation" LLP). For the purpose of disclosure of the information in relation to the fair value the Group determined carrying value of the investment property in amount of 502,588 thousand tenge in the Level 2 of the fair value hierarchy (December 31, 2013: 805,310 thousand tenge).

PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other	Total
Historical cost						
December 31, 2012	—	9,319	1,948	69,671	28,736	109,674
Additions	—	2,710	—	9,800	25,964	38,474
Disposals	—	(1,021)	(959)	(31,177)	(4,701)	(37,858)
December 31, 2012	—	11,008	989	48,294	49,999	110,290
Additions	—	12,115	7	35,799	7,050	54,971
Disposals	—	—	(989)	(18,544)	(37,413)	(56,946)
Reclassification from investment property	5,890	291,870	—	—	—	297,760
December 31, 2014	5,890	314,993	7	65,549	19,636	406,075
Accumulated depreciation						
December 31, 2012	—	804	319	26,116	10,152	37,391
Accured	—	493	228	5,207	3,795	9,723
Disposals	—	(1,021)	(80)	(12,384)	(1,385)	(14,870)
December 31, 2013	—	276	467	18,939	12,562	32,244
Accrued	—	7,426	114	6,554	8,390	22,484
Disposals	—	—	(581)	(8,712)	(8,542)	(17,835)
December 31, 2014	—	7,702	—	16,781	12,410	36,893
Carrying value						
December 31, 2014	5,890	307,291	7	48,768	7,226	369,182
December 31, 2013	—	10,732	522	29,355	37,437	78,046

As at December 31, 2014 and December 31, 2013 property, plant and equipment were not pledged as collateral for obligations of the Group.

LONG-TERM ADVANCES GIVEN FOR CONSTRUCTION IN PROGRESS

In 2014 the Group continued financing of construction in progress in the cottage "Sun Town" with a total area of 2,006 meters, located in Almaty, and issued additional advances for construction in amount of 173,907 thousand tenge (in 2013: 350,126 thousand tenge). According to the contracts for advances on construction in progress the Group adopted the collateral in the form of land, fair value of which as at December 31, 2014 amounted to 331,395 thousand tenge.

TAXATION

The Group is taxed by official statutory 20% corporate income tax rate.

The effective rate of corporate income tax differs from nominal. Below is reconciliation of the corporate income tax expenses based on nominal rate with actual tax expenses:

In thousands of tenge	2014	2013
Loss before corporate income tax	(35,405)	(155,623)
Statutory rate	20%	20%
Corporate income tax benefit using statutory rate	(7,081)	(31,125)
Effect of change in the impairment of deferred tax assets	—	(48,984)
Permanent differences	(14,572)	(19,112)
Corporate income tax benefit	(21,653)	(99,221)
Current income tax	—	—
Discounted operations	(28,535)	—
Changes in deferred tax recognized in the statement of comprehensive income	6,882	(99,221)
Total corporate income tax benefit	(21,653)	(99,221)

Deferred tax assets are only recognized to the extent that it is probable that there will be future taxable profits available against which the asset can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

The balance of deferred taxes, calculated by applying the statutory tax rates which are in force at the date of the consolidated statement of financial position to the temporary differences between the tax base of assets and liabilities and the amounts reported in the consolidated financial statements include the following as at December 31:

In thousands of tenge	December 31, 2014	Changes recog-nized in profit or loss	Changes recognized in other comprehensive income	December 31, 2013	Changes recog-nized in profit or loss	Discoun-tinuedope-rations	December 31, 2012
Deferred tax assets							
Losses carried forward	115,299	6,245	—	109,054	10,459	20,045	78,550
Investments available-for-sale revaluation reserve	14,851	—	13,642	1,209	(726)	—	1,935
Trade receivables	22,059	13,969	—	8,090	(8,553)	—	16,643
Loans given	—	(2,463)	—	2,463	(11,344)	—	13,807
Unused vacation reserve	2,265	335	—	1,930	2,451	(521)	—
Other liabilities	198	198	—	—	—	—	—
	154,672	18,284	13,642	122,746	(7,713)	19,524	110,935
Deferred tax liabilities							
Investment property, property, plant and equipment and intangible assets	(27,683)	(25,166)	—	(2,517)	38,831	(920)	(40,428)
	(27,683)	(25,166)	—	(2,517)	38,831	(920)	(40,428)
Total deferred tax assets before impairment	126,989	(6,882)	13,642	120,229	31,118	18,604	70,507
Impairment of deferred tax assets	—	—	—	—	68,103	—	(68,103)
Total deferred tax assets after impairment	126,989	(6,882)	13,642	120,229	99,221	18,604	2,404
Recognized deferred tax assets	141,178	20,949	—	120,229	77,397	—	42,832
Recognized deferred tax liabilities	(14,189)	(14,189)	13,642	—	21,824	18,604	(40,428)

NON-CURRENT ASSETS HELD FOR SALE

In 2014, the Group sold 100% interest in subsidiaries "Jewelry company "Real-Gold" LLP, "REAL ESTATE INVESTMENT FUND" LLP and "Alua TOP Construction" LLP.

On February 28, 2014 the Group sold 75% share in "Jewelry company "Real-Gold" LLP for 150 thousand tenge to the shareholders of the parent company. On July 23, 2014 on Board of Directors meeting it was decided to sell the remaining 25% of shares and on August 27, 2014 the Group has entered into an agreement of sale of shares with an individual, a third party, for 50 thousand tenge.

On February 26, 2014 according to the decision of the Board of Directors dated December 24, 2013 the company "Joint Stock real estate fund "REALESTATEINVESTMENTFUND JSC was reorganized into a limited liability partnership. According to the meeting of the Board of Directors on March 13, 2014, it was decided to reduce the authorized capital of the company up to 200 thousand tenge. On July 23, 2014 the Group has entered into an agreement with an individual on the realization of 100% share in "REAL ESTATE INVESTMENT FUND" for 200 thousand tenge.

On August 20, 2014 according to the meeting of the Board of Directors it was decided to distribute net income of "Alua TOP Construction" LLP in the amount of 27,237 thousand tenge up to September 1, 2014. Thus, the net assets after the distribution of income amounted to 1,519 thousand tenge. On September 22, 2014 the Board of Directors of the parent company decided to sell 100% share in the partnership to an individual, a third party for the 174 thousand tenge.

Income from discontinued operations for the reporting period is as follows:

In thousands of tenge	2014	2013
Income from discontinued operations for the period	119,800	47,417
Loss on disposal of assets and liabilities related to discontinued operations	(83,951)	204,779
	35,849	252,196

Discontinued operations

The result of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive loss for the years ended December 31 are presented below:

In thousands of tenge	"Jewelry company "Real-Gold" LLP	"REALESTATE-INVESTMENTFUND" LLP	"Alua TOP Construction" LLP	2014
Revenue from sale of goods and rendering services	34,120	—	—	34,120
Cost of goods and services	(17,604)	(163)	—	(17,767)
Gross profit	16,516	(163)	—	16,353
Gains/(losses) on disposal of investment property	(87)	12,388	—	12,301
Operating expenses	(35,154)	(3,079)	(1,345)	(39,578)
Net gains on foreign exchange operations	(604)	—	—	(604)
Other income	61	—	—	61
Loss before taxation from continuing operations	(19,268)	9,146	(1,345)	(11,467)
Corporate income tax benefit	—	—	—	—
Loss for the year	(19,268)	9,146	(1,345)	(11,467)
Other comprehensive income	—	—	—	—
Total comprehensive loss	(19,268)	9,146	(1,345)	(11,467)

In thousands of tenge	"Jewelry company "Real-Gold" LLP	"REALESTATE-INVEST-MENTFUND" LLP	"Alua TOP Construction" LLP	"BonFood Distribution" LLP	2013
Revenue from sale of goods and rendering services	208,882	134	—	205,067	414,083
Cost of goods and services	(130,329)	(796)	—	(152,673)	(283,798)
Gross profit	78,553	(662)	—	52,394	130,285
Interest income	—	—	542	—	542
Interest expense	—	—	—	(708)	(708)
Net profit on disposal of investments available-for-sale	—	4,926	—	—	4,926
Dividend income	—	4,883	—	—	4,883
Gains on revaluation of investment property	—	259,143	—	—	259,143
Losses on disposal of investment property	(242)	—	—	—	(242)
Losses from impairment of trade receivables	—	(904)	—	—	(904)
Operating expenses	(167,623)	(17,514)	(2,373)	(79,467)	(266,977)
Net losses on foreign exchange operations	(709)	—	—	(21)	(730)
Other income	60	—	—	341	401
Profit before taxation from continuing operations	(89,961)	249,872	(1,831)	(27,461)	130,619
Corporate income tax benefit	22,464	—	—	—	22,464
Profit for the year	(67,497)	249,872	(1,831)	(27,461)	153,083
Other comprehensive income	—	—	—	—	—
Total comprehensive income	(67,497)	249,872	(1,831)	(27,461)	153,083

Assets and liabilities classified as held for sale

On December 25, 2014 meeting of the Board of Directors adopted a plan on the realization of a 100% shares in "REAL Art-production.kz" LLP. Thus, as at December 31, 2014 the Group classified assets and liabilities of the partnership as held for sale.

During 2012 the Group acquired 75% of shares in "Real Development.kz" LLP. As at December 31, 2014 the market value of shares amounted to 126,995 thousand tenge (December 31, 2013: 93,439 thousand tenge). The evaluation of the share was made as at December 31, 2014 by the independent valuation company "ANIRA" LLP, the valuation date is February 11, 2015. Thus, the income from the revaluation amounted to 33,556 thousand tenge (2013: loss - 52,933 thousand tenge), the given revaluation is appropriate to Level 2 of the fair value hierarchy. The Group intends to sell its share in equity during 2015 (Note 31).

The results of discontinued operations of subsidiaries classified as non-current assets and liabilities held for sale are included in the consolidated statement of income and other comprehensive income are as follows:

In thousands of tenge	2014	2013
Revenue from sale of goods and rendering services	—	4,299
Cost of goods and services	—	—
Gross profit	—	4,299
Interest income	3,307	244
Interest expense	(1,914)	—
Gains on revaluation of investment property	—	(4,009)
Impairment/(recovery of) losses on loans given	(23,732)	65,015
Net losses on disposal of investments available-for-sale	(53,499)	(1,878)
Recovery of impairment of trade receivables	29,941	—
Losses on disposal of investment property	(31,891)	—
Operating expenses	(8,646)	(5,758)
Net gains/(losses) on foreign exchange operations	15,416	(2,180)
Other expenses	(1,466)	(177)
(Loss)/profit before taxation	(72,484)	55,556
Corporate income tax expense	—	(3,860)
(Loss)/profit for the year	(72,484)	51,696
Other comprehensive loss	—	—
Total comprehensive (loss)/income	(72,484)	51,696

Cash flows from discontinued operations of subsidiaries, classified as assets and liabilities held for sale are presented below:

In thousands of tenge	2014
Net cash flow:	
Received from operating activities	55,399
Received from investing activities	280,749
Used in finance activities	(360,353)
Total net decrease in cash and cash equivalents	(24,205)

Assets and liabilities of subsidiaries classified as assets and liabilities held for sale as at December 31, 2014 are presented below:

In thousands of tenge	"REAL Art-production. kz" LLP	"Real Develop-ment. kz" LLP	Total as at December 31, 2014
Cash and cash equivalents	257	—	257
Inventories	16	—	16
Property, plant and equipment	36	126,995	127,031
Deferred tax assets	5,243	—	5,243
Other assets	1,247	—	1,247
Total assets	6,799	126,995	133,794
Trade payables	287	—	287
Other liabilities	54	—	54
Total liabilities	341	—	341
Net assets	6,458	126,995	133,453

ADVANCES RECEIVED FOR INVESTMENT PROPERTY

On August 19, 2014 the Group entered into a contract of sale of real estate with a land plot with payment by installments until May 15, 2015. The contract was concluded with an individual, the third party in the amount of 376,196 thousand tenge. The amount of advance payments as at December 31, 2014 amounted to 274,244 thousand tenge (Note 30).

DEBT SECURITIES ISSUED

On May 30, 2008 the Company issued bonds with a nominal value of 5,000,000 thousand tenge, the coupon rate on which in the first year was 12%, and in subsequent years the rate was variable and depended on the level of inflation and revised every six months.

However, the Group defaulted on coupon bonds for the payment of principal. In June 2013 at a meeting of the Board of Directors a plan of activities was approved with the purpose to pay bondholders the principal and penalties. In 2014 the Group repaid the entire debt on coupon bonds.

SHARE CAPITAL

In thousands of tenge	December 31, 2014	December 31, 2013
Common shares	1,799,800	1,799,800
Number of shares issued	5,000,000,000	5,000,000,000
Preferred shares	1,190,594	1,190,594
Number of shares issued	1,190,594,060	1,190,594,060
Share premium	48,014	48,014
Treasury shares	(75,000)	—
	2,963,408	3,038,408

Common shares

Each common share is entitled to one vote and equal amount of dividends. For the year ended December 31, 2014, the Group paid a dividend on common shares in the amount of 222,280 thousand tenge. For the year ended December 31, 2013 no dividends were declared or paid.

Preferred shares

The number of outstanding preferred shares of the Parent company before eliminations is 1,250,000,000 shares as at December 31, 2014 and December 31, 2013.

Dividend per preferred share is defined in Charter and the share prospectus of the Group in amount of 10 tiyn. Dividends are accrued based on the results for the year. Dividends for 2014 amounted to 125,000 thousand tenge, of which 13,441 thousand tenge were distributed within the Group (2013: 125,000 thousand tenge, of which 5,941 thousand tenge were distributed within the Group).

In accordance with Kazakhstan legislation, dividends may not be declared if the Company has negative equity in the financial statements prepared in accordance with the accounting standards of the Republic of Kazakhstan, or if the payment of dividends would result in negative equity in the financial statements.

Distribution to shareholders

As at December 31, 2014 distribution to shareholders amounted to 46,990 thousand tenge, which is represented by the fair value adjustments of interest-free loan issued to shareholders of the parent company in the amount of 304,752 thousand tenge (Note 9).

Book value of share

Book value per share, calculated in accordance with the Listing Rules as approved by the Exchange Board of JSC "Kazakhstan Stock Exchange":

In thousands of tenge	December 31, 2014	December 31, 2013
Total assets	3,272,931	4,422,683
Intangible assets	(12,197)	(20,093)
Preferred shares	(1,115,594)	(1,190,594)
Total liabilities	(341,862)	(783,797)
Number of shares issued	5,000,000,000	5,000,000,000
Book value of one ordinary share (tenge)	0,36	0,49
Preferred shares	1,115,594	1,190,594
Number of shares issued	1,115,594,060	1,190,594,060
Book value of one preferred share (tenge)	1,00	1,00

REVENUE FROM SALE OF GOODS AND RENDERING SERVICES

In thousands of tenge	2014	2013
Consulting services	38,482	12,637
Revenue from trading	27,106	36,542
Underwriting services	—	10,315
Revenue from rent	—	5,063
Other income	1,396	1,694
	66,984	66,251

INTEREST INCOME/EXPENSE

In thousands of tenge	2014	2013
Interest income:		
Loans given	14,091	7,462
Reverse REPO transactions	1,784	2,302
Investments available-for-sale	21	16,991
	15,896	26,755
Interest expense:		
Debt securities issued	10,036	105,654
REPO transactions	561	2,025
Borrowings	—	532
	10,597	108,211

DIVIDEND INCOME

In thousands of tenge	2014	2013
"Pension fund GRANTUM" JSC, common shares	187,336	—
"Kazakhtelecom" JSC, preferred shares	63,299	3,511
"Kazakhtelecom" JSC, common shares	13,707	778
"Temirbank" JSC, preferred shares	13,635	18,180
"KazMunaiGas Exploration Production" JSC, preferred shares	10,129	—
"KazTransOil" JSC, common shares	9,778	16,413
"KazMunaiGas Exploration Production" JSC, common shares	5,993	13,209
"Tsesnabank" JSC, preferred shares	1,600	1,600
"Karazhanbasmunai" JSC, preferred shares	—	24,782
Other	2,089	1,277
	307,566	79,750

NET LOSSES ON DISPOSAL OF INVESTMENTS AVAILABLE-FOR-SALE

In thousands of tenge	2014	2013
Realized gains/(losses) from changes in the value of securities held for trading and available-for-sale	88,668	(27,872)
Loss from revaluation of shares of ZAID Invest LLC at the date of acquisition of control (Note 8)	(302,425)	—
	(213,757)	(27,872)

OPERATING EXPENSES

In thousands of tenge	2014	2013
Payroll and related expenses	156,956	150,135
Professional services	32,986	41,389
Depreciation and amortization	22,484	5,074
State fee for legal claims	20,607	—
Transportation expenses	10,908	10,643
Utilities	8,767	2,253
Taxes other than income tax	7,940	5,744
Membership fee	4,123	4,590
Insurance expenses	3,484	289
Security expenses	2,993	3,011
Marketing expenses	1,784	1,779
Communication expenses	1,533	2,516
Custody services	1,087	605
Rent	285	1,088
Charity	100	2,834
Other	27,106	20,066
	303,143	252,016

(LOSS)/EARNINGS PER SHARE

Basic and diluted earnings/(loss) per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares (excluding treasury) in issue during the year.

The following table provides information on income and share data used in the calculation of basic and diluted earnings/(loss) per share:

In thousands of tenge	2014	2013
Net profit for the year	22,097	195,794
Preferred share dividends	(111,559)	(119,059)
Net profit for the year attributable to shareholders of the Group	(89,462)	76,735
Weighted average number of ordinary shares	5,000,000,000	5,000,000,000
Basic and diluted earnings per share	(0,018)	0,015

In thousands of tenge	2014	2013
Net profit for the year	22,097	195,794
Profit for the year from discontinued operations after taxation	35,849	252,196
Preferred share dividends	(111,559)	(119,059)
Net profit for the year attributable to shareholders of the Group	(53,613)	328,931
Weighted average number of ordinary shares	5,000,000,000	5,000,000,000
Basic and diluted earnings per share	(0,011)	0,066

COMMITMENTS AND CONTINGENCIES

Operating environment

The main economic activity of the Group is concentrated in the Republic of Kazakhstan. Laws and regulations affecting the economic situation in the Republic of Kazakhstan are subject to frequent changes, therefore, the assets and operations of the Group may be at risk in case of deterioration of the political and economic situation.

Claims and litigations

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

The Group assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its consolidated financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated.

Management is of opinion that no material losses will be incurred and accordingly no provision for court litigations has been made in these consolidated financial statements.

Taxation

Various types of legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan laws, decrees and related regulations is severe. Penalties include expropriation of the amounts (for currency law violations), as well as fines of generally 50% of the taxes unpaid.

The Group believes that it has paid or accrued all taxes that are applicable. Where legislation concerning the provision of taxes is unclear, the Group has accrued tax liabilities based on management's best estimate. The Group's policy is to recognize provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable. As at December 31, 2014 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and custom positions will be sustained.

Because of the uncertainties associated with the Kazakhstani tax system, the ultimate amount of taxes, penalties and interest, if any, as a result of past transactions, may be in excess of the amount expensed to date and accrued at December 31, 2014. Although such amounts are possible and may be material, it is the opinion of the Group's management that these amounts are either not probable, not reasonably determinable, or both.

Fiduciary activities

The Group provides asset management services to mutual funds, which means that the Group is making decision regarding allocation, purchase and sale of securities and assets that are held in, and are not included in these consolidated financial statements. As at December 31, 2014 there were no funds under the management of the Group due to termination of this activity, as at December 31, 2013 there were three funds under the management of the Group. The fair value of the net assets of mutual funds as at December 31, 2013 amounted to 816,435 thousand tenge.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between well informed, willing parties to make such transaction, from independent parties, other than in a forced or liquidation sale.

In thousands of tenge	December 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Assets measured at fair value				
Investments available-for-sale	1,053,422	1,053,422	2,019,097	2,019,097
Assets for which fair values are disclosed				
Cashandcashequivalents	38,025	38,025	469,189	469,189
Loans given	386,531	386,531	21,775	21,775
Tradereceivables	80,137	80,137	134,656	134,656
Total	1,558,115	1,558,115	2,644,717	2,644,717
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	16,293	16,293	—	—
Liabilities for which fair values are disclosed				
Trade payables	12,198	12,198	34,142	34,142
Debt securities issued	—	—	705,190	705,190
Total	28,491	28,491	739,332	739,332

Fair value of financial assets and liabilities is defined as following:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined in accordance to quoted market prices (including quoted in an active market term bonds, notes and perpetual bonds);
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices used in market transactions on the relevant date and dealer quotes for similar instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

In thousands of tenge	Level 1	Level 2	Level 3	December 31, 2014
Assets measured at fair value				
Investments available-for-sale	734,736	318,686	—	1,053,422
Assets for which fair values are disclosed				
Cashandcashequivalents	38,025	—	—	38,025
Loans given	—	386,531	—	386,531
Tradereceivables	—	80,137	—	80,137
Total	772,761	785,354		1,558,115
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	16,293	—	—	16,293
Liabilities for which fair values are disclosed				
Trade payables	—	12,198	—	12,198
Total	16,293	12,198	—	28,491

In thousands of tenge	Level 1	Level 2	Level 3	December 31, 2013
Assets measured at fair value				
Investments available-for-sale	743,651	1,275,446	—	2,019,097
Assets for which fair values are disclosed				
Cash and cash equivalents	469,189	—	—	469,189
Loans given	—	21,775	—	21,775
Trade receivables	—	134,656	—	134,656
Total	1,212,840	1,431,877		2,644,717
Liabilities for which fair values are disclosed				
Trade payables	—	34,142	—	34,142
Debt securities issued	705,190	—	—	705,190
Total	705,190	34,142	—	739,332

During 2014 and 2013 there were no transfers between Level 1, 2 and 3.

RISK MANAGEMENT

Introduction

The Group manages risks through a process of ongoing identification, measurement and monitoring, setting risk limits and other measures of internal controls. Process of risk management is critical to the Group's continuing profitability and each individual employee within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk. The Group is also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk management department

The Risk management department of the Group, together with the Management Board, is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Credit risk

Credit risk is the risk that the Group will incur a loss because its clients or counterparties failed to discharge their contractual obligations.

The Group regularly monitors repayment of receivables. In the consolidated financial statements there are allowances for all doubtful amounts.

Maximum credit risk exposure

Maximum credit risk exposure may significantly vary depending on individual risks, related to particular assets and overall market risks.

For financial assets maximum credit risk exposure is equal to carrying value of these assets.

Tables below indicate the classification of financial assets of Group by Standard and Poor's credit rating as at December 31, 2014 and December 31, 2013.

In thousands of tenge	AA+	BBB до BBB-	BB+ до BB-	B+ до B-	Credit risk is not assigned	December 31, 2014
Cash and cash equivalents	—	—	—	21,160	16,865	38,025
Investments available-for-sale	1,280	57,338	135,885	23,751	835,168	1,053,422
Loans given	—	—	—	—	386,531	386,531
Trade receivables	—	—	—	—	80,137	80,137
Total	1,280	57,338	135,885	44,911	1,318,701	1,558,115

In thousands of tenge	A-	BBB до BBB-	BB+ до BB-	B+ до B-	Credit risk is not assigned	December 31, 2013
Cash and cash equivalents	—	77,019	—	32,097	360,073	469,189
Investments available-for-sale	769	382,855	14,251	255,952	1,365,270	2,019,097
Loans given	—	—	—	—	21,775	21,775
Trade receivables	—	—	—	—	134,656	134,656
Total	769	459,874	14,251	288,049	1,881,774	2,644,717

Credit quality by types of financial assets

The credit quality of financial assets is managed by the Group internal credit ratings. The table below shows the credit quality by class of asset for loan-related lines in the statement of financial position, based on the Group's credit rating system.

In thousands of tenge	Neither past due nor impaired	Past due but not impaired			Impaired financial assets	December 31, 2014
		30-60 days	60-150 days	150-360 days		
Cash and cash equivalents	38,025	—	—	—	—	38,025
Investments available-for-sale	1,053,422	—	—	—	—	1,053,422
Loans given	386,531	—	—	—	—	386,531
Trade receivables	80,137	—	—	—	34,479	114,616
Total	1,558,115	—	—	—	34,479	1,592,594

In thousands of tenge	Neither past due nor impaired	Past due but not impaired			Impaired financial assets	December 31, 2013
		30-60 days	60-150 days	150-360 days		
Cash and cash equivalents	469,189	—	—	—	—	469,189
Investments available-for-sale	2,019,097	—	—	—	—	2,019,097
Loans given	—	—	—	17,755	4,020	21,775
Trade receivables	134,656	—	—	—	63,642	198,298
Total	2,622,942	—	—	17,755	67,662	2,708,359

Geographical concentration

Risk management department controls over the risk associated with changes in legislation and assesses its impact on the Group. This approach allows the Group to minimize potential losses from the investment climate in the Republic of Kazakhstan. The geographic concentration of assets and liabilities indicated in the following table:

In thousands of tenge	Kazakhstan	OECD countries	Not OECD countries	December 31, 2014
Financial assets				
Cash and cash equivalents	35,674	—	2,351	38,025
Investments available-for-sale	725,550	199,593	128,279	1,053,422
Loans given	323,683	—	62,848	386,531
Trade receivables	80,137	—	—	80,137
Total financial assets	1,165,044	199,593	193,478	1,558,115
Financial liabilities				
Financial liabilities at fair value through profit or loss	—	16,293	—	16,293
Trade payables	12,198	—	—	12,198
Total financial liabilities	12,198	16,293	—	28,491

In thousands of tenge	Kazakhstan	OECD countries	Not OECD countries	December 31, 2013
Financial assets				
Cash and cash equivalents	469,189	—	—	469,189
Investments available-for-sale	1,255,976	—	763,121	2,019,097
Loans given	21,775	—	—	21,775
Trade receivables	134,656	—	—	134,656
Total financial assets	1,881,596	—	763,121	2,644,717
Financial liabilities				
Trade payables	34,142	—	—	34,142
Debt securities issued	705,190	—	—	705,190
Total financial liabilities	739,332	—	—	739,332

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Management controls these two types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

In thousands of tenge	Average rate %	Less than 3 months	3 to 12 months	1 to 5 years	Maturity date undefined	December 31, 2014
Financial assets						
Investments available-for-sale	14%	185	–	–	–	185
Loans given	5,4-10%	–	–	333,513	–	333,513
Total interest bearing financial assets		185	–	333,513	–	333,698
Cash and cash equivalents		38,025	–	–	–	38,025
Investments available-for-sale		1,053,237	–	–	–	1,053,237
Loans given		–	53,018	–	–	53,018
Trade receivables		12,858	27,057	40,222	–	80,137
Total financial assets		1,104,305	80,075	373,735	–	1,558,115
Financial liabilities						
Financial liabilities at fair value through profit or loss		–	–	–	–	16,293
Trade payables		12,198	–	–	16,293	12,198
Total financial liabilities		12,198	–	–	16,293	28,491
Difference between financial assets and financial liabilities		1,092,107	80,075	373,735	16,293	
Difference between financial assets and financial liabilities, cumulative total		1,092,107	1,172,182	1,545,917	1,529,624	
Difference between financial assets and financial liabilities, in percentage of total financial assets, cumulative total		70%	75%	99%	98%	

In thousands of tenge	Average rate %	Less than 3 months	3 to 12 months	1 to 5 years	Maturity date undefined	December 31, 2013
Financial assets						
Investments available-for-sale	14%	153	–	–	–	153
Loans given	18-24%	21,775	–	–	–	21,775
Total interest bearing financial assets		21,928	–	–	–	21,928
Cash and cash equivalents		469,189	–	–	–	469,189
Investments available-for-sale		2,018,944	–	–	–	2,018,944
Trade receivables		134,656	–	–	–	134,656
Total financial assets		2,644,717	–	–	–	2,644,717
Financial liabilities						
Debt securities issued	10%	705,190	–	–	–	705,190
Total interest bearing financial liabilities		705,190	–	–	–	705,190
Trade payables		34,142	–	–	–	34,142
Total financial liabilities		739,332	–	–	–	739,332
Difference between financial assets and financial liabilities		1,905,385	–	–	–	
Difference between financial assets and financial liabilities, cumulative total		1,905,385	1,905,385	1,905,385	1,905,385	
Difference between financial assets and financial liabilities, in percentage of total financial assets, cumulative total		72%	72%	72%	72%	

Analysis of financial liabilities by remaining term to maturity

Financial liabilities as at December 31, 2014 and 2013 are presented by financial liabilities undiscounted cash flows of which do not significantly differ from the carrying amount and the repayment of which will be carried out within 1 year. Obligations that are repayable on demand are treated as if notice redemption was announced at the earliest possible date.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices. The market risk is managed and monitored based on sensitivity analysis.

The Group is exposed to market risks from open positions in market valuations of equity instruments, which are exposed to general and specific market movements. The Group manages market risk through periodic estimation of potential losses as a result of negative changes in market conditions and also establishing and maintaining appropriate stop-loss limits and requirements for the rate of profit.

In thousands of tenge	2014		2013	
	Increase in share prices by 10%	Decrease in share prices by 10%	Increase in share prices by 10%	Decrease in share prices by 10%
The effect on equity	105,324	(105,324)	201,894	(201,894)

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The tables below indicate the currencies to which the Group had significant exposure at December 31 on its non-trading monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a possible change in the exchange rate against the tenge on the consolidated statement of profit or loss and other comprehensive income (due to the non-trading monetary assets and liabilities whose fair value is sensitive to changes in the exchange rate). All other variables held constant.

Following table indicates financial assets and liabilities of the Group in terms of currency as at December 31, 2014:

In thousands of tenge	Tenge	US Dollar	Euro	British pound	December 31, 2014
Financial assets					
Cash and cash equivalents	27,748	7,169	38	3,070	38,025
Investments available-for-sale	676,348	366,952	10	10,112	1,053,422
Trade receivables	80,137	—	—	—	80,137
Loans given	270,665	115,866	—	—	386,531
Total financial assets	1,054,898	489,987	48	13,182	1,558,115
Financial liabilities					
Financial liabilities at fair value through profit or loss	—	—	—	16,293	16,293
Trade payables	12,198	—	—	—	12,198
Total financial liabilities	12,198	—	—	16,293	28,491
Open position	1,042,700	489,987	48	(3,111)	

Following table indicates financial assets and liabilities of the Group in terms of currency as at December 31, 2013:

In thousands of tenge	Tenge	US Dollar	Euro	British pound	December 31, 2013
Financial assets					
Cash and cash equivalents	433,973	34,583	–	633	469,189
Investments available-for-sale	1,181,218	778,399	10	59,470	2,019,097
Trade receivables	126,354	8,302	–	–	134,656
Loans given	21,775	–	–	–	21,775
Total financial assets	1,763,320	821,284	10	60,103	2,644,717
Financial liabilities					
Trade payables	34,142	–	–	–	34,142
Debt securities issued	705,190	–	–	–	705,190
Total financial liabilities	739,332	–	–	–	739,332
Open position	1,023,988	821,284	10	60,103	

The effect on equity does not differ from the effect on the consolidated statement of comprehensive income. A negative amount in the table reflects a potential net reduction in consolidated statement of profit or loss and other comprehensive income or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the below currencies against the tenge would have resulted in an equivalent but opposite impact.

The Group's exposure to the risk of exchange rate fluctuations of foreign currency as at December 31, 2014 is presented in the following table:

Sensitivity analysis of the currency market

Currency	2014		2013	
	Change in exchange rate in %	Impact on income before income tax expense	Change in exchange rate in %	Impact on income before income tax expense
US Dollar	+20%	97,997	+20%	164,257
	-20%	(97,997)	-20%	(164,257)
Euro	+20%	10	+20%	2
	-20%	(10)	-20%	(2)
British pound	+20%	(622)	+20%	12,021
	-20%	622	-20%	(12,021)

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Control system should include effective segregation of duties, access, authorization and reconciliation procedures, staff trainings and assessment processes, including the use of internal audit. Risk management department together with the Management Board are responsible for managing of operational risks inherent to the Group's products, activities, procedures and systems. Within scope of intervention, Compliance Officers monitor the consistency and effectiveness of the control of the Risk of non-compliance in the Group.

RELATED PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed between the parties, which are not necessarily carried out on market terms. Outstanding balances at year end are unsecured, are interest free, and the calculations are made in cash, except as described below.

Such assessment is carried out each financial year through examining the financial position of a related party and the market in which it operates.

In thousands of tenge	December 31, 2014		December 31, 2013	
	Transactions with related parties	Total for the item of consolidated financial statements	Transactions with related parties	Total for the item of consolidated financial statements
Investments available-for-sale	—	1,053,422	762,301	2,019,097
Other related parties	—		762,301	
Loans given	323,683	386,531	—	21,775
Shareholders of the parent company	53,018	—	—	—
Other related parties	270,665	—	—	—
Trade receivables	2,999	80,137	21,149	134,656
Other related parties	2,999		21,149	—
Advances given	—	16,737	61,163	144,551
Key management personnel	—	—	57,700	—
Other related parties			3,463	—
Advances received for investment property	274,244	274,244	—	—
Other related parties	274,244	—	—	—
Debt securities issued	—	—	5,125	705,190
Key management personnel	—	—	5,125	—

In thousands of tenge	2014		2013	
	Transactions with related parties	Total for the item of consolidated financial statements	Transactions with related parties	Total for the item of consolidated financial statements
Interest income	12,903	15,896	—	26,755
Other related parties	12,903		—	
Interest expense	—	10,597	19,896	108,211
Key management personnel	—		15,896	—
Other related parties	—		4,000	—
Operating expenses	55,582	303,143	60,942	252,016
Key management personnel	55,582		60,942	—

3Salaries and bonuses to 16 members of key management personnel in 2014 and 16 members of the key management personnel in 2013 amounted to 60,805 thousand tenge and 60,942 thousand tenge, respectively.

SUBSEQUENT EVENTS

In January 2015 the Group sold 75% of shares of "Real Development.kz" LLP for 146,371 thousand tengeto third party (Note 17).

On March 12, 2015 at the meeting of the Board of Directors of "Brokerage House "JAZZ CAPITAL" JSC it was decided to voluntarily contact the authorized body to terminate the license of "Brokerage House "JAZZ CAPITAL" JSC #4.2.215/109 dated 20 November 2014 for brokerage and dealer activities in the securities market with the right to handle client accounts as a nominal holder (Note 1). According to the approved plan of activities the Group intends to complete the delivery of the license to the authorized body by the end of August 2015.

On March 17, 2015 the Group sold 100% share of "REAL Art-production.kz" LLP to an individual, a third party for the 185 thousand tenge(Note 17).



INDEPENDENT AUDITORS' REPORT

To the Management and shareholders of JSC "Financial company "REAL-INVEST.kz"

We have audited the accompanying consolidated financial statements of "Financial company "REAL-INVEST.kz" JSC and its subsidiaries (hereinafter – the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter – "consolidated financial statements").

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated 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 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 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 auditors' judgment, including the assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Group, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of "Financial company "REAL-INVEST.kz" JSC and its subsidiaries as at December 31, 2014 and financial performance and cash flows of the Group for the year then ended, in accordance with International Financial Reporting Standards.

Grant Thornton

Signature of Yerzhan Dossymbekov
Yerzhan Dossymbekov
General Director
Grant Thornton LLP



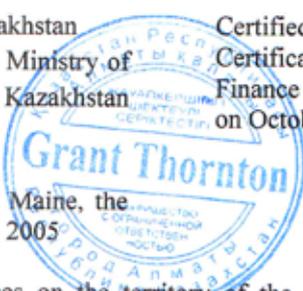
Signature of Arman Chingilbayev
Arman Chingilbayev
Audit partner



Certified Auditor of the Republic of Kazakhstan
Certificate #MF-0000069, issued by the Ministry of Finance of the Republic of Kazakhstan on January 20, 2012

Certified Auditor of the Republic of Kazakhstan
Certificate # MF-0000487 issued by the Ministry of Finance of the Republic of Kazakhstan on October 12, 1999

Certified Public Accountant (US CPA), Maine, the United States, #4940 dated December 12, 2005



State license for providing audit services on the territory of the Republic of Kazakhstan: series MFU – 2, №0000087, issued by the Ministry of Finance of the Republic of Kazakhstan on June 21, 2012

May 25, 2015
Republic of Kazakhstan, Almaty

Additional information

Persons in charge of work with investors and shareholders as at 31.12.2014

Member of the Management Board	Milushev Emil Shamiliyevich	2900-111 (interoffice telephone 180)
Head of the Trading Department	Don Sergey Lazarevich	2900-111 (interoffice telephone 121)

Auditor contact details:

"Grant Thornton" Limited Liability Partnership

Location of the Company Auditor: 13, Al-Farabi Avenue, Business Center "Nurly-Tau", Block 1V, office 701 (F65), Almaty City, 050059.

Registrar contact details:

"Single Securities Registrar" Joint-Stock Company

Location of the Company Registrar: 141, Abylai khan Avenue, Almaty City, 050000, telephone: 8 (727) 272-47-60; fax: 8 (727) 272-47-60.