

National Managing Holding KazAgro JSC

Interim condensed consolidated financial statements

30 June 2014

with report on results of review of interim condensed consolidated financial statements

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Report on review of interim condensed consolidated financial statements

To the Shareholder and Board of Directors of JSC "KazAgro" National Managing Holding"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "KazAgro" National Managing Holding" and its subsidiaries (hereinafter, the "Group") as at 30 June 2014, comprising the interim consolidated statement of financial position as at 30 June 2014, the related interim consolidated statements of comprehensive income for the six-month period then ended, the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and selected notes to the interim condensed consolidated financial statements. Management of the Group is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP



Evgeny Zhemaletdinov
Auditor/General Director
Ernst & Young LLP

State audit license for audit activities on the
territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by the Ministry
of Finance of the Republic of Kazakhstan on
15 July 2005

15 September 2014



Auditor qualification certificate
No. 0000553 dated 24 December 2003

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

In thousands of tenge

	<i>Notes</i>	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Assets			
Cash and cash equivalents	4	181,011,605	55,824,066
Amounts due from credit institutions	5	282,562,075	115,853,307
Derivative financial assets at fair value through profit or loss	6	2,955,832	4,013,694
Loans to customers	7	184,008,789	199,326,232
Finance lease receivables	8	140,822,032	123,790,528
Loans to related parties		505,359	411,570
Investment securities available-for-sale		329,021	388,405
Investments in associates		3,334,072	2,935,039
Accounts receivable		58,748,305	66,158,694
Advances paid	9	32,241,730	20,567,975
Inventories	10	28,535,339	49,182,382
Minimum level of grain		13,266,930	13,338,568
Property held for finance lease		14,311,871	13,158,059
VAT and other taxes recoverable		3,291,599	5,320,983
Current income tax assets		510,131	1,091,007
Deferred income tax assets		4,248,002	4,602,354
Assets held for sale		2,172,886	2,490,410
Investment property		451,731	458,498
Property and equipment	11	14,061,308	14,425,762
Goodwill		41,300	41,300
Intangible assets		640,261	669,750
Other assets		1,501,495	778,967
Total assets		969,551,673	694,827,550

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

	Notes	30 June 2014 (unaudited)	31 December 2013
Liabilities			
Amounts due to the Government of the Republic of Kazakhstan	12	69,113,882	15,855,139
Amounts due to credit institutions	13	100,777,417	64,577,132
Debt securities issued	14	119,301,255	117,254,491
Eurobonds issued	15	333,645,337	153,676,011
Trade accounts payable		9,761,484	8,449,842
Advances received		5,809,703	4,522,391
Current income tax liabilities		514,193	105,951
Deferred income tax liabilities		11,420,556	11,835,025
VAT and other taxes payable		2,242,538	2,030,192
Other liabilities		1,231,815	1,546,859
Total liabilities		653,818,180	379,853,033
Equity			
Share capital	17	281,309,731	267,816,731
Additional paid-in capital	17	72,691,230	67,743,159
Capitalization reserve	17	(10,974,734)	(10,974,734)
Foreign currency translation reserve		(70,358)	(450,949)
Revaluation reserve on investment securities available for sale		116,562	175,946
Reserve capital	17	8,621,258	7,788,321
Deemed distribution reserve	17	(18,470,276)	(17,028,754)
Accumulated losses		(17,562,616)	(142,326)
Total equity attributable to the shareholder of the Parent		315,660,797	314,927,394
Non-controlling interests		72,696	47,123
Total equity		315,733,493	314,974,517
Total liabilities and equity		969,551,673	694,827,550
 Book value per common share for the period		 1,120.09	 1,173.58

Signed and authorized for release on behalf of the Management Board of the Group:

Aitzhanov Dnlat Nuliyevich

Chairperson of the Board

Umirzakov Nurhan Amantayevich

Managing Director

Zhumabayeva Svetlana Ramazanovna

Chief Accountant

15 September 2014

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

In thousands of tenge

	Notes	For the six months ended 30 June	
		2014 (unaudited)	2013 (unaudited)
Revenue from sale of goods and services	18	40,106,231	36,651,999
Cost of sales	19	(23,992,245)	(29,999,924)
Gross profit		16,113,986	6,652,075
Interest income	20	19,829,618	13,100,761
Interest expenses	21	(12,075,309)	(7,867,719)
Net interest income		7,754,309	5,233,042
Impairment charge of interest earning assets	22	(6,040,906)	(3,268,791)
Net interest income after expenses on impairment of interest earning assets		1,713,403	1,964,251
Net gains/(losses) on derivative financial assets		2,166,010	(205,297)
Net losses from foreign currencies		(19,211,631)	(151,698)
Share in profit/(loss) of associates		68,043	(12,995)
Other income		2,347,698	874,276
Net other operating income		(14,629,880)	504,286
Personnel expenses		(3,442,120)	(2,825,738)
Selling expenses	23	(6,456,113)	(2,351,675)
Net losses on initial recognition of loans to customers		(175,288)	(164,001)
Other operating expenses		(2,085,510)	(1,593,523)
Other impairment (charge)/reversal	24	(5,323,783)	13,761
Non-interest expense		(17,482,814)	(6,921,176)
(Loss)/profit before income tax expense		(14,285,305)	2,199,436
Income tax expense	16	(2,276,475)	(772,980)
(Loss)/profit for the period		(16,561,780)	1,426,456
Attributable to:			
- shareholder of the Parent		(16,587,353)	1,517,777
- non-controlling interest		25,573	(91,321)
		(16,561,780)	1,426,456
Basic and diluted (loss)/earnings per share for the period	17	(61.62)	5.79

Signed and authorized for release on behalf of the Management Board of the Group:

Aitzhanov Dulat Nulyevich

Chairperson of the Board

Umirzakov Nurlan Amantayevich

Managing Director

Zhumabayeva Svetlana Ramazanovna

Chief Accountant

15 September 2014

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

In thousands of tenge

Notes	<i>For the six months ended 30 June</i>	
	<i>2014</i> <i>(unaudited)</i>	<i>2013</i> <i>(unaudited)</i>
(Loss)/profit for the period	(16,561,780)	1,426,456
Other comprehensive (loss)/income		
Unrealised (losses)/gains on investment securities available-for-sale	(59,384)	24,453
Currency translation differences	380,591	34,724
Other comprehensive income/(loss) for the period	321,207	59,177
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	321,207	59,177
Total comprehensive (loss)/income for the period	(16,240,573)	1,485,633
Attributable to:		
- shareholder of the Parent	(16,266,146)	1,576,954
- non-controlling interest	25,573	(91,321)
	(16,240,573)	1,485,633

Signed and authorized for release on behalf of the Management Board of the Group:


Aitghanov Dulat Nurliyevich

Chairperson of the Board


Umirzakov Nurlan Amantayevich

Managing Director


Zhumabayeva Svetlana Ramazanovna

Chief Accountant

15 September 2014

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

In thousands of tenge





	Notes	For the six months ended 30 June	
		2014 (unaudited)	2013 (unaudited)
Cash flows from operating activities			
Profit/(loss) before income tax expense		(14,285,305)	2,199,436
<i>Adjustments to:</i>			
Depreciation and amortization		493,559	430,620
Share in (profit)/loss of associates		(68,043)	12,995
Accrued interest income	20	(19,829,618)	(13,100,761)
Accrued interest expenses	21	12,075,309	7,867,719
Impairment of interest earning assets	22	6,040,906	3,268,791
Other impairment charge/(reversal)	24	5,323,783	(13,761)
Net losses on initial recognition of loans to customers		175,288	164,001
Unrealised (gains)/losses on derivative financial assets		(449,049)	612,167
Unrealised expenses from foreign currencies		29,076,409	650,165
Cash flows from operating activities before changes in operating assets and liabilities		18,553,239	2,091,372
<i>Net (increase)/decrease in operating assets:</i>			
Amounts due from credit institutions		(167,357,997)	(89,804,396)
Derivative financial assets at fair value through profit or loss		—	231,077
Loans to customers		15,149,523	(36,481,185)
Finance lease receivables		(16,951,675)	(11,762,553)
Accounts receivable		3,007,991	2,946,899
Advances paid		(12,199,084)	(12,657,798)
Inventories		20,647,043	30,070,805
Minimum level of grain		71,638	83,675
Property held for finance lease		(1,433,829)	(7,096,749)
VAT and other taxes recoverable		2,029,384	2,258,660
Assets classified as held for sale		(600,136)	213,168
Other assets		751,328	361,234
<i>Net increase/(decrease) in operating liabilities:</i>			
Trade accounts payable		1,290,798	3,515,447
Advances received		1,287,312	(1,203,555)
VAT and other taxes payable		212,346	1,144,346
Other liabilities		(315,044)	105,750
Net cash flows used in operating activities before income tax		(135,857,163)	(115,983,803)
Interest received		12,718,647	8,498,989
Interest paid		(7,695,384)	(6,442,223)
Income tax paid		(3,224,111)	(626,092)
Income tax received		1,000,000	—
Net cash used in operating activities		(133,058,011)	(114,553,129)

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS **(continued)**

<i>For the six months ended 30 June</i>			
		<i>2014</i>	<i>2013</i>
	<i>Notes</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from investing activities			
Proceeds from sale of property and equipment		113,158	100,161
Purchase of property and equipment	11	(167,286)	(221,698)
Decrease in cash from deconsolidation of joint ventures		—	(175,662)
Purchase of intangible assets		(45,488)	(11,098)
Proceeds from sale of investments in associates		74,862	6,366
Dividends received		—	103,913
Net cash used in investing activities		(24,754)	(198,018)
Cash flows from financing activities			
Proceeds from issue of share capital	17	13,493,000	12,051,320
Proceeds from debt securities issued		—	427,000
Redemption of debt securities issued		(30,577)	(22,428,888)
Proceeds from eurobonds issued	15	150,060,000	150,153,428
Redemption of eurobonds issued		—	(28,602)
Proceeds from amounts due to the Government of the Republic of Kazakhstan		58,633,858	74,900,355
Redemption of amounts due to the Government of the Republic of Kazakhstan		(1,079,033)	(158,173)
Proceeds from amounts due to the credit institutions		70,434,557	52,673,540
Redemption of amounts due to credit institutions		(35,391,798)	(95,809,522)
Net cash flows from financing activities		256,120,007	171,780,458
Effect of changes in foreign exchange rates on cash and cash equivalents		2,150,297	45,988
Net change in cash and cash equivalents		125,187,539	57,075,299
Cash and cash equivalents, beginning	4	55,824,066	64,414,586
Cash and cash equivalents, ending	4	181,011,605	121,489,885

Signed and authorized for release on behalf of the Management Board of the Group:

 Aitzhanov Dulat Nulyevich		Chairperson of the Board
 Umirzakov Nurlan Amantayevich		Managing Director
 Zhumabayeva Svetlana Ramazanovna		Chief Accountant
15 September 2014		

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six months ended 30 June 2014***In thousands of tenge*

	Attributable to the Shareholder of the Company										
	Share capital	Additional paid-in capital	Capitalization reserve	Foreign currency translation reserve	Revaluation reserve of investment securities available for sale	Reserve capital	Deemed distribution reserve	Accumulated losses	Total	Non-controlling interest	Total equity
31 December 2012	254,022,911	61,269,231	(10,974,734)	306,981	97,376	7,234,651	(13,311,088)	(1,224,035)	297,421,293	143,883	297,565,176
Total comprehensive income/(loss) (unaudited)	—	—	—	34,724	24,453	—	—	1,517,777	1,576,954	(91,321)	1,485,633
Share issue (Note 17)	12,051,320	—	—	—	—	—	—	—	12,051,320	—	12,051,320
Gain on initial recognition of loans obtained from the Shareholder at below market rate (Note 17) (unaudited)	—	3,212,513	—	—	—	—	—	—	3,212,513	—	3,212,513
Deemed distribution reserve (Note 17) (unaudited)	—	—	—	—	—	—	(724,237)	—	(724,237)	—	(724,237)
Transfer to reserve capital (Note 17) (unaudited)	—	—	—	—	—	553,670	—	(553,670)	—	—	—
30 June 2013 (unaudited)	266,074,231	64,481,744	(10,974,734)	341,705	121,829	7,788,321	(14,035,325)	(259,928)	313,537,843	52,562	313,590,405

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	<i>Attributable to the shareholder of the Company</i>										
	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Capitalization reserve</i>	<i>Foreign currency translation reserve</i>	<i>Revaluation reserve of investment securities available for sale</i>	<i>Reserve capital</i>	<i>Deemed distribution reserve</i>	<i>Accumulated losses</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total</i>
31 December 2013	267,816,731	67,743,159	(10,974,734)	(450,949)	175,946	7,788,321	(17,028,754)	(142,326)	314,927,394	47,123	314,974,517
Total comprehensive (loss)/income (unaudited)	—	—	—	380,591	(59,384)	—	—	(16,587,353)	(16,266,146)	25,573	(16,240,573)
Share issue (Note 17)	13,493,000	—	—	—	—	—	—	—	13,493,000	—	13,493,000
Gain on initial recognition of loans obtained from the Shareholder at below market interest rate (Note 17) (unaudited)	—	4,948,071	—	—	—	—	—	—	4,948,071	—	4,948,071
Deemed distribution reserve (Note 17) (unaudited)	—	—	—	—	—	—	(1,441,522)	—	(1,441,522)	—	(1,441,522)
Transfer to reserve capital (Note 17) (unaudited)	—	—	—	—	—	832,937	—	(832,937)	—	—	—
30 June 2014 (unaudited)	281,309,731	72,691,230	(10,974,734)	(70,358)	116,562	8,621,258	(18,470,276)	(17,562,616)	315,660,797	72,696	315,733,493

Signed and authorized for release on behalf of the Management Board of the Group:

Aitzhanov Dulat Nuliyevich

Chairperson of the Board

Umirzakov Nurlan Amantayevich

Managing Director

Zhumabayeva Svetlana Ramazanovna

Chief Accountant

15 September 2014



The accompanying notes on pages 9 to 26 are an integral part of these interim condensed consolidated financial statements.

In thousands of tenge, unless otherwise indicated

1. General information

Joint Stock Company "KazAgro" National Managing Holding (hereinafter, "the Company") was formed in 2007 as the Joint Stock Company by the Government of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan. The Company was established in accordance with the Order of the President of the Republic of Kazakhstan dated 11 December 2006 No. 220 "Certain issues related to development of agricultural complex" for the purpose of implementing the governmental policy related to generation and development of the competitive and export oriented agricultural industry.

The registered office of the Company is located at the following address: Republic Ave. 24, Astana, Republic of Kazakhstan.

These interim condensed consolidated financial statements include financial statements of the Company and its subsidiaries (together the "Group"). The following major subsidiaries are owned by the Company as at 30 June and 31 December:

Name	Country	Type of activities	Year of establish- ment	Year of acqui- sition	Percentage of ownership	
					30 June 2014 (unaudited)	31 December 2013
National Company Food Contract Corporation JSC (hereinafter, Food Corporation JSC)	Kazakhstan	Maintaining state grain reserves at the levels required to supply the population of Kazakhstan with grain and grain products, to maintain grain at the required level and to ensure timely grain replenishment	1995	2007	100.0%	100.0%
KazAgroProduct JSC	Kazakhstan	Organisation of the livestock products purchase, production, processing and supply to export and domestic markets	2001	2007	100.0%	100.0%
KazAgroFinance JSC	Kazakhstan	Financing of enterprises in agricultural sector of the Republic of Kazakhstan	1999	2007	100.0%	100.0%
Agrarian Credit Corporation JSC	Kazakhstan	Implementation of state policy regarding financing the development of competitive businesses in the countryside, based on the best global practices of corporate governance	2001	2007	100.0%	100.0%
Fund for Financial Support of Agriculture JSC	Kazakhstan	Implementation of state policies for expanding access to financial and credit resources for the rural population through the creation of institutional infrastructure of microcredit in rural areas for economic development of rural areas, social equality, increasing the income level of disadvantaged population, as well as assistance in development of insurance market, in particular the obligatory insurance of crop husbandry as an agent of the Government of the Republic of Kazakhstan	1998	2007	100.0%	100.0%
KazAgroGarant JSC	Kazakhstan	Implementation of state policy for growth in lending of agricultural sector, minimizing the risks of grain and cotton holders by expanding guarantee volumes on a non-commercial basis	2003	2007	100.0%	100.0%
KazAgroMarketing JSC	Kazakhstan	Implementation of state policies for the creation of a market infrastructure to promote agricultural products and services, which guarantees greater access for agricultural entities to data resources and consulting based on developed regional network of rural information centers, and modern technology	2003	2007	100.0%	100.0%

In thousands of tenge, unless otherwise indicated

1. General information (continued)

The Group is also responsible for keeping accounting records and monitoring the quality, quantity and security of state grain resources.

As at 30 June 2014 investments in associates include the Group's share in 36 micro-credit organisations (31 December 2013: 37). The Group's ownership share in microcredit organizations as at 30 June 2014 varied from 32.46% to 49.0% (31 December 2013: 35% to 49%).

The founder and sole shareholder of the Company is the Republic of Kazakhstan represented by the Government of the Republic of Kazakhstan (the "Shareholder"). In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 23 December 2006 No. 1247, the rights of ownership and use of the government package of shares of the National Managing Holding KazAgro JSC has been transferred to the Ministry of Agriculture.

2. Basis of preparation

General

These interim condensed consolidated financial statements for the six months ended 30 June 2014 were prepared in accordance with International Accounting Standard No. 34 *Interim Financial Statements* (IAS 34).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2013.

New standards, interpretations and amendments to the existing standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new Standards and Interpretations as at 1 January 2014, noted below:

Investment Entities (amendments to IFRS 10, IFRS 12 and LAS 27)

The amendments are effective for annual periods beginning on or after 1 January 2014 and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. According to the exception to consolidation, investment entities should account for subsidiaries at fair value through profit or loss. These amendments did not have any impact on the Group, since the Group does not qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments becomes effective for annual periods beginning on or after 1 January 2014. These amendments did not have any impact on the Company.

IFRIC 21 Obligatory Payments

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. In case of obligatory payment, which is required due to reaching the minimum threshold value, the interpretation clarifies that a liability is not recognised until reaching the established minimum threshold value. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. IFRIC 21 did not have significant impact on the financial statements of the Group.

In thousands of tenge, unless otherwise indicated

2. Basis of Preparation (continued)

New standards, interpretations and amendments to the existing standards and interpretations (continued)

LAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to LAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments becomes effective for annual periods beginning on or after 1 January 2014. These amendments did not have any impact on the Group, since the Group has not novated its derivatives during the current period.

Disclosure of recoverable value for non-financial assets – Amendments to LAS 36

These amendments eliminate unintended consequences of applying IFRS 13 *Fair Value Measurement* to disclosures required in accordance with IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of information on asset's or cash generating units recoverable amount on which impairment loss was recognized or reimbursed during the reporting period. These amendments did not have any impact on the financial position or performance of the Group.

Significant accounting judgements and estimates

Judgements made by the Group's management in the process of applying accounting policies are in conformity with judgements described in the annual 2013 financial statements of the Group. The management did not apply new estimates and professional judgements. As a result of application of estimates and professional judgements described in the Group's financial statements for the year ended 31 December 2013, assets, income or expenses of the Group for the six months ended 30 June 2014, did not undergo any significant adjustments.

Corporate income tax expenses are recorded in these interim condensed financial statements based on management analysis of all available information about weighted average corporate income tax rate expected for the full financial year. Income/expenses that arise irregularly during the financial year should be forecasted or carried forward for the purpose of interim condensed financial statements only when such expenditures could also be actually forecasted or carried forward as at the year end.

3. Operating segment information

For management purposes, the Group is organised into three operating segments based on products and services as follows:

Financial services	Principally providing loans and leases to corporate and individual customers
Grain and cotton cluster	Principally buying and selling grain and cotton
Other	Marketing services, cattle farms, horticulture and other

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transaction prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

In thousands of tenge, unless otherwise indicated

3. Operating segment information (continued)

<i>For six-month period ended 30 June 2014 (unaudited)</i>	<i>Financial services</i>	<i>Grain and cotton clusters</i>	<i>Other</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Revenue					
Revenue from sale of goods and services	–	36,947,029	3,159,202	–	40,106,231
Interest income	18,042,171	1,775,571	11,876	–	19,829,618
Net gains/(losses) from foreign currencies	(18,752,130)	(465,904)	6,403	–	(19,211,631)
Net gains on derivative financial assets	2,166,010	–	–	–	2,166,010
Other income	1,153,386	982,673	211,639	–	2,347,698
Total revenue	2,609,437	39,239,369	3,389,120	–	45,237,926
 Cost of sales	 –	 (21,391,720)	 (2,600,525)	 –	 (23,992,245)
Interest expenses	(9,202,494)	(2,846,091)	(26,724)	–	(12,075,309)
Impairment charge for interest earning assets	(5,687,815)	(224,921)	(128,170)	–	(6,040,906)
Personnel expenses	(2,648,808)	(542,233)	(251,079)	–	(3,442,120)
Other impairment (charge)/reversal	(358,283)	(4,970,353)	4,853	–	(5,323,783)
Selling expenses	–	(6,455,688)	(425)	–	(6,456,113)
Net losses on initial recognition of loans to customers	(175,288)	–	–	–	(175,288)
Share in profit/(loss) of associates	(4,278)	61,089	11,232	–	68,043
Other operating expenses	(1,461,512)	(294,338)	(329,660)	–	(2,085,510)
Segment results	(16,929,041)	2,575,114	68,622	–	(14,285,305)
 Income tax expense	 (747,560)	 (1,487,607)	 (41,308)	 –	 (2,276,475)
(Loss)/profit for the period	(17,676,601)	1,087,507	27,314	–	(16,561,780)
 Segment assets	 795,745,743	 146,196,338	 25,984,182	 1,625,410	 969,551,673
Segment liabilities	(520,381,613)	(129,161,682)	(5,900,295)	1,625,410	(653,818,180)
 Other segment information					
Capital expenditures	93,985	55,309	17,992	–	167,286

In thousands of tenge, unless otherwise indicated

3. Operating segment information (continued)

<i>For the six months ended 30 June 2013</i>	<i>Financial services</i>	<i>Grain and cotton clusters</i>	<i>Other</i>	<i>Adjustments and eliminations</i>	<i>Total</i>
Revenue					
Revenue from sale of goods and services	—	33,835,229	2,816,770	—	36,651,999
Interest income	9,915,530	3,074,837	110,394	—	13,100,761
Other income	447,795	203,505	222,976	—	874,276
Total revenue	10,363,325	37,113,571	3,150,140	—	50,627,036
Cost of sales	—	(26,157,573)	(3,842,351)	—	(29,999,924)
Interest expenses	(3,520,011)	(4,169,124)	(178,584)	—	(7,867,719)
Impairment charge for interest earning assets	(3,268,791)	—	—	—	(3,268,791)
Personnel expenses	(2,035,562)	(547,320)	(242,856)	—	(2,825,738)
Other impairment reversal/(charge)	(142,888)	—	156,649	—	13,761
Net losses on derivative financial assets	(205,297)	—	—	—	(205,297)
Net gains from foreign currencies	(90,174)	(61,164)	(360)	—	(151,698)
Selling expenses	—	(2,350,124)	(1,551)	—	(2,351,675)
Net losses on initial recognition of loans to customers	(164,001)	—	—	—	(164,001)
Share in income/(loss) of associates	(15,399)	38,625	(36,221)	—	(12,995)
Other operating expenses	(246,950)	(991,064)	(355,509)	—	(1,593,523)
Segment results	674,252	2,875,827	(1,350,643)	—	2,199,436
Income tax benefit/(expense)	(586,147)	(120,856)	(65,977)	—	(772,980)
Profit/(loss) for the period	88,105	2,754,971	(1,416,620)	—	1,426,456
Segment assets	500,535,882	180,639,425	45,995,525	(1,346,511)	725,824,321
Segment liabilities	(332,096,772)	(75,017,496)	(3,773,137)	(1,346,511)	(412,233,916)
Other segment information					
Capital expenditures	32,707	89,741	99,250	—	221,698

4. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Current accounts with credit institutions	181,006,383	55,817,458
Cash on hand	5,222	6,608
Cash and cash equivalents	181,011,605	55,824,066

As at 30 June 2014, the Group had concentration of cash balances represented by KZT 78,530,934 thousand or 43% of total balance due from one bank (31 December 2013: KZT 11,954,103 thousand or 21%).

In thousands of tenge, unless otherwise indicated

5. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Term deposits for more than 90 days	190,505,911	96,927,864
Loans provided to the second tier banks	84,007,803	7,006,667
Cash in banks to cover letters of credit	8,152,643	12,023,058
	282,666,357	115,957,589
Less: Allowance of impairment	(104,282)	(104,282)
Amounts due from credit institutions	282,562,075	115,853,307

Within the six-month period ended 30 June 2014, the Group placed short-term funds with Kazakhstan banks in various currencies with maturity till November 2016 and interest rate from 3.2% to 9%.

Loans provided to the second tier banks for the first half of 2014, comprise loans to Tsesnabank JSC, Delta Bank JSC, Bank Astana-Finance JSC and Eurasian Bank JSC. For short-term loans in KZT the interest rate is 3.41%-6.53% with maturity up to December 2014. For long-term loans in KZT the interest rate is 10% (of which 7% p.a. is subsidised at the expense of the government, and 3% p.a. is paid by the financial institution) maturing in August 2022, in US dollars the interest rate is 6% (of which 5% p.a. in USD is subsidised at the expense of the government, and 1% p.a. in USD is paid by the financial institution), maturing in April 2023.

As at 3 June 2014, time deposits with one bank include KZT 75,216,548 thousand or 40% of total amount of cash placed (2013: KZT 38,990,643 thousand or 34%).

6. Derivative financial assets at fair value through profit or loss

As at 30 June 2014 and 31 December 2013, other non-current assets were as follows:

	<i>30 June 2014 (unaudited)</i>			<i>31 December 2013</i>		
	<i>Notional principal</i>	<i>Fair value</i>		<i>Notional principal</i>	<i>Fair value</i>	
		<i>Asset</i>	<i>Liability</i>		<i>Asset</i>	<i>Liability</i>
Options in USD	5,685,810	2,288,716	—	15,057,597	3,110,806	—
Options in Euro	1,436,534	667,116	—	3,251,374	902,888	—
	7,122,344	2,955,832	—	18,308,971	4,013,694	—

Due to decision of the National Bank of the Republic of Kazakhstan dated 11 February 2014 to stop the support of tenge exchange rate on the previous level, reduction in the volume of currency intervention and reduction in interference in the formation of tenge exchange rate process, the equilibrium exchange rate was established at 182 KZT per 1 USD and 252 KZT per 1 EUR. This resulted in escalation of financial burden on borrowers with indexable financial lease and loan agreements.

In order to support domestic agricultural manufacturers and as a part of measures taken to mitigate the consequences of adjusting the national currency rate against USD for agricultural entities of the Republic, the Board of the Group took a decision to fix the foreign currency exchange rates on agreements to be indexed. Specifically, USD rate for concluded agreements will be fixed at the amount of KZT 167.95 and EUR rate at the amount of KZT 230.37.

As the result of rate fixing when indexing payments, the Group's contractual rights for embedded financial instrument expired. Thus, the Group terminated recognition of embedded financial instruments in the Company's financial statements on loan or finance lease agreements, relevant addendum agreements for which were concluded as at the reporting date.

*In thousands of tenge, unless otherwise indicated***7. Loans to customers**

Loans to customers comprise:

	<i>30 June 2014</i> <i>(unaudited)</i>	<i>31 December 2013</i>
Loans to customers	212,745,531	224,741,038
Loans to employees	4,162	4,162
Gross loans to customers	212,749,693	224,745,200
Less: Allowance for impairment	(28,740,904)	(25,418,968)
Loans to customers	184,008,789	199,326,232

Allowance for impairment of loans to customers

A reconciliation of the allowance for impairment of loans to customers is as follows:

	<i>For six months ended 30 June</i>	
	<i>2014</i>	<i>2013</i>
At 1 January	25,418,968	22,903,263
Charge for the year (Note 22) (unaudited)	3,182,661	1,797,063
Recovery (unaudited)	139,349	–
Amounts written-off (unaudited)	(74)	(59,920)
At 30 June 2014 (unaudited)	28,740,904	24,640,406

8. Finance lease receivables

The analysis of finance lease receivables at 30 June 2014, is as follows:

	<i>Less</i> <i>than 1 year</i> <i>(unaudited)</i>	<i>1 to 5 years</i> <i>(unaudited)</i>	<i>Over 5 years</i> <i>(unaudited)</i>	<i>Total</i> <i>(unaudited)</i>
Gross investment in finance leases	38,972,299	101,136,278	58,186,549	198,295,126
Unearned future finance income on finance lease	(1,863,161)	(21,338,113)	(22,070,995)	(45,272,269)
Net investment in finance leases	37,109,138	79,798,165	36,115,554	153,022,857
Less: Allowance for impairment	(2,770,289)	(6,565,595)	(2,864,941)	(12,200,825)
Finance lease receivables	34,338,849	73,232,570	33,250,613	140,822,032

The analysis of finance lease receivable as of 31 December 2013 is presented below:

	<i>Less</i> <i>than 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Gross investment in finance leases	31,278,624	90,547,022	51,045,691	172,871,337
Unearned future finance income on finance lease	(1,659,250)	(19,014,966)	(19,163,670)	(39,837,886)
Net investment in finance leases	29,619,374	71,532,056	31,882,021	133,033,451
Less: Allowance for impairment	(1,831,452)	(5,228,564)	(2,182,907)	(9,242,923)
Finance lease receivables	27,787,922	66,303,492	29,699,114	123,790,528

In thousands of tenge, unless otherwise indicated

8. Finance lease receivables (continued)

Allowance for impairment of finance lease receivables

A reconciliation of the allowance for impairment of finance lease receivables is as follows:

	<i>For six months ended 30 June</i>	
	<i>2014</i>	<i>2013</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
As at 1 January	9,242,923	7,374,623
Charge for the year (Note 22)	2,858,245	1,471,728
Recoveries	99,657	–
As at June 30	12,200,825	8,846,351

9. Advances paid

Advances paid comprise:

	<i>30 June 2014</i>	<i>31 December 2013</i>
	<i>(unaudited)</i>	
Advances for grain	17,417,169	8,133,670
Advances for leasing equipment	12,290,315	8,584,136
Advances for materials	2,594,152	2,564,584
Advances for delivery of equipment and for assembly work	444,577	444,577
Advances for services	40,391	27,306
Other	210,011	929,970
	32,996,615	20,684,243
Less: Allowance for impairment (Note 24)	(754,885)	(116,268)
Advances paid	32,241,730	20,567,975

10. Inventories

Inventories comprise:

	<i>30 June 2014</i>	<i>31 December 2013</i>
	<i>(unaudited)</i>	
Grain	23,700,944	44,762,817
Agriculture products	2,445,806	1,716,887
Cotton	177,571	1,186,081
Work-in-process	617,951	300,042
Other inventories	1,643,634	1,268,601
	28,585,906	49,234,428
Less: decrease of net sales value (Note 24)	(50,567)	(52,046)
Inventories	28,535,339	49,182,382

As at 30th of June 2014, grain with carrying amount of KZT 5,985,569 thousand was pledged under loans from the second tier banks (31 December 2013: KZT 5,985,569 thousand).

11. Property and equipment

During six month period ended 30 June 2014, the Group acquired assets with total initial value of KZT 167,286 thousand (six months ended 30 June 2013: KZT 221,698 thousand), excluding property and equipment acquired upon combination of business and construction-in-progress.

During six month period ended 30 June 2014, the Group sold assets with net carrying amount of KZT 257,478 thousand (six months ended 30 June 2013: KZT 73,865 thousand).

In thousands of tenge, unless otherwise indicated

12. Amounts due to the Government of the Republic of Kazakhstan

The Group received loans from the Government of the Republic of Kazakhstan to facilitate the development of the agricultural sector in the Republic of Kazakhstan. Due to special requirements and restrictions for use of proceeds under these loans, only several commercial banks participate in the program. Management of the Group believes that interest rates under these loans are below market.

Amounts due to the Government of the Republic of Kazakhstan consist of the following:

	<i>Maturity</i>	<i>Annual interest rate</i>	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Ministry of finance of the Republic of Kazakhstan	2023	0.01%	40,001,539	--
Ministry of Agriculture of the Republic of Kazakhstan	2014-2015	0.00%	7,622,205	--
Local Government executive bodies	2014-2018	0.00%-0.10%	21,411,875	10,821,329
Administration of business activities and industry in the Almaty region	2016	1.00%	57,132	55,267
Administration of business activities and industry in the Zhambyl region	2015	0.10%	21,131	31,601
Ministry of Agriculture of the Republic of Kazakhstan	2014	5.28%	--	4,946,942
Amounts due to the Government of the Republic of Kazakhstan			69,113,882	15,855,139

During six months of 2014, the Group obtained a short-term loan from the Shareholder totalling KZT 40,000,000 thousand to finance the spring sowing campaign and harvesting operations (during six months of 2013: KZT 60,000,000 thousand).

The loans from the Ministry of Agriculture of the Republic of Kazakhstan are interest free and intended to finance the state grain purchase program. The loans are unsecured. The loan received in the first half-year of 2014 in the amount of KZT 3,539,250 thousand was recognized at the fair value at the date of receipt and subsequently recorded at the amortised cost. As at 30 June 2014 the loan comprised unamortised discount of KZT 289,652 thousand.

During six months ended 30 June 2014, the Group received loans from local executive authorities in the amount of KZT 14,856,771 thousand, with the interest rate of 0.0%-0.1%, and maturity in 2014 and 2019. As at 30 June 2014 the total amount payable to local executive authorities amounted to KZT 21,411,875 thousand (31 December 2013: KZT 10,821,329 thousand).

13. Amounts due to credit institutions

Amounts due to credit institutions in Tenge comprise:

<i>Bank</i>	<i>Currency</i>	<i>Maturity date</i>	<i>Annual nominal interest rate</i>	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Sberbank JSC	KZT	2014	7%	20,128,729	11,019,597
Citibank Kazakhstan	KZT	2014	1 month LIBOR + 3%	6,055,830	5,069,130
			12 months LIBOR (as at the date of contract 4.8%) + 4%	--	3,840,250
Citibank Kazakhstan	KZT	2014	8%	5,060,000	2,042,032
SB Sberbank of Russia JSC	KZT	2014	8%	2,443,462	2,749,461
Eurasian Development Bank JSC	KZT	2018	9%	1,871,782	--
Eurasian Development Bank JSC	KZT	2019	10%	80,467	--
Islamic Bank Al Hilal	KZT	2014	7%	--	678,996
Amounts due to credit institutions	KZT			35,640,270	25,399,466

*In thousands of tenge, unless otherwise indicated***13. Amounts due to credit institutions (continued)**

Amounts due to credit institutions in US dollar comprise:

<i>Bank</i>	<i>Currency</i>	<i>Maturity date</i>	<i>Annual nominal interest rate</i>	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
HSBC Bank (Kazakhstan)	USD	2015	2,20%	17,972,300	–
The Royal Bank of Scotland N.V.	USD	2015	2,40%	18,077,684	14,777,717
Sberbank JSC	USD	2014	7%	–	7,031,597
Islamic Development Bank	USD	2020	6%	5,826,012	5,181,955
Islamic Development Bank	USD	2021	0.83%	1,649,685	1,066,396
			12 months LIBOR (as at the date of contract 3.17%) + 3%		
Citibank Kazakhstan	USD	2014		3,119,670	2,611,370
Citibank Kazakhstan	USD	2014	1 months LIBOR + 2.25%	9,176,100	–
Deer Credit, INC	USD	2018	5.90%	2,987,920	2,562,156
Deer Credit, INC	USD	2018	LIBOR + 2.3%	1,426,822	1,345,685
Deer Credit, INC	USD	2014	LIBOR + 2.5%	202,371	442,348
GasPromBank	USD	2019	4%	852,050	–
Russian Agricultural Bank (Rosselkhozbank)	USD	2018	5%	806,764	547,919
Russian Agricultural Bank (Rosselkhozbank)	USD	2018	4.9%	122,265	–
Bank of America (Canada)	USD	2014	LIBOR + 1.5%	301,382	498,396
CNH International SA	USD	2018	6%	477,576	451,041
UNO	USD	2015	0.00%	164,834	133,615
Societe General Bank (Canada)	USD	2014	4%	–	374,968
Amounts due to credit institutions	USD			63,163,435	37,025,163

Amounts due to credit institutions in Euro comprise:

<i>Bank</i>	<i>Currency</i>	<i>Maturity date</i>	<i>Annual nominal interest rate</i>	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Landensbank Berlin A.G.	EUR	2019	Euribor + 1.35%	1,106,506	1,011,785
Landensbank Berlin A.G.	EUR	2016	Euribor + 1%	281,539	275,546
Landensbank Berlin A.G.	EUR	2015	Euribor + 0.35%	162,311	204,588
Landensbank Berlin A.G.	EUR	2014	Euribor + 1%	20,315	48,333
HSBC Bank (Germany)	EUR	2015	Euribor + 0.17%	267,172	298,792
HSBC Bank (Germany)	EUR	2014	Euribor + 0.15%	135,869	313,459
Amounts due to credit institutions	EUR			1,973,712	2,152,503

Analysis by currencies:

	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Loans in tenge:		
Loans due to Kazakh banks	26,247,214	11,630,408
Loans due to foreign banks	9,393,056	13,769,058
	35,640,270	25,399,466
Loans in US dollar:		
Loans due to Kazakh banks	30,268,070	2,611,370
Loans due to foreign banks	32,895,365	34,413,793
	63,163,435	37,025,163
Loans in euro:		
Loans due to Kazakh banks	–	–
Loans due to foreign banks	1,973,712	2,152,503
	1,973,712	2,152,503
Amounts due to credit institutions	100,777,417	64,577,132

*In thousands of tenge, unless otherwise indicated***13. Amounts due to credit institutions (continued)**

Amounts due from credit institutions are presented in the following currencies:

	<i>30 June 2014 (unaudited)</i>		<i>31 December 2013</i>	
	<i>(Thousands of tenge)</i>	<i>(%)</i>	<i>(Thousands of tenge)</i>	<i>(%)</i>
Fixed interest rate loans				
Loans from OECD banks	15,672,394	16%	12,780,470	19.79%
Loans from non-OECD banks	63,100,259	63%	36,097,858	55.90%
Total fixed interest rate loans	78,772,653		48,878,328	75.69%
Floating interest rate loans				
Loans from OECD banks	3,904,287	4%	4,438,932	6.87%
Loans from non-OECD banks	18,351,600	0%	11,520,750	17.84%
Total floating interest rate loans	22,255,887		15,959,682	24.71%
	(251,123)		(260,878)	
Total	100,777,417		64,577,132	

14. Debt securities issued

Debt securities issued comprise:

	<i>Maturity</i>	<i>Annual interest rate</i>	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
Kazakhstani bonds issued by National Management Holding KazAgro JSC	2023	0%	68,096,036	66,094,998
Kazakhstani bonds issued by National Company Food Contract Corporation JSC	2013-2018	7.5%-10.5%	45,286,493	45,254,270
Kazakhstani bonds issued by Agrarain Credit Corporation JSC	2014-2015	7%-8%	5,918,726	5,905,223
Debt securities issued			119,301,255	117,254,491

15. Eurobonds issued

Eurobonds issued comprise:

	<i>30 June 2014 (unaudited)</i>	<i>31 December 2013</i>
USD denominated Eurobonds	183,706,663	153,676,011
Euro denominated Eurobonds	149,938,674	—
Eurobonds issued	333,645,337	153,676,011

On 24 May 2013 the Group issued Eurobonds for the purpose of general corporate needs in the amount of USD 1,000,000,000 within the bond Programme of issuing debt instruments within the limit of USD 2,000,000,000 with maturity in 2023, with nominal coupon interest in the amount of 4.625% p.a.

Within this program in May 2014, was issued the second tranche in the amount of 600,000,000 euro at the rate of 3.255% p.a. with maturity in 2019. These eurobonds are listed on Irish Stock Exchange Limited and Kazakhstan Stock Exchange (KASE). As at 30 June 2014, the carrying amount of issued debt securities was KZT 333,645,337 thousand (31 December 2013: KZT 153,676,011 thousand).

In thousands of tenge, unless otherwise indicated

16. Taxation

The corporate income tax expense comprises:

	<i>For six months ended 30 June</i>	
	<i>2014 (unaudited)</i>	<i>2013 (unaudited)</i>
Current tax charge	3,213,229	399,413
Deferred tax (benefit)/charge – origination and reversal of temporary differences	(60,117)	995,636
Less: deferred tax recognised in equity	(876,637)	(622,069)
Income tax expenses	2,276,475	772,980

17. Equity

Movements in shares outstanding, issued and fully paid were as follows:

	<i>Placement value per share (KZT)</i>	<i>Number of common shares issued</i>	<i>Total KZT 000</i>
At January 1, 2013	1.000	254,022,911	254,022,911
Issue of share capital (unaudited)	1.000	12,051,320	12,051,320
At 30 June 2013 (unaudited)		266,074,231	266,074,231
At 31 December 2013	1.000	267,816,731	267,816,731
Issue of share capital (unaudited)	1.000	13,493,000	13,493,000
At 30 June 2014 (unaudited)		281,309,731	281,309,731

As at 30 June 2014, total amount of authorized, issued and fully paid common shares comprised 281,309,731 shares (unaudited), (31 December 2013: 267,816,731 shares). In accordance with the order of the Government of the Republic of Kazakhstan during six-month period of 2014, the Group received KZT 13,493,000 thousand from the sole shareholder as a cash contribution to the share capital, (six-month period of 2013: KZT 12,051,320 thousand).

Book value per share

As at 30 June 2014 the book value of the Group's common share calculated in accordance with Kazakh Stock Exchange methodology is KZT 1,120.09 (31 December 2013: KZT 1,173.58).

Additional paid-in capital

Upon initial recognition, the difference between the nominal amount of loans from the Government of the Republic of Kazakhstan and their fair value is recognized as shareholders' contribution within additional paid-in capital of KZT 72,691,230 thousand as at 30 June 2014 (31 December 2013: (KZT 67,743,159 thousand). During six-month period ended 30 June 2014, income from initial recognition of loans obtained from the Shareholder at below market rate, less income tax amounted to KZT 4,948,071 thousand (unaudited) (six-month period of 2013: KZT 3,212,513 thousand (unaudited)).

Capitalization reserve

In April 2007 the Group received common shares of its subsidiaries as contribution to the share capital of the Group. As at the date of transfer the fair value of the shares was less than the cost of shares transferred. The difference in the amount of KZT 10,974,734 thousand was recorded as capitalization reserve. There were no changes in this reserve during six-month periods ended 30 June 2014 and 2013.

Reserve capital

In accordance with the Group's policy, reserve capital is formed to cover general risks, including deferred losses and other contingent risks and liabilities. Reserve capital is subject to distribution on the basis of decision of general shareholders meeting. It was decided at the shareholder's meeting to allocate KZT 832,937 thousand to the reserve capital at 2014 year-end 2014 (at 2013 year-end: KZT 553,670 thousand). These transfers were completed during six-month periods ended 30 June 2014 and 2013, correspondingly.

In thousands of tenge, unless otherwise indicated

17. Equity (continued)

Deemed distribution reserve

The difference between the nominal cost of loans issued to clients financed by the Shareholders of the Group and their fair value is recognized as distributions to the shareholders upon initial recognition within deemed distribution reserve. During six-month period ended 30 June 2014, the effect from initial recognition of loans to clients, less income tax amounted to KZT 1,441,522 thousand (unaudited) (2013: KZT 724,237 thousand (unaudited)).

Earnings per share

Basic and diluted earnings/(loss) per share are calculated by dividing the net income for the period attributable to common shareholders by the weighted average number of shares outstanding during the period.

The following reflects the income and share data used in the basic earnings per share computations for the periods ended 30 June:

	2014	2013
Net loss attributable to the shareholder for basic and diluted earnings per share from continuing operations	(16,587,353)	1,517,777
Weighted average number of common shares for basic and diluted earnings per share	269,209,242	262,331,228
Basic and diluted loss per share for the period (tenge)	(61.62)	5.79

No dilutive instruments were outstanding as at 30 June 2014 and 2013 and for the years then ended.

18. Revenue from sale of goods and services

	<i>For the six months ended 30 June</i>	
	2014 (unaudited)	2013 (unaudited)
Sale of grain	36,947,029	32,582,449
Sale of cotton	1,334,932	1,671,962
Rendering services	833,074	767,696
Sale of meat	577,577	220,810
Sale of tomato paste	16,772	84,011
Other	396,847	1,325,071
Revenue	40,106,231	36,651,999

19. Cost of sales

Cost of sales comprises:

	<i>For the six months ended 30 June</i>	
	2014 (unaudited)	2013 (unaudited)
Cost of grain sold	(21,391,720)	(26,157,573)
Cost of cotton sold	(1,242,834)	(1,433,322)
Cost of meat sold	(545,440)	(210,978)
Cost of services rendered	(488,243)	(528,094)
Cost of tomato paste sold	(22,794)	(678,549)
Other	(301,214)	(991,408)
Cost of sales	(23,992,245)	(29,999,924)

In thousands of tenge, unless otherwise indicated

20. Interest income

Interest income comprises:

	<i>For the six months ended 30 June</i>	
	<i>2014 (unaudited)</i>	<i>2013 (unaudited)</i>
Interest income on loans to customers	7,973,804	7,116,995
Interest income on finance lease receivables	5,787,662	4,086,359
Interest income on amounts due from credit institutions	5,053,706	1,291,630
Interest income from cash and cash equivalents	938,229	547,378
Other	76,217	58,399
Interest income	19,829,618	13,100,761

21. Interest expenses

Interest expense comprises:

	<i>For the six months ended 30 June</i>	
	<i>2014 (unaudited)</i>	<i>2013 (unaudited)</i>
Interest expense on eurobonds issued	(4,681,206)	(726,538)
Interest expense on debt securities issued	(4,158,975)	(4,198,320)
Interest expense on amounts due to credit institutions	(2,587,278)	(2,613,460)
Interest expense on amounts due to the Government of the Republic of Kazakhstan	(426,089)	(100,453)
Other	(221,761)	(228,948)
Interest expenses	(12,075,309)	(7,867,719)

22. Impairment charge for interest earning assets

Impairment charge for interest earning assets comprises:

	<i>For the six months ended 30 June</i>	
	<i>2014 (unaudited)</i>	<i>2013 (unaudited)</i>
Loans to customers (Note 7)	(3,182,661)	(1,797,063)
Finance lease receivables (Note 8)	(2,858,245)	(1,471,728)
Impairment charge for interest earning assets	(6,040,906)	(3,268,791)

23. Selling expenses

Selling expenses comprise:

	<i>For the six months ended 30 June</i>	
	<i>2014 (unaudited)</i>	<i>2013 (unaudited)</i>
Loading operations and transportation	(4,588,716)	(85,784)
Grain storage	(1,233,061)	(1,980,366)
Salary and related taxes	(210,649)	(206,786)
Dispatching services	(147,595)	(14,722)
Legal costs	(74,427)	—
Materials	(46,005)	(17,996)
Depreciation and amortization	(9,992)	(4,581)
Other selling expenses	(145,668)	(41,440)
Selling expenses	(6,456,113)	(2,351,675)

In thousands of tenge, unless otherwise indicated

24. Other impairment reversal/(charge)

The movements in other impairment allowances were as follows:

	<i>Accounts receivable</i>	<i>Advances paid</i>	<i>Inven- tories</i>	<i>Assets held for sale</i>	<i>Assets held for finance lease</i>	<i>Property and intangibles</i>	<i>Other assets</i>	<i>Total</i>
31 December 2012	6,885,816	451,092	60,909	—	557,052	2,368,315	560,809	10,883,993
Charge/(reversal) (unaudited)	(130,223)	(166,135)	—	—	276,085	—	6,512	(13,761)
Amounts written-off (unaudited)	—	—	(2,380)	—	(397,279)	—	—	(399,659)
30 June 2013 (unaudited)	6,755,593	284,957	58,529	—	435,858	2,368,315	567,321	10,470,573
31 December 2013	6,879,529	116,268	52,046	144,540	846,196	2,481,634	768,283	11,288,496
Charge/(reversal) (unaudited)	4,478,615	525,329	—	—	280,017	—	39,822	5,323,783
Amounts written- off/(reversal) (unaudited)	(398,590)	113,288	(1,479)	—	(428,052)	—	—	(714,833)
30 June 2014 (unaudited)	10,959,554	754,885	50,567	144,540	698,161	2,481,634	808,105	15,897,446

25. Fair value of financial 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 markets 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 an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<i>30 June 2014</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Derivative financial assets	—	—	2,955,832	2,955,832
Investment securities available-for-sale	329,021	—	—	329,021
Total financial assets	329,021	—	2,955,832	3,284,853
31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	—	—	4,013,694	4,013,694
Investment securities available-for-sale	388,405	—	—	388,405
Total financial assets	388,405	—	4,013,694	4,402,099

For the six-month periods ended 30 June 2014 and 2013 there were no transfers between Level 1 and Level 2.

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

In thousands of tenge, unless otherwise indicated

25. Fair values of financial instruments (continued)

Derivatives

Derivative instruments valued using a valuation technique with market observable inputs, except for counterparty credit risk. As for embedded derivative instruments assumptions are made on the basis of market rates adjusted by specific characteristics of the instrument. The Company uses Black-Scholes model to evaluate its financial instruments and valuation models (such as risk free rates and volatility coefficients), are determined on the basis of financial instruments with similar characteristics quoted at Bloomberg. The average value of credit risk on derivatives on average is 2.72% (2013: 2.90%)

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to amounts due from credit institutions placed on market terms.

Fixed and variable rate financial instruments

The fair values of unquoted financial instruments are estimated by discounting future cash flows using rates currently available for financial instruments on similar terms, credit risk and remaining maturities.

For assets whose fair value is disclosed in the financial statements, future cash flows are discounted using average market rate for financial instruments with similar maturities based on the statistics published by the NBRK. The indicated approach is applied in determining the fair value of loans issued to customers and finance lease receivables.

In case of liabilities with fair values disclosed in the financial statements, future cash flows are discounted at the average market rate of financial instruments with similar maturities.

- The amounts due to the Shareholder are discounted at the average rate of bonds of the Ministry of Finance of the Republic of Kazakhstan with similar maturity;
- The amounts due to credit institutions are discounted at the average market rate of financial organizations based on data placed on Bloomberg.

The future cash flows comprise repayment of principal and interest calculated at the interest rate stipulated by the agreement to the amount of principal.

Movements in level 3 assets and liabilities measured at fair value

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

	<i>At 1 January 2014</i>	<i>Gains recognized in the income statement</i>	<i>Acquisitions</i>	<i>Repayment</i>	<i>At 30 June 2014</i>
Financial assets					
Derivative financial instruments	4,013,274	2,166,010	7,725	(3,231,177)	2,955,832

*In thousands of tenge, unless otherwise indicated***25. Fair values of financial instruments (continued)****Movements in level 3 assets and liabilities measured at fair value (continued)**

	<i>Carrying value 2014</i>	<i>Fair value 2014</i>	<i>Unrecognised gain/(loss) 2014</i>	<i>Carrying value 2013</i>	<i>Fair value 2013</i>	<i>Unrecognised gain/(loss) 2013</i>
Financial assets						
Cash and cash equivalents	181,011,605	181,011,605	—	121,489,885	121,489,885	—
Amounts due from credit institutions	282,562,075	277,082,592	(5,479,483)	105,304,706	105,304,706	—
Loans to customers	184,008,789	171,970,142	(12,038,647)	188,003,929	175,372,213	(12,631,716)
Finance lease receivables	140,822,032	130,582,676	(10,239,356)	103,737,183	95,567,884	(8,169,299)
Accounts receivable	58,748,305	58,453,987	(294,318)	72,400,354	73,258,321	857,967
Other assets	908,146	908,146	—	—	—	—
	848,060,952	820,009,148	(28,051,804)	590,936,057	570,993,009	(19,943,048)
Financial liabilities						
Amounts due to the Government of the Republic of Kazakhstan	69,113,882	66,966,976	2,146,906	79,470,587	78,467,896	1,002,691
Amounts due to credit institutions	100,777,417	100,136,785	640,632	37,605,506	37,842,367	(236,861)
Eurobonds issued	333,645,337	329,335,230	4,310,107	151,761,378	139,490,096	12,271,282
Debt securities issued	119,301,255	119,608,625	(307,370)	113,087,437	113,016,141	71,296
Trade accounts payable	9,761,484	9,761,484	—	9,588,779	9,588,779	—
Other financial liabilities	270,066	270,066	—	1,082,700	1,082,700	—
	632,869,441	626,079,166	6,790,275	392,596,387	379,487,979	13,108,408
Total unrecognised change in unrealized fair value			(21,261,529)			(6,834,640)

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the consolidated financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed and variable rate financial instruments

In the event of quoted debt instruments, fair value is based on quoted market prices. The fair values of unquoted debt instruments are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

In thousands of tenge, unless otherwise indicated

26. 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, and not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

Republic of Kazakhstan, acting through the State Property Committee within the Ministry of Finance, controls the Group.

The Republic of Kazakhstan through its state agencies and other institutions directly and indirectly controls and has significant influence over a significant number of entities (together referred to as "entities associated with the state"). The Group enters into banking transactions with these entities such as attracting of loans and placement of cash and letter of credits.

The outstanding balances of the operation with the shareholder and other related parties comprise:

	30 June 2014 (unaudited)			31 December 2013		
	Entities under common control			Entities under common control		
	Parent		Associates	Parent		Associates
Loans to customers as at	—	—	5,163,228	—	—	5,173,522
Receivables for the guarantee fee (for participation in tender)	83,508	—	—	—	—	2,393
Advances paid	—	—	320,000	—	—	—
Trade accounts payable	—	—	56	—	—	—
Advances received	112,284	—	—	—	—	—

	30 June 2014 (unaudited)			31 December 2013		
	Entities under common control			Entities under common control		
	Parent		Associates	Parent		Associates
Amounts due to the Government of the Republic of Kazakhstan and debt securities issued as at	115,710,356	20,596,776	—	71,033,200	10,133,584	—

	For the six months ended 30 June 2014 (unaudited)				For the six months ended 30 June 2013 (unaudited)			
	Companies under common control		Key management personnel		Companies under common control		Key management personnel	
	Parent		Associates		Parent		Associates	
Revenues from fiduciary activities	—	—	—	—	—	—	519,748	—
Other income	4,838	1,427	5,296	—	388,348	—	95,779	—

Compensation to key management personnel of National Management Holding KazAgro JSC for the six months of 2014 and 2013 amounted to KZT 37,716 thousand and KZT 17,286 thousand, respectively, and included salary and other short-term payments to employees comprising 5 persons (the first half of 2013: 5 persons).