



Detailed Analysis of Financial Statements of “Samruk-Kazyna” JSC for 2014

Astana, 2015

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The Detailed Analysis of Financial Statements of “Samruk-Kazyna” JSC (hereinafter – the Fund) was prepared in addition to the audited consolidated and separate financial statements of the Fund for 2014 in order to disclose the consolidated financial statements by additional information, to improve transparency of operations, to understand the financial situation and accordingly performance results of the Fund in the reporting period.

1. REVIEW OF THE FUND’S GROUP.

The Fund was established by the Decree of the President of the Republic of Kazakhstan # 669 dated October 13, 2008 by merging Joint Stock Company “Sustainable Development Fund “Kazyna” and Joint Stock Company “Kazakhstan Fund for the Management of State Assets “Samruk”.

Development Strategy of the Fund for 2012-2022 is approved by Decree of the Government of the Republic of Kazakhstan # 1202 dated September 14 as amended # 516 dated May 25, 2013.

The Fund’s group operates on three strategic directions:

1. Improving long-term value of Companies;
2. Assistance to diversification and modernization of the national economy;
3. Social responsibility;.

The Government of the Republic of Kazakhstan is the Sole Shareholder of the Fund.

To provide the necessary improvement of efficiency of investment and operations, the Fund has developed a program of large-scale transformation of its activities and the activities of controlled portfolio companies – “Transformation Program of JSC “Sovereign Wealth Fund “Samruk-Kazyna”, which was approved by decision of the Board of Directors #113 dated September 17, 2014.

The structure of the Fund includes companies from key sectors of the economy that are grouped into the following segments:

- Oil & Gas
- Mining and industrial
- Transportation
- Telecommunication
- Power
- Corporate center and projects.

Since Q1 2013 the Fund has discontinued recognition and reflected the disposal of financial institutions and development institutions in the amount of KZT471 711 million as other transactions with the Shareholder in the consolidated statement of changes in equity. At the same time, in July 2013 in order to implement the Decree of the Government of the Republic of Kazakhstan #516 dated May 25, 2013, the Fund and the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan signed a barter agreement, according to which the ownership rights for the stakes and the interest of financial institutions and institutions development are transferred to the Republican property in exchange for Republican property according to the list provided in the said Decree.

The structure of the Fund includes 593 companies (2013: 599 companies), as well as the corporate center “Samruk-Kazyna” JSC, 24 subsidiary companies of the corporate center “Samruk-Kazyna” JSC, 347 subsidiary companies, 221 associated companies, jointly-controlled entities, financial investments in the Group of the Fund.

The consolidated financial statements for 2014 included 24 subsidiaries. As compared with 2013, the number of subsidiaries has decreased due to disposal of second-tier banks (3 units) and the inclusion of two new subsidiaries “Kazakhstan Nuclear Power Plants” JSC and “Aviation Company “Air Kazakhstan” JSC.

The following macroeconomic indicators influenced also on the activities of the Fund during 2014.

Name	2014	2013	Change, %
Real GDP growth, in %	104,3	106,0	-1,6
Inflation at the end of period, %	7,4	4,8	54,2
Exchange rate of KZT to USD	182,35	152,13	19,9
World Brent oil price, USD/ barrel on average for the year for the reporting period	99,0	108,9	-9,1

In pursuance of the consolidated financial statements of the Fund for 2014 the dividends are paid to the Shareholder in the amount of KZT 9.1 billion following the results of activities for 2013.

Besides, in accordance with IFRS other distributions to the Shareholder for the reporting period have amounted to KZT 94 billion (2013: KZT147,5 billion), including:

1) *charity* in the amount of KZT 33,3 billion (2013: KZT8,9 billion) under the instruction of the Government of the Republic of Kazakhstan was provided for funding social, cultural and sporting events, in

particular: promotional activities and travel of the Kazakh delegation to support athletes at the 2014 Winter Olympics in Sochi, VII Astana Economic Forum, the Supreme Eurasian Economic Council; financial support for the 10 World Championship on fire-rescue sport in 2014, “Nazarbayev University”, “Association of Football Federation of Kazakhstan” ALE, “Football Federation of Astana” ALE; the maintenance and development of projects for “Astana” Presidential professional sports club (for the activities of “Astana” cycling team, “Barys” HC, “Astana” FC, Football Federation); financing the construction of specialized sports training base for weightlifters in the Almaty region, bid campaign to host the Winter Olympics in 2022 in Almaty, measures to clarify the conditions and the procedure for participation in “People’s IPO Program;

2) *in the framework of construction and transfer of facilities:*

- the additional irrevocable commitment was taken to the Shareholder on construction of a multifunctional Ice Palace for KZT23,6 billion, equal in the sum to the relevant supplementary construction agreement;

- the additional irrevocable commitment was taken to the Shareholder on funding the construction of the Concert Hall (Ballet Theatre) for KZT 10,8 billion;

- in compliance with the Agreement between the Government of the Republic of Kazakhstan and the Government of the Kyrgyz Republic, the Fund has allocated finance for construction of schools in Kyrgyz Republic in the amount of KZT1,2 billion;

- the reserve for construction of kindergartens and “Zhastar” Youth Palace in Astana is recognized in the amount of KZT 2,5 billion and KZT 1,1 billion, accordingly;

- the provision for the reconstruction of the Exhibition Center in Moscow by KZT 2.9 billion, and the provision for the construction of the Museum of History in Astana in the amount of KZT2.1 billion are reserved;

- obligations for gratuitous conveyance of social facilities to the Akimat of Mangistau region in the amount KZT0,3 billion are taken;

3) taking into account that acquisition of 49% share in “Kazakhturkmunay” LLP (KTM) occurred by the instruction of the Shareholder, it is reflected the difference between the purchase price and the fair value of the net assets of KTM, and the sum of revaluation of previously held 51% interest in the total amount KZT26,9 billion.

In the whole group of companies of the Fund in 2014 there were paid taxes and payments in the amount of KZT1 048 billion, which as compared with 2013 is more by 15% and by 30 % more as compared with 2012.

The balance cost of the Fund is KZT16 638 billion, own equity is KZT7 8 132 billion as of December 31, 2014.

The sectorial structure of investment projects to be implemented in the Fund’s group is given below:

KZT bln.

Segment			Current investment portfolio					
	Total number of portfolio projects		Projects under implementation		Implemented projects		Future projects	
	Number	Value	Number	Value	Number	Value	Number	Value
Oil & gas	16	12 605	14	12 581	0	-	2	23
Chemistry	11	400	6	384	1	16	1	304
Transportation	22	673	15	652	5	235	2	345
Telecommunication	10	167	9	107	0	-	1	60
Power	29	852	23	695	0	-	6	156
Mining	23	652	1	5	1	77	21	570
Nuclear sector	12	4 597	5	4 523	2	47	5	27
Machine building	4	13	2	9	2	4	0	-
Other (REFSK, SKI)	21	1 784	17	1 663	0	-	4	121
TOTAL	148	21 741	92	20 620	11	379	42	1 606

2. OPERATING RESULTS.

2.1 Consolidated financial indicators.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change, in %
Consolidated net income	KZT bln.	234.5	439.8	<u>-205.3</u>	-46.7

Name	Unit of measure	2014	2013	Deviation (+/-)	Change, in %
Consolidated net income on the share of the Shareholder of the parent Company	KZT bln.	271.5	407.2	-135.7	-33.3
EBITDA margin ¹ (operational)	%	19.6	21.0	-1.4	-6.5
ROA ²	%	1.5	2.9	-1.4	-49.0
ROE ³	%	3.0	5.9	-2.9	-49.1

Factors	Changes, KZT bln.
Net income with STB (KZT234.5billion for 2014; KZT439,8 billion for 2013)	- 205,3
Mainly because of:	
Decrease in losses from discontinued operations of BTA Bank (KZT137.0 billion), Alliance Bank (KZT51,4 billion), Temirbank (KZT26,0 billion), other (3,6).	218,0
Re-evaluation of EGRES-1	74,5
Decrease in corporate income tax from the STB due to decline in net income	73,0
Impairment in the amount: <ul style="list-style-type: none"> (KZT257 billion) – KMG EP (OMG) - KZT196,6 billion, KMGI KZT44,5 billion, KTO - KZT12,6 billion, other KZT3,3 billion; (KZT75,9 billion) – GRES-1 goodwill impairment; (KZT25,8 billion) – KMGI goodwill impairment; KZT49,7 billion – reduction in investment impairment losses in «Kazzink» LLP; KZT5,9 billion - other. 	- 303,0
Indexation of salaries to the production personnel from 1 April by 10% under instruction of the President of the Republic of Kazakhstan, introduction of the Integrated Labor Payment System (ILPS) from April 1 in KMG E&P and ANS, increase in the number due to the creation of new business units on KTO and KTG.	- 92,8
Decrease in the share income: <ul style="list-style-type: none"> (KZT12,2 billion) - due to the full consolidation EGRES -1 from the date of acquisition of the second half; (KZT3,9 billion) EGRES – 2 due to lower sales volumes; (KZT 18,5 billion) - as a result of reducing turnover of "Kazakhstan-China Pipeline" LLP; (KZT12,2 billion) - as a result of exchange rate of Beineu-Shymkent LLP; (KZT 9,6 billion) “Kazakhoil Aktobe” LLP on decrease in oil production and switch to domestics sales; (KZT9,0 billion) - Uranium Enrichment Centre CJSC; (KZT7,8 billion), LLP “JV KazGerMunaydue to exchange rates changed; (KZT4,4 billion), "Kazzinc" due to foreign exchange losses and the accrual of deferred tax liabilities due to exchange rates changed; (KZT3,6 billion) LLP JV “KATKO”; (KZT 8,0 billion) other. 	- 89,2
Decrease in income from disposal of Kazatomprom subsidiaries.	- 22,9
Growth in ECD, from 60 to 80 USD / ton.	- 16,7
Effect of exchange rate differences on financial costs.	- 11,9
Other.	- 34,2

Key performance indicators for the reporting period.

Regarding the performance of the Fund in 2014 as compared with 2013.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
EBITDA margin ⁴	%	19.6	21.0	-1.4	-6.5

¹ EBITDA margin = ((Revenue from sales and interest income, total - Cost of sales and interest expenses - General and administrative expenses - Shipping costs and sales) + (Depreciation of fixed assets and amortization of intangible assets accounted for in cost of sales, general and administrative expenses and in the cost of transportation and implementation)) / Revenue from sales and interest income, total.

² ROA = Net income / Average assets for a year

³ ROE = Net income / Equity capital for a year

⁴ EBITDA margin = ((Revenues and interest income, in total - Cost of sales and interest expenses - General and administrative expenses - Expenses for transportation and sales) + (Depreciation and amortization of intangible assets accounted for in cost of sales, general and administrative expenses and the cost of transporting and implementation)) / Revenues and interest income, in total.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
Operating profit ratio	%	2.6	10.8	-8.3	-76.3
Gross profit ratio	%	26.1	28.0	-1.9	-6.7
Operating profitability	%	4.7	9.6	-4.9	-50.7
Days sales in inventory	Days	33	38	-4.5	-11.9
Days sales outstanding	Days	28	28	0.5	1.8
Days payable outstanding	Days	71	69	2.6	3.8

Regarding assets productivity in the Fund's group for 2014 as compared with 2013.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
Return on assets (ROA)		1.5	2.9	-1.4	-49.0
Capital productivity		0.7	0.8	-0.1	-12.5
Fixed assets turnover, exploration and evaluation assets		0.7	0.8	-0.1	-12.6
Fixed assets depreciation ratio	%	5.0	4.8	0.1	2.6
Time of assets turnover	Days	116	118	-2.1	-1.8
Time of fixed assets turnover	Days	247	283	-35.3	-12.5

As for the effectiveness of the capital structure of the Fund's group in 2014 as compared with 2013.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
Return on equity (ROE)	%	3.0	5.9	-2.9	-49.1
ROACE	%	3.3	4.8	-1.5	-31.1
Floating capital	KZT bln.	1 738	1 546	191.7	12.4

2.2 Consolidated financial indicators without the STB.

In compliance with the Law on the Fund, the second-tier banks (STB) are not included in the group of the Fund in connection with which the information on the consolidated financial results is given without the STB.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
Consolidated net income without the STB	млрд. тенге	332.3	719.4	-387.1	-53.8
Consolidated net income on the share of a shareholder of a parent Company without the STB	млрд. тенге	333.7	653.8	-320.1	-49.0
EBITDA margin without STB	%	20.1	21.3	-1.2	-5.5
ROA without STB	%	2.1	5.0	-2.9	-57.3
ROE without STB	%	4.3	9.8	-5.5	-56.3

Regarding the performance of the Fund's group.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
EBITDA margin ⁵	%	20.1	21.3	-1.2	-5.5
Operating profit ratio	%	3.3	11.3	-8.0	-70.5
Gross profit ratio	%	26.6	28.4	-1.7	-6.1
Operating profitability	%	6.8	15.7	-8.9	-56.7
Days sales in inventory	Days	33	35	-1.4	-3.9
Days sales outstanding	Days	28	28	0.6	2.2
Days payable outstanding	Days	71	67	4.7	7.1

Regarding assets productivity in the Fund's group.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
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⁵ EBITDA margin = ((Revenues and interest income, in total - Cost of sales and interest expenses - General and administrative expenses - Expenses for transportation and sales) + (Depreciation and amortization of intangible assets accounted for in cost of sales, general and administrative expenses and the cost of transporting and implementation)) / Revenues and interest income in total.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
Return on assets (ROA)		2.1	5.0	-2.9	-57.3
Capital productivity		0.7	0.8	-0.1	-12.9
Fixed assets depreciation ratio	%	5.0	4.9	0.1	2.4

As for the effectiveness of the capital structure of the Fund's group.

Name	Unit of measure	2014	2013	Deviation (+/-)	Change in %
Return on equity (ROE)	%	4.3	9.8	-5.5	-56.3
ROACE	%	4.0	7.2	-3.2	-44.4
Floating capital	KZT bln.	1 772	1 842	-69.8	-3.8

The main factors of change in *net profit* for 2014 compared with 2013 are given below.

Factors	Changes, KZT bln.
Net income without STB (KZT332.3 billion for 2014; KZT719,4 billion for 2013)	<u>-387,1</u>
Mainly because of:	
Re-evaluation of EGRES.	74,5
Decrease in corporate income tax from the STB due to decline in net income.	73,0
Impairment in the amount: <ul style="list-style-type: none"> (KZT257 billion) – KMG EP (OMG) - KZT196,6 billion, KMGI KZT44,5 billion, KTO - KZT12,6 billion, other KZT3,3 billion; (KZT75,9 billion) – EGRES-1 goodwill impairment; (KZT25,8 billion) – KMGI goodwill impairment; KZT49,7 billion – reduction in investment impairment losses in «Kazzink» LLP; KZT13,2 billion – other. 	- 295,7
Indexation of salaries to the production personnel from 1 April by 10% under instruction of the President of the Republic of Kazakhstan, introduction of the Integrated Labor Payment System (ILPS) from April 1 in KMG E&P and ANS, increase in the number due to the creation of new business units on KTO and KTG.	- 92,8
Decrease in the share income: <ul style="list-style-type: none"> (KZT12,2 billion) - due to the full consolidation EGRES -1 from the date of acquisition of the second half; (KZT3,9 billion) EGRES – 2 due to lower sales volumes; (KZT18,5 billion) as a result of reducing turnover of "Kazakhstan-China Pipeline" LLP; (KZT12,2 billion) as a result of exchange rate of "Beineu-Shymkent LLP"; (KZT9,0 billion) Kazakhoil Aktobe LLP on decrease in oil production and switch to domestics sales; (KZT9,0 billion) Uranium Enrichment Centre CJSC; (KZT7,8 billion) LLP "JV KazGerMunay due to exchange rates changed; (KZT4,4 billion), "Kazzinc" due to foreign exchange losses and the accrual of deferred tax liabilities due to exchange rates changed; (KZT3,6 billion) LLP JV "KATKO". 	- 87,9
Decrease in income from disposal of Kazatomprom subsidiaries.	- 22,9
Growth in ECD, from 60 to 80 USD / ton.	- 16,7
Effect of exchange rate differences on financial costs.	- 19,4
Other.	0,8

2.3 Financial indicators for 2014 by the segments and capital costs.

The present segment analysis is based on production figures from the reports on implementation of development plans of the subsidiaries and data of the financial statements for the reporting period and for 2013.

2.3.1 Oil & Gas Segment.

This segment is presented by one company JSC "NC "KazMunayGas" (hereinafter - KMG), which is the state oil and gas company of Kazakhstan.

The Fund is the Sole Shareholder of KMG. The structure of KMG consists of 217 companies in the 9 levels, of which 151 are subsidiaries.

Area of activities	Assets	Location
Oil production	More than 44 oil and gas fields	Atyrau, Mangistau, West Kazakhstan, Aktobe and Kyzylorda regions
Oil transportation	more than 5.3 thousand km of trunk pipelines, 2.1 thousand km of water mains, and 11 thousand km of gas transmission systems	The whole territory of Kazakhstan, with the possibility of integration into international main systems
Refining of petroleum products	5 refineries and one petrochemical complex	Pavlodar (PPCP), South Kazakhstan (PKOP), Atyrau regions (Atyrau refinery), Mangistau region (Caspi Bitum) and in Romania (Petromidia and Vega)

KMG also operates in the fields regulated by the Law of the Republic of Kazakhstan “On natural monopolies and regulated markets”.

The companies of KMG being the natural monopoly and market entities provide the following services:

- 1) Services for transportation of oil through main pipelines;
- 2) Services for transportation of natural gas through pipelines and gas distribution pipelines;
- 3) Services for transportation services for commercial gas through main pipelines;
- 4) Services for transmission and distribution of electricity and heat;
- 5) Wholesale and retail sales of gasoline AI -80, AI-92/93, diesel fuel, liquefied petroleum gas, kerosene;
- 6) Processing of crude oil;
- 7) Supply of natural gas;
- 8) Facilities for the storage of natural gas;
- 9) Water supply services through the distribution networks;
- 10) Wholesale and retail sales of natural gas, including in Almaty and Almaty region;
- 11) Maintenance of house gas equipment;
- 12) Collection of utility bills for natural gas;
- 13) Repairing and testing of gas meters;
- 14) Operator activity on a single routing;
- 15) Pumping oil through the pipeline;
- 16) Drain / loading of oil from / to the railway tank (s);
- 17) Pouring oil in tankers;
- 18) Draining / filling oil from/to tankers (s);
- 19) Storage, handling and mixing of oil;
- 20) Water supply services through the pipeline;
- 21) Services of wastewater;
- 22) Services of oil pumping through the main trunk pipeline system;
- 23) Processing of natural gas and oil;
- 24) Wholesale and retail sales of liquefied gas in cylinders and liquefied petroleum gas;
- 25) Wholesale sales of natural dry gas;
- 26) Prevention and suppression of fires, fire safety in organizations and facilities;
- 27) Supply of sulfur.

In 2013 in KMG there happened **following significant events:**

1) The Government of Romania in its Decree of 22 January 2014 approved the final provisions of the Memorandum of Understanding signed in February last year between the company Rompetrol and the Agency for Management of State Shareholding and Privatization of the Ministry of Energy Romania. The main provisions of the Memorandum are the acquisition from the Government of Romania of 26.7% stake in Rompetrol Rafinare (a subsidiary of KMG International N.V. (hereinafter - KMG Int.) - Operator of “Petromidia” refinery) for USD200 million, as well as the creation of a joint investment fund for the implementation of projects in the energy sector in Romania, meeting the strategic interests of KMG. The share of the Government of Romania in the investment fund will be 20%;

2) JSC “Exploration Production “KazMunayGas” (hereinafter - KMG) announced the discovery of new deposits in the sediments of the Bashkirian level of carboniferous period in the Rozhkovsky field. In particular, in testing the layers of Bashkirian age sediments in U-24 well, drilled in 2013 on the northeast flank of the field, a gushing flow of light water-free oil and gas was received with the maximum flow rates of 1.9 thousand boe / day and 6 million ft³ / day, respectively on fitting 24/64” (9.5 mm);

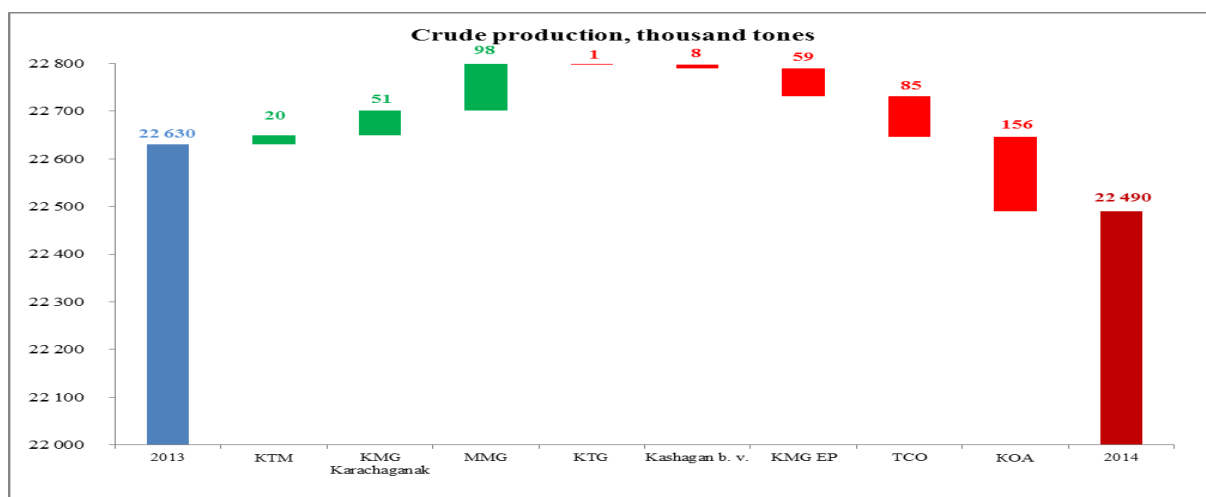
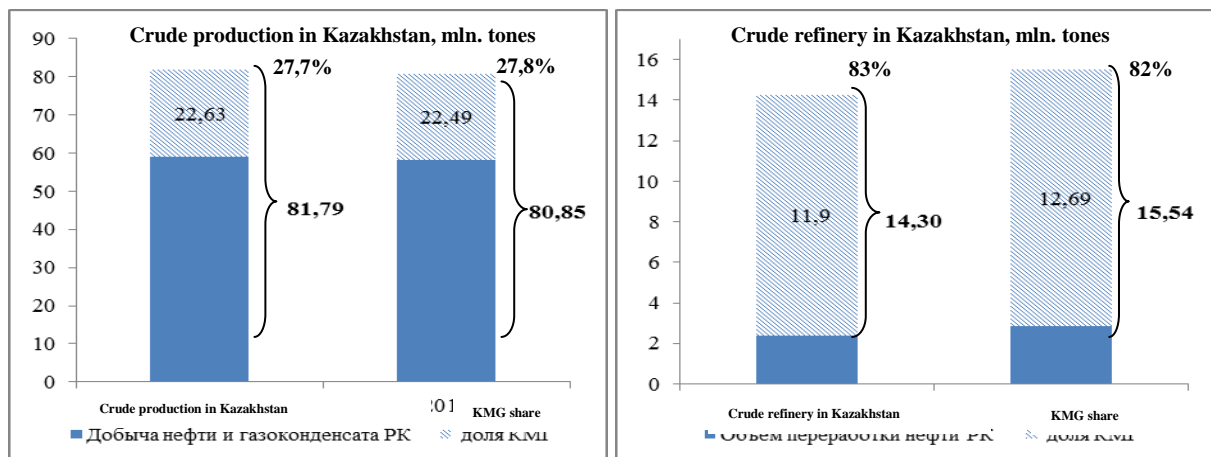
3) KMG and ENI signed an agreement on the project “Isatai” and “Shipyard”. KMG and ENI agreed to conduct exploration work on the same block in the northern part of the Kazakh sector of the Caspian Sea on the project “Isatai”. The parties determined that a joint operating company would carry out exploration work. Both

companies hope that the project “Isatai” would be successful, and at the end of the exploration KMG and ENI would announce the commercial discovery;

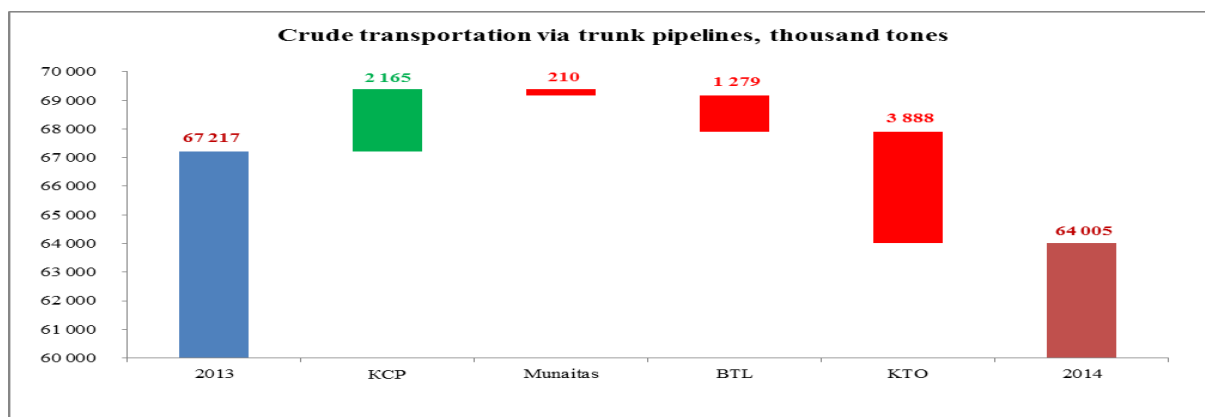
4) The international rating agency FitchRatings affirmed the long-term Issuer Default Ratings (IDR) of “National Company “KazMunayGas” (KMG) in foreign currency at the level “BBB”, “Stable” outlook. “FitchRatings affirmed the long-term IDR of KMG in foreign currency at “BBB” with “Stable” outlook. The agency has also affirmed the senior unsecured rating of KazMunaiGazFinanceSub B.V. in foreign currency at “BBB”;

5) JSC NC “KazMunayGas” increased its share in “Kazakhturkmunai” LLP up to 100% by acquiring 49% stake in the Turkish Petroleum Corporation (TPAO).

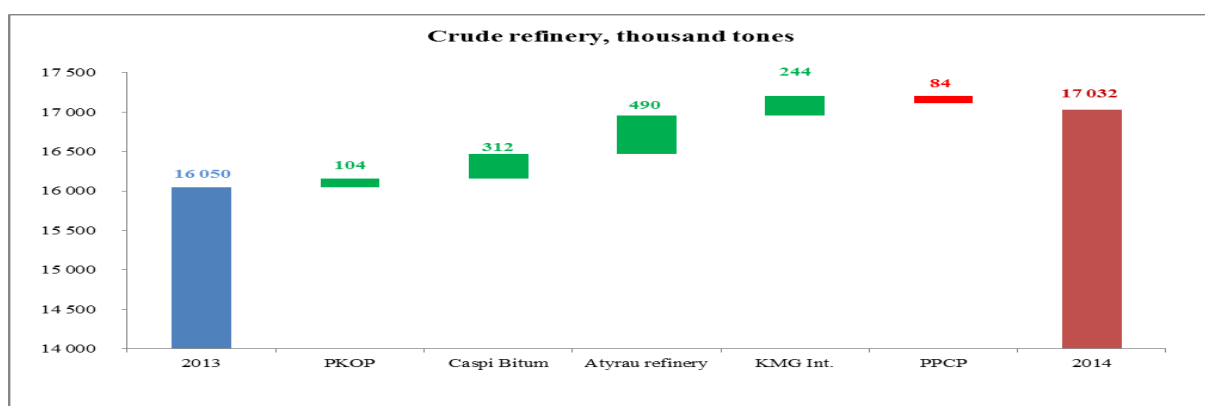
Operational performance. Please find attached the performance results of KMG and factors for their changing for 2014.



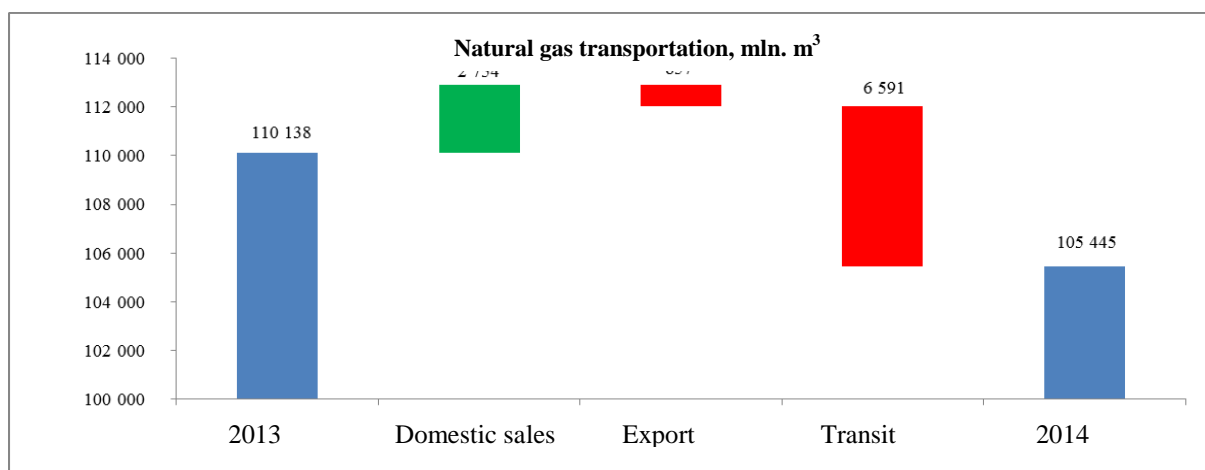
Name	Factors of reducing the amount of oil production
Tengizchevroil LLP (TCO)	long overhaul of KTL-2 in September-October 2014
KazakhOil Aktobe LLP (KOA)	MEP RK quota limitation on the required volume of gas flaring
KMG EP	natural decline in production by 8% in the SKO PKI and by 3% in KGM.



Name	Factors of reducing the amount of oil transportation
KKT	reorienting the direction of transport volumes from SZTK MunayTas JSC to China by a shipper "CNPC-Aktobemunaygas" JSC and reduction of oil produced by KOA
Munaitas	
BTL	lack of BTL transshipment volumes on Tengiz oil due to the reorientation of the volumes on the CPC
KTO	reduction in the volume of oil from shippers (TCO, CNPC-Aktobemunaygas)

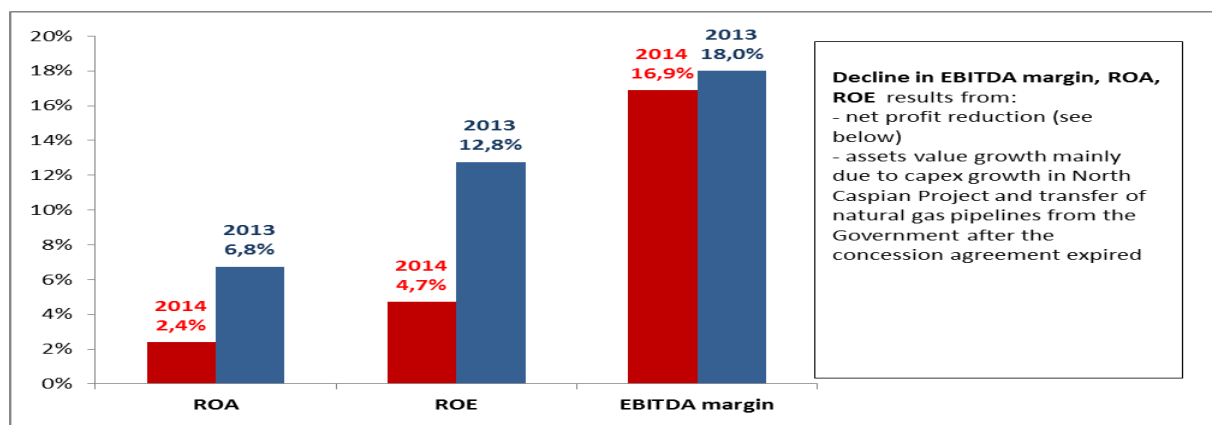


Name	Factors of reducing the amount of oil refining
PKOP	transfer of the capital turnaround maintenance of the plant from October 2014 to 2015
Caspi Bitum	put into operation
Atyrau refinery	over-fulfillment of the production program
KMG Int.	Absence of downtime in contrast to 2013, when Petromidia plant was under overhaul
PPCP	short supply of give and take raw materials

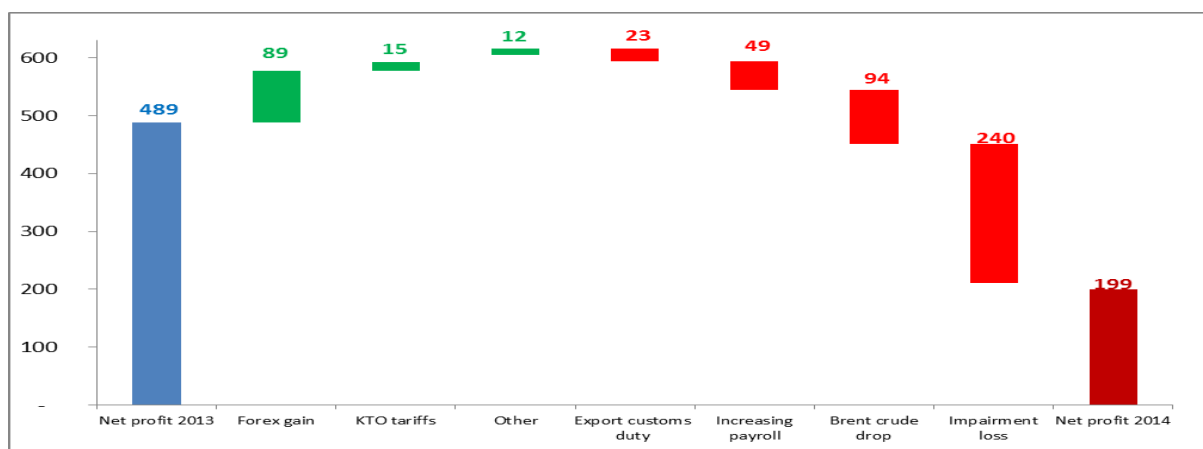


Name	Factors of reducing the amount of oil refining
Domestic market	commissioning of Beineu-Shymkent gas pipeline, and increase of domestic consumption
Export	reduction in supply of volumes form Tengiz and Chinarevo fields
Gas transit	reducing Central Asian transit and transit regime change by Gazprom JSC.

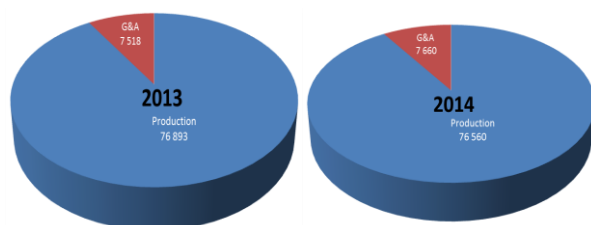
Consolidated financial indicators by the segment:



The main factors of change in net profit for the segment in 2014 as compared with 2013

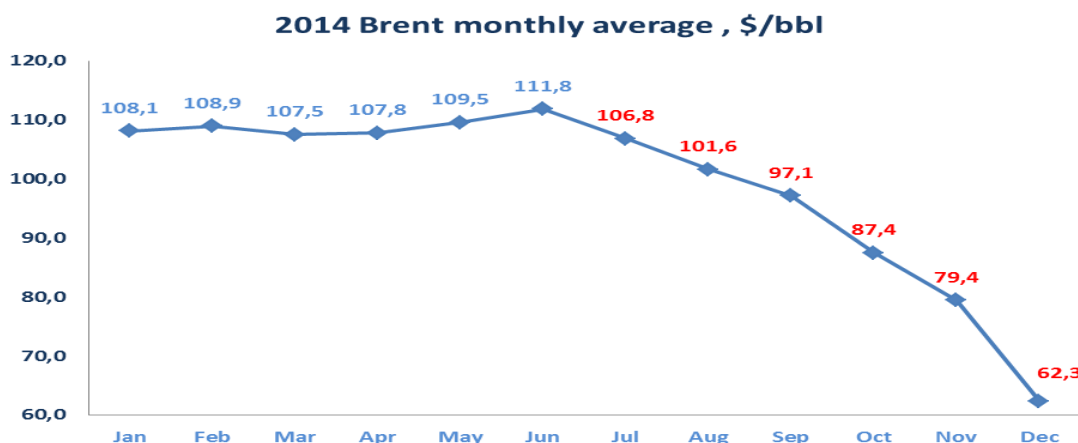


The main factors of change in net income	2013	2014	Change, %
USD rate growth, KZT / USD	152,1	179,2	17,7
The tariff for pumping oil through the pipelines of KazTransOil JSC KZT per 1 ton per 1000 km:			
• export	4 729,3	4 850,6	2,5
• domestic market	1 465,9	2 931,8	50,0
Form April 1, 2014 for:			
• export	4 729,3	5 817,2	23,0
The ECD rate growth, USD / ton	60	80	33,4
Increasing payroll of the production staff, KZT bln.	232,3	282,2	21,5
Brent crude drop	108,6	99,0	8,3
Impairment loss	64,7	353	288



Decrease in the average number from **84 411** people in 2013 to **84 220** in 2014 is mainly due to the optimization of the number of CTG, KING, KMG Security, KMTF.

The significant decline in world oil prices started since the second half of 2014.



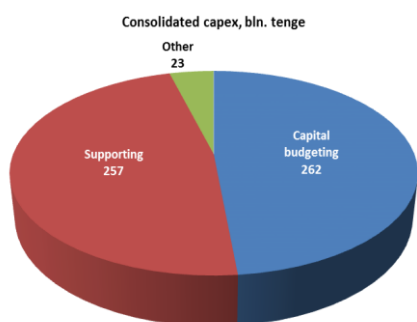
Source: US Energy Information Administration eia.gov

Impairment factor: The impairment assets test showed that their recoverable amount was lower than their carrying value in accordance with IFRS.

Impairment reasons:

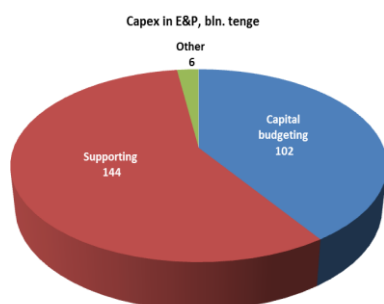
- ✓ Decline in oil prices caused the need to revise the value of segment assets;
- ✓ Growing expenses on employee benefits and increased ECD rate;
- ✓ Negative outlook on refining margins and downstream production.

Capital Expenses (hereinafter - Capex).



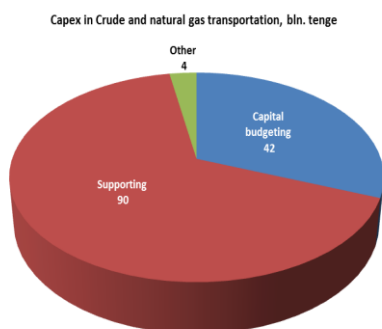
Capex for this segment in the reporting period totaled KZT519 billion and were provided for:

- ✓ Investment projects;
- ✓ Maintenance of current levels of production;
- ✓ Other (mostly of administrative character).



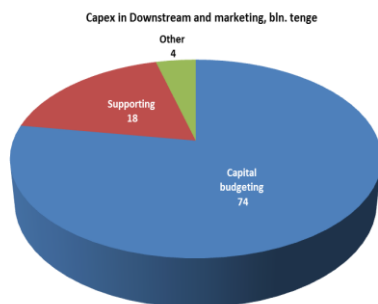
Capex in sub-segment "Exploration and Production":

- ✓ predominance of costs to maintain current production levels over the projects of expansion and increase oil and gas production;
- ✓ the largest investment project is the North Caspian Project.



Capex in sub-segment Oil and Gas Transportation:

- ✓ predominance of costs to maintain current production levels over the projects of expansion and increase oil and gas production;
- ✓ the largest investment project is Kazakhstan – China pipeline.



Capex in sub-segment “Refining and Marketing”:

- ✓ Predominance of investment projects over the costs for maintenance;
- ✓ the largest investment projects are modernization of Atyrau refinery and PPCP.

2.3.2 “Mining and Industrial”.

Segment consists of JSC “NAC “Kazatomprom”, “Kazakhstan Engineering” JSC, “United Chemical Company” LLP, JSC “NMC “Tau-Ken Samruk”.

JSC “NAC “Kazatomprom” (hereinafter – the KAP) is the national operator for the import and export of uranium and its compounds, nuclear fuel for nuclear power plants, special equipment and technology, dual-use materials.

The KAP Sole Shareholder is the Fund. The assets structure of the KAP consists of 81 companies on 4 levels.

The restructuring plan of non-core assets and facilities of KAP (hereinafter - the Plan) was approved by the KAP Board of Directors dated July 4, 2013. The plan provides for the measures on disposal from the KAP structure (liquidation, sale, gratuitous transfer, restructuring) of 11 assets and 64 facilities (26 measures), of which as of 31.12.2014:

Assets:

- on 7 – decisions are made on liquidation, sale, gratuitous transfer or reorganization in the form of merger;
- on 2 – in general 8 bids were conducted, of which 6 on Dutch method with decreasing prices. However, due to lack of applications, the tender was recognized as invalid. By the decision of the Board of Directors of KAP #6 / 14 dated 30.06.2014, “UMZ Palace of Culture” LLP and LLP “PKF “Ulba-Electro” are excluded from the plan, currently these assets are being realized using the IAC electronic portal;
- on 2 – in December 2014 the Memoranda on Cooperation were signed as part of social and economic development of Kyzylorda and South Kazakhstan regions for 2015-2016 according to which Shieli-Energoservice LLP and Taukent-Energoservice LLP in 2015 are transferred to the balance of Kyzylorda and South Kazakhstan regions, respectively.

Facilities:

- of 64 facilities subject to realization, write-off and gratuitous transfer to the local executive bodies of Suzak district (township of Taukent and Kyzyshekh of South Kazakhstan region) – it is executed on 61 facilities; measure on realization of the facility “Khozyastveniy dvor” (3 facilities in total) was excluded from the Plan, because of the need of these facilities to ensure economic activity of branches.

The KAP share in the world market of uranium production made 24,26% in the reporting period.

The **following significant events** were in 2014:

1) In 2014, it was completed accession of the subsidiary company “Mining Company” LLP to KAP. As a result of this restructuring KAP became the subsoil user on contracts for the production and exploration of uranium, a party of which was formerly “Mining Company” LLP.

2) In the period from June to October 2014 KAP was a subsoil user on contracts for uranium mining in the fields “Akdala”, “Inkai” (section 4) and “North Kharassan” (section “Kharassan-1”), which in turn affected the increase in sales of volume of uranium oxide (U₃O₈) in 2014.

3) In April 2014 KAP sold 100% stake in “Aktaugazservis” JSC which is a subsidiary of “MAEK-Kazatomprom” LLP.

JSC “NMC “Tau-Ken Samruk”. To date, TKS is at the investment stage of development, which aims to develop investment proposals, attract project financing for exploration of promising sites, develop feasibility studies, attract strategic partners and subsoil use rights.

The structure of the TKS consists of 45 companies on 5 levels.

The following **significant events** happened in TKS in 2014:

1) As part of the agreement between “Kazakhstan Investment Fund” JSC (hereinafter - IFC) and TKS signed in accordance with the decision of the Council for the Mining Industry, Geology and Subsoil Use for Solid

Minerals under the President of the Republic of Kazakhstan dated December 5, 2013, TKS holds repair work to restore and start the production of metallurgical silicon in Karaganda. In this regard, on February 17, 2014 it was signed the Agreement of storage of assets between IFC and “Tau-Ken Temir” LLP.

2) On March 14, 2014 “Tau-Ken Altyn” LLP concluded an agreement of purchase and sale of refined gold to the National Bank of Kazakhstan.

“United Chemical Company” LLP (hereinafter – UCC). At the moment the UCC is implementing the following investment projects:

1. Reconstruction of a sulfuric acid plant capacity of 180 000 tonnes per year in Akmola region (Stepnogorsk)
2. Construction of the first integrated petrochemical complex in Atyrau region - first phase (polypropylene)
3. Construction of the first integrated petrochemical complex in Atyrau region - second phase (polyethylene)"
4. Special economic zone “Chemical Park “Taraz”
5. Polymer products processing in Atyrau region
6. Polymer products processing in Atyrau region
7. Production of hydrocyanic acid and sodium cyanide
8. Organization of petrochemical production based on raw materials from Karachaganak and Kashagan
9. Production of phosphorus and glyphosate, caustic soda and chlorine; and others

As of 2014 the UCC asset structure is represented by 13 companies.

On December 30, 2014 the UCC acquired 25% share in KLPE LLP from SAT&Company JSC for KZT12 112,54 million according to the decision of IIC of the Fund, Minutes #72 dated April 18, 2014.

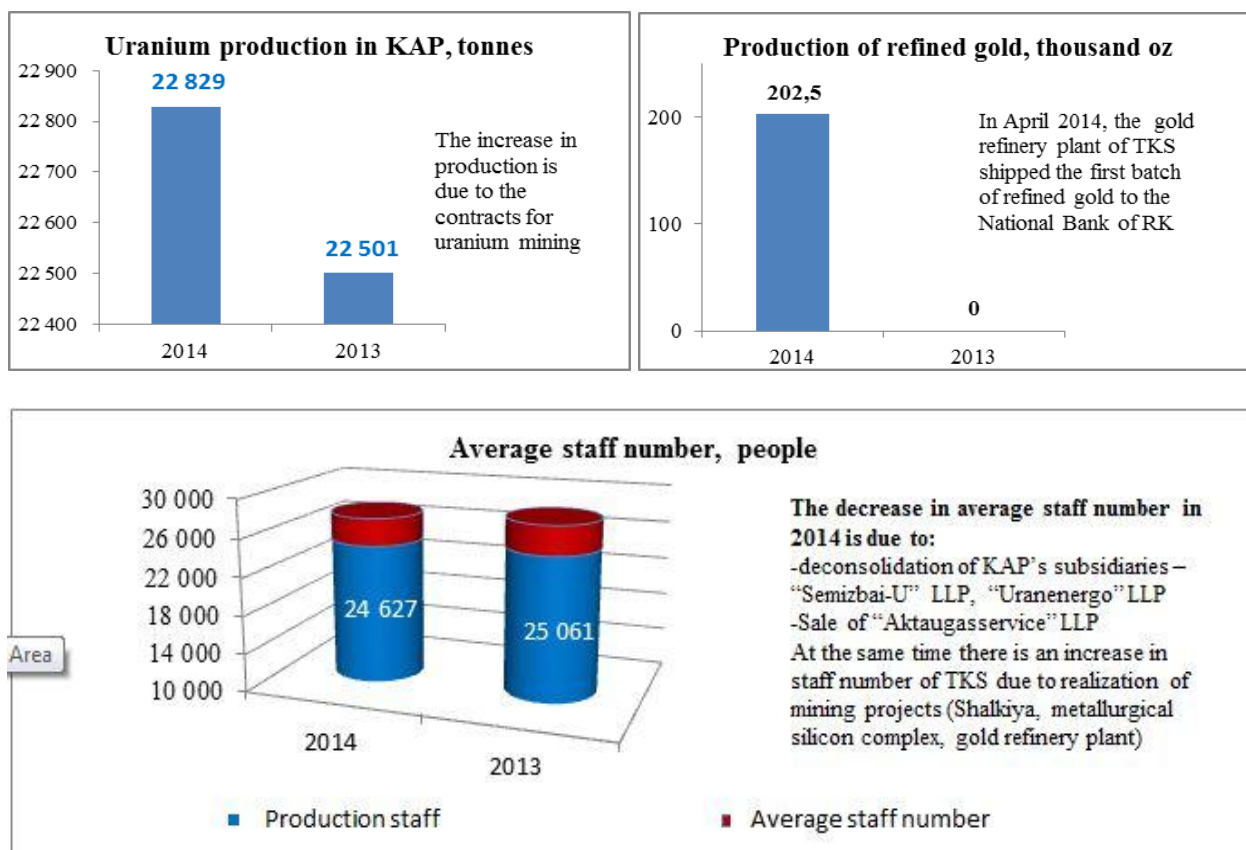
JSC “NC “Kazakhstan Engineering” (hereinafter – KE). The structure of the KE includes 35 companies on 3 levels

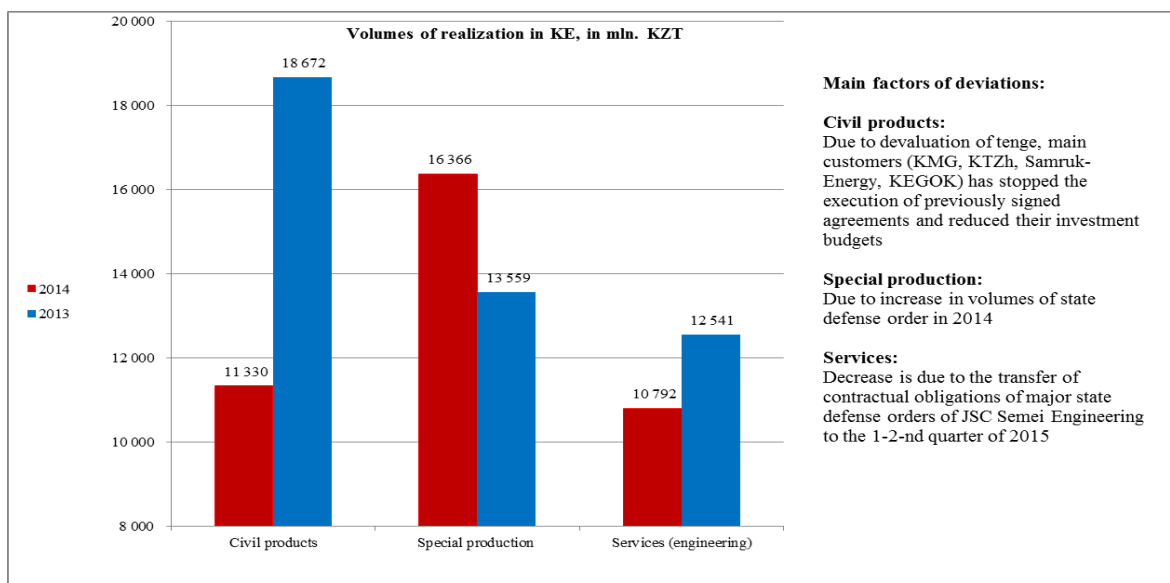
The **following significant events** have occurred in the reporting period:

1) In Q1 2014 it was made the capitalization of KE in the amount of KZT9.375 billion from the funds of the republican budget.

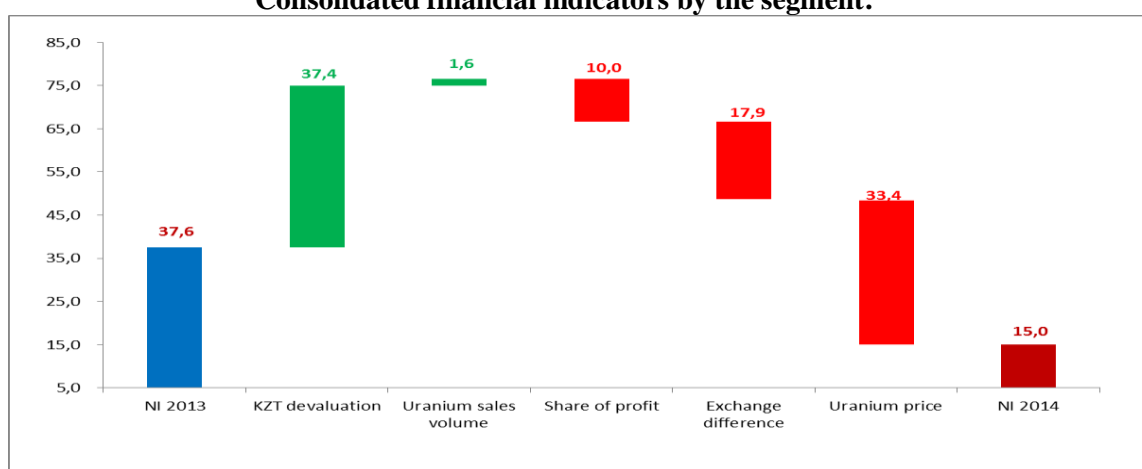
2) On December 15, 2014 the state-owned KE shares were transferred in the amount of 9 375 000 ordinary shares (43.65%) as payment for the placed shares of “Samruk-Kazyna” JSC, whereby the Fund became the Sole Shareholder of KE.

Performance indicators. Please find below the performance results by the segment for 2014.

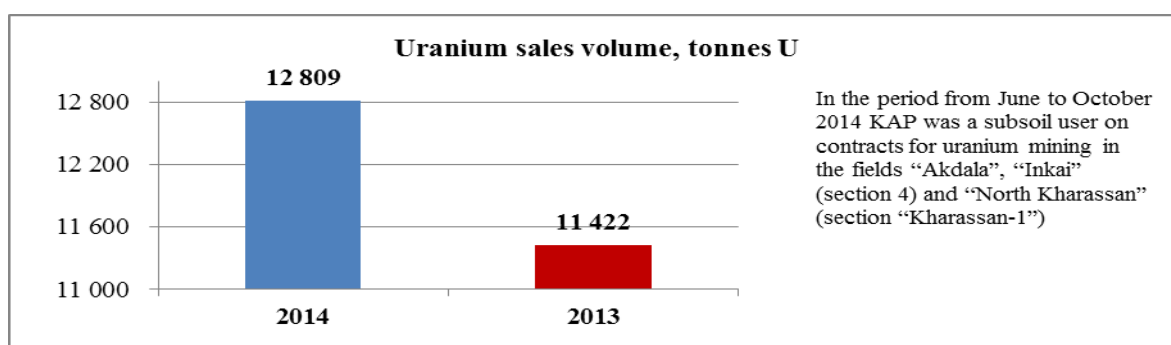


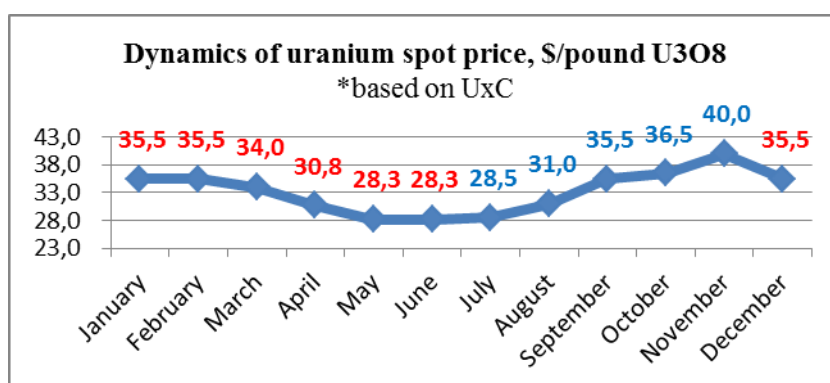
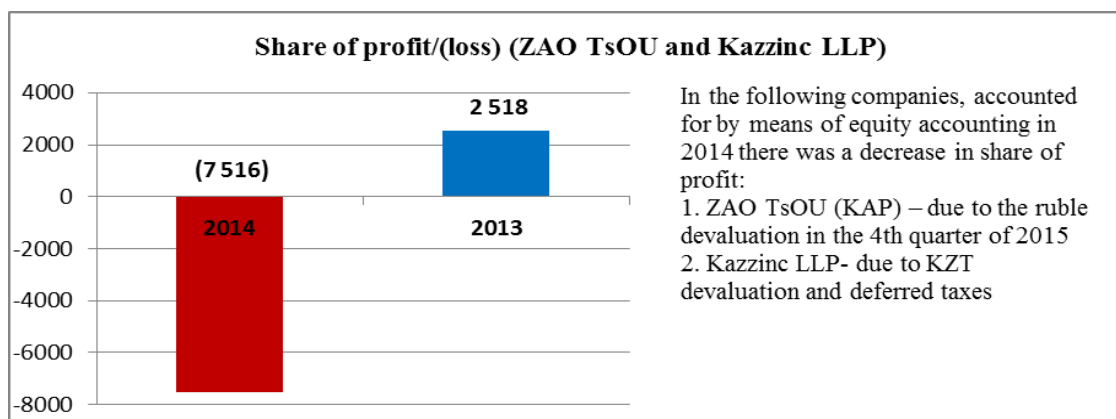


Consolidated financial indicators by the segment:



Please find revealed below the main factors of changes in the net income:

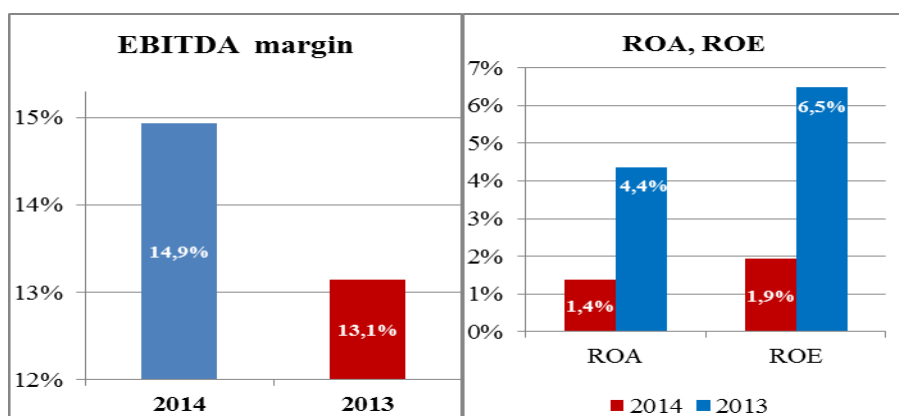




Reduced price of uranium

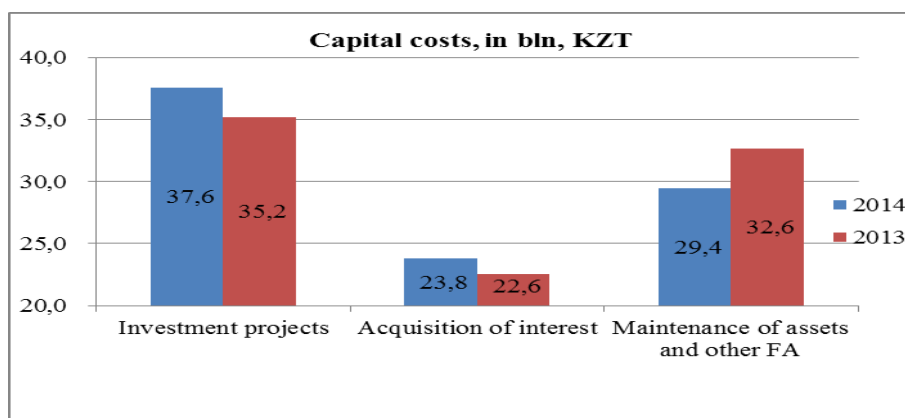
From 38 USD / lb (average spot on 2013) to 33 USD / lb (average spot on 2014), which resulted in lower gross margins on the realized uranium (-KZT27.3 billion) and reduction of share income from UO (KZT6 bln.). In general, during H1 there was a steady decline in spot quotes for uranium, which can be seen in the graph on the left.

EBITDA margin, ROA, ROE



Growth of EBITDA margin due to:

- a positive influence on the KZT devaluation on KAP activities.
- The increase in KE gross margin from 18.8% to 25.4% to (KE will be able to buy raw materials before the KZT devaluation, as well as a positive effect on the purchase of raw materials had a weakening of the ruble in H2 of 2014).
- Decrease in ROA, ROE is associated with the reduction in consolidated net profit.



Growth of investment projects in the segment is mainly seen on the UCC, as the company is in the investment stage.

2.3.3 “Transportation”.

This segment includes JSC “NC “Kazakhstan Temir Zholy” (hereinafter - KTZh), “Air Astana” JSC, “Atyrau International Airport” JSC, “Aktobe International Airport” JSC, “Airport of Pavlodar” JSC.

The Sole Shareholder of «KTZh» JSC is the Fund. «KTZh» JSC structure includes 106 companies at 5 levels, 68 companies with 100% share is owned by «KTZh» JSC.

Jointly controlled Companies of «KTZh» JSC are:

- “Lokomotiv Kurastyru Zauyty” JSC, the main kind of activity of which is the erection of the locos
- “Tulpar-Talgo” LLP, the main kind of activity of which is the design, erecting, production, export, sale and engineering maintenance of rail passenger cars;
- “Elektrovoz Kurastyru Zauyty” LLP, the main kind of activity of which is the production of freight and passenger electric locos;
- “Astyk Trans” JSC, the main tasks of the company are adequate supply of the dynamically developing agricultural sector of the Republic of Kazakhstan with specialized rolling stock, modernization of the logistics capacity and improving technologies of railroad transportation of cereal crops;
- Logistic System Management B.V, a leading private operator of railroad terminal network in Kazakhstan;

- “KazElektroPrivod” JV” LLP, the main kind of activity of which is production switchgear.

Associated Companies of «KTZh» JSC include:

- “Aktobe Rail and Beam Plant”;
- “Roskazzheldortrans” OJSC;
- “Chinese-Kazakhstan International Logistics Company, Lianyungang city”;
- “Continental Logistics” LLP;
- “Aktau Marine Northern Terminal” LLP;
- “Airport Management Services” LLP;
- “Doszhan Terir Zholy” JSC (DTZ);
- “Eurotransit-KTS” LLP;
- “Astana Diesel Engines” LLP;
- “RailwaysEcoEnergy” LLP;
- “Platinum Train Services” LLP.

Subsidiaries of «KTZh» JSC provide services in the following areas of natural monopoly:

- “KTZh” JSC: services of the main rail network, access roads, transmission and distribution of electricity;
- “Temirzholsu” JSC: service of water supply and (or) sewage systems.

In the reporting period, the **main events were:**

- 1) March 31 – an agreement on delivery of the second part of loco TE33A of “Lokomotiv kurastyru zauyty” JSC to GUP “Kyrgyz temir zholu” was signed;
- 2) May 12 – a contract on delivery of 50 electric loco assembled by “Elektrovoz kurastyru zauyty” LLP for Azerbaijan railroad was signed;
- 3) May 20 – opening of the first launch complex of Kazakhstan – China transport and logistics terminal in Lianyungang port with participation of the President of the Republic of Kazakhstan, N.A. Nazarbayev;
- 4) June 25 – commercial office of the subsidiary of “KTZh” JSC – “KTZ Express” JSC was opened in Hong-Kong;
- 5) July 2 – in the course of National telebridge with participation of the President of the Republic of Kazakhstan, N.A. Nazarbayev it was launched construction of the Sukhoi port at the territory of “Khorgos-Vostochniye vorota (Eastern gates)” SEZ;
- 6) July 2 – a Memorandum on cooperation on router container train Wuhan – Kazakhstan – Europe was signed between “KTZ Express” JSC and International logistics company “Wuhan Han Ou” JSC, Wuhan city (PRC);
- 7) July 22 - the President of the Republic of Kazakhstan, N.A. Nazarbayev launched operation of the railroads Zhezkazgan – Beineu and Arkalyk - Shubarkol;
- 8) October 1 - the President of the Republic of Kazakhstan, N.A. Nazarbayev familiarized with the course of implementation of the project on expansions of Aktau port and launched construction of new railroad “Borzhakty - Yersai”;
- 9) October 7 – Business Transformation Program of “KTZh” JSC was presented to the President of the Republic of Kazakhstan, N.A. Nazarbayev, at the Transformation Forum;
- 10) December 3 - the Presidents of Kazakhstan - N.A. Nazarbayev, Turkmenistan - G. Berdimukhamedov, Iran – Kh. Rukhani opened crossborder railroad mainline Uzen – Bereket - Gorgan;
- 11) December 18 – “Tulpar Talgo” maintenance depot was opened in Astana;
- 12) December 25 – in the course of National telebridge JSC NC “KTZh” presented new objects: Aktobe rail and beam plant, Sukhoi port at the territory of “Khorgos-Vostochniye vorota (Eastern gates)” SEZ and car engineering cluster in SEZ Astana to the Head of the State, N.A. Nazarbayev;

The main activities of “**Air Astana**” JSC (hereinafter - Air Astana) is the carriage of passengers and freight aircraft by civil aviation. The shareholders of Air Astana are the Fund (51%) and “BAE Systems Kazakhstan Ltd” (49%).

The share of Air Astana in the airline market on international routes in 2014 was about 52%, on domestic routes – 70%. Freight volumes in the period have increased by on domestic routes by 33%, on international routes have decreased by 39%.

Air Astana has a dominant position in the market of regular interrepublican air transport. As of December 2014 there were approved the following tariffs for the carriage of passengers on domestic routes:

Route		Tariff, in KZT	
		One way	One way
Almaty	Astana	14 185	28 370
Almaty	Aktau	26 771	53 542
Almaty	Atyrau	27 712	55 424
Almaty	Aktobe	26 446	52 892
Almaty	Karaganda	19 680	39 360
Almaty	Kzylorda	13 542	27 084
Almaty	Pavlodar	21 030	42 060
Almaty	Ust-Kamenogorsk	16 631	33 262
Almaty	Shymkent	16 173	32 346
Astana	Aktau	24 221	48 442
Astana	Aktobe	19 194	38 388
Astana	Atyrau	22 721	45 442
Astana	Ust-Kamenogorsk	14 420	28 840
Astana	Kzylorda	17 450	34 900
Astana	Kostanay	17 400	34 800
Astana	Shymkent	21 030	42 060
Aktau	Atyrau	10 304	20 608

In the reporting period the **significant events** were as follows:

- 1) The airline has for the third time was named “Best Airline in Central Asia and India” by Skytrax agency, as well as awarded by “Best In-flight Service in Central Asia and India” for the second time;
- 2) Implementation of ETOPS program introduction (ICAO rules of extended range operations with two engine airplanes) for the fleet of the airline (Boeing only);
- 3) Opening of planned new routes (Astana – Dushanbe, Astana – Ulan-Bator and Astana – Taraz) was postponed. In addition to the traditional summer program to Antaliya a charter program: Astana/Almaty – Antaliya (May - October), Almaty – Barcelona (June – September) was initiated. New route Astana-Bangkok was opened on December 14.

“Atyrau International Airport” JSC, “Aktobe International Airport” JSC, “Pavlodar Airport” JSC.

“Atyrau International Airport” JSC and “Aktobe International Airport” JSC accept and maintain practically all types of aircrafts, during 2014 it is maintained about 11 492 units of aircraft, including by “Aktobe International Airport” JSC – 3 460 units, on “Atyrau International Airport” JSC – 6 845 units, on “Pavlodar Airport” JSC – 1 187 units, mainly on the following routes:

- Aktobe-Almaty, Aktobe-Astana, Aktobe-Moscow, Aktobe-Atyrau, Aktobe-Aktau, Aktobe-Antaliya, charter routes;
- Atyrau-Astana, Atyrau-Almaty, Atyrau-Aktau, Atyrau-Aktobe, Atyrau-Uralsk, Atyrau-Kzylorda, Atyrau-Shymkent, Atyrau-Moscow, Atyrau-Istanbul, Atyrau-Amsterdam. Charter routes are performed all over the world, but main directions are: Dubai, Antaliya, Baku and Tbilisi. The most passenger traffic is noted on routes of the following cities: Astana, Almaty, Moscow, Amsterdam and Istanbul;
- Pavlodar-Astana, Pavlodar-Almaty, Pavlodar-Moscow, Pavlodar-Minsk, Pavlodar-Saint-Petersburg, Pavlodar-Antaliya.

Airports provide services in the following areas of natural monopoly:

- ensuring takeoff and landing of aircrafts;
- Aviation Security of aircrafts;
- providing excess aircraft parking for more than 3 hours;
- providing aircraft parking at the base airfield;
- power transmission and distribution.

During 2014 it was increased the tariff on “Aktobe International Airport” JSC:

- on additional services on on-shore servicing of the aircrafts on application of the explants of the aircrafts by 7-10%.

During 2014 it was decreased the tariff on “Atyrau International Airport” JSC:

- decline of commission tariffs.

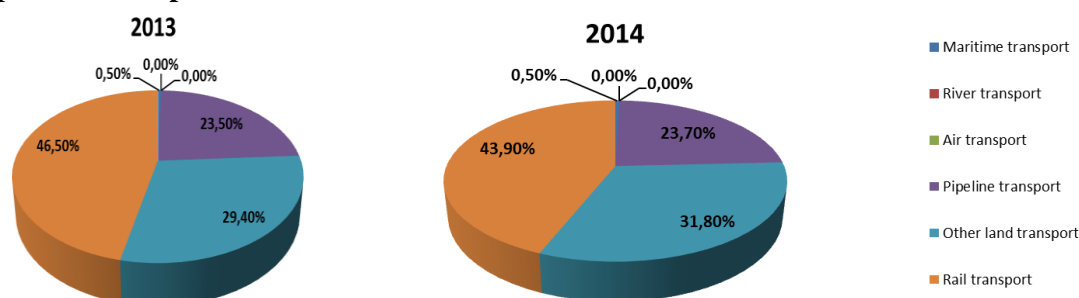
In 2014 the **significant events** were as follows:

1) due to the introduction of the separate account “Pavlodar Airport” JSC implemented 1C program version 8 in 2014 that is why the Accounting policy of the Company was alternationd and added.

The actual average number for the reporting period amounted to 1 162 units, including 1 073 persons of the industrial staff.

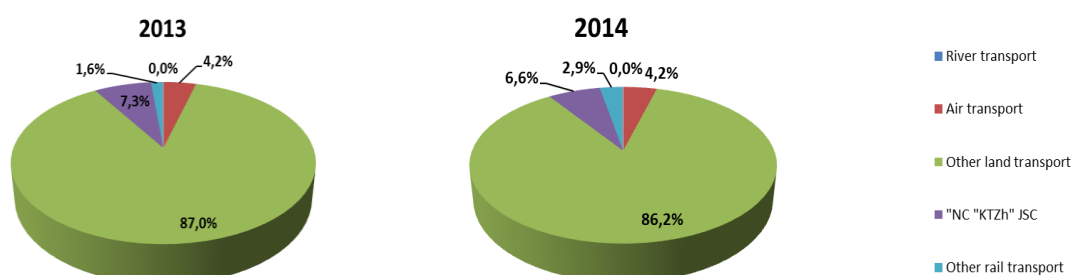
Performance indicators.

Alternation of the structure in transportation market of Kazakhstan adversely affected activity of the railroad transport. According to data of the Agency on Statistics of the Republic of Kazakhstan **freight turnover by kinds of transport of the Republic of Kazakhstan:**



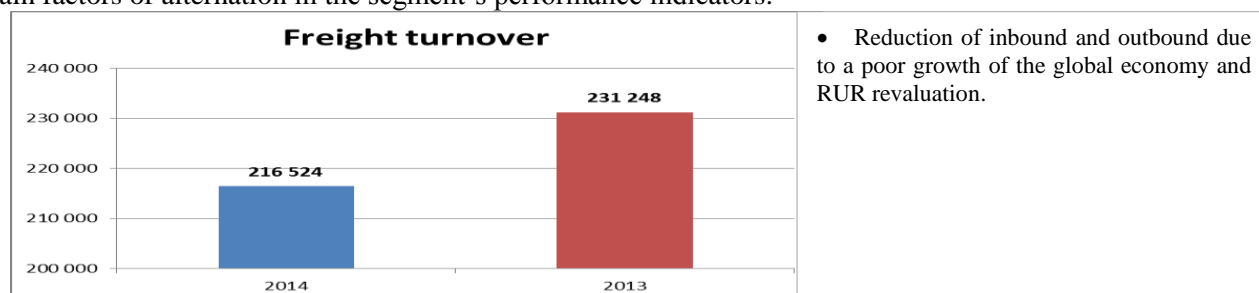
Name	Factors of market share decrease
KTZh's share in freight turnover	Decrease in volume of freight transportation by 6.6% due to the decrease in transportation on all kinds of freights, except for construction freight and grain
	Higher-than-anticipated growth of transportation by air transport (+6.8%).

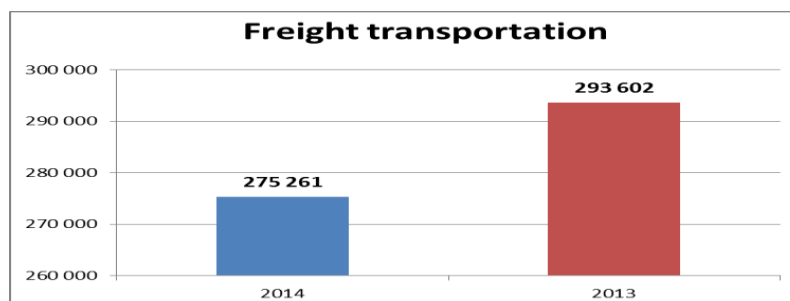
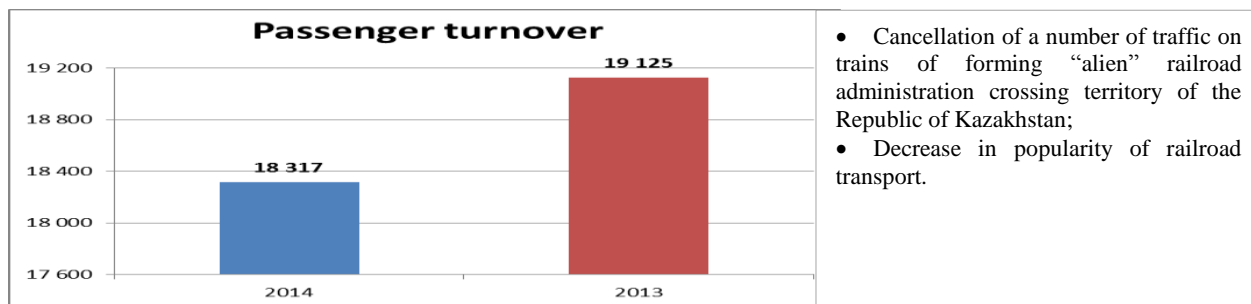
Passenger turnover by kinds of transport (according to data of the Agency on Statistics of the Republic of Kazakhstan):



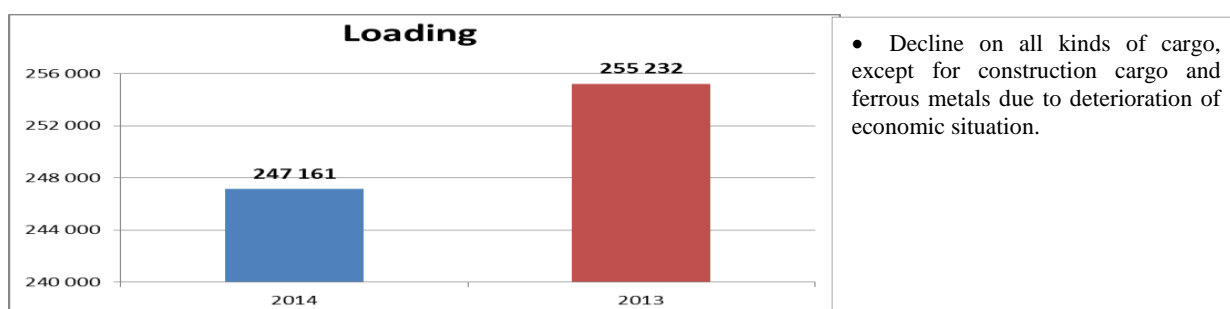
Name	Factors of the market share decrease
Share of KTKh in passenger turnover	Overall growth of the RK passenger transportation market by 6.8%.
	Cancellation of a number of traffic on trains of forming “alien” railroad administration crossing territory of the Republic of Kazakhstan.
	Higher-than-anticipated growth of transportation by other kinds of transport: motor transport (+5.8%), air transport (+9.1%).
	Decrease in passenger turnover by (+15.2%) due to the growth of the services in the other kind transport market.

Main factors of alternation in the segment's performance indicators:

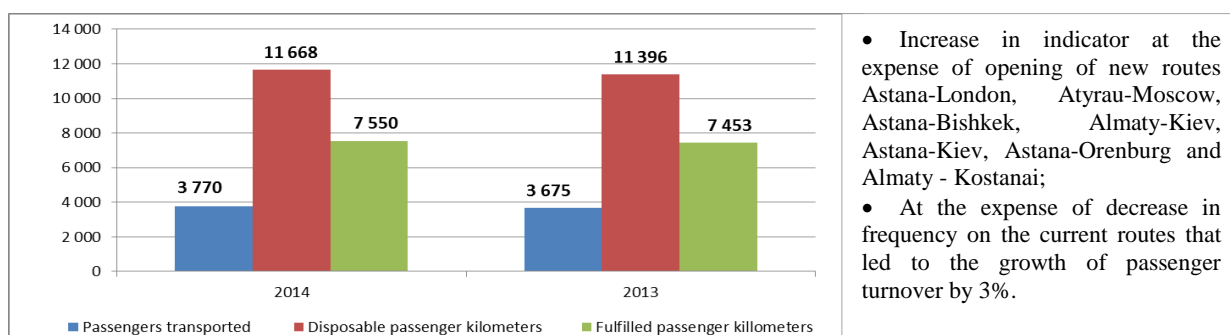


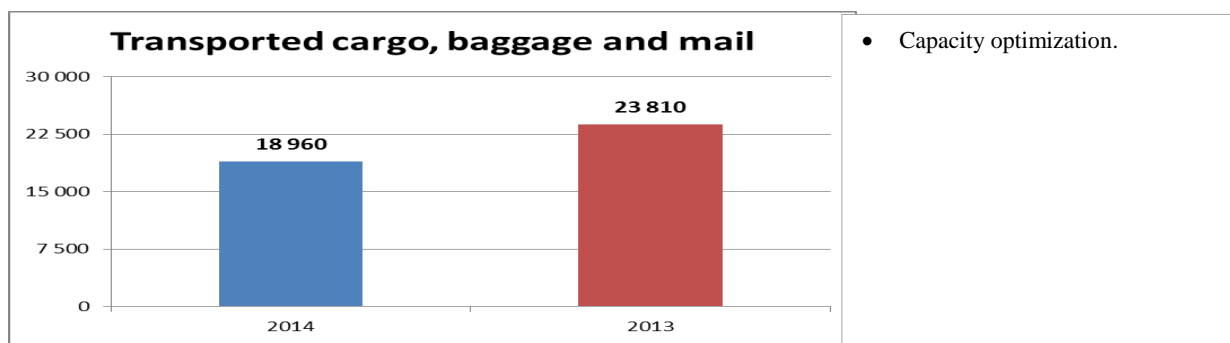


Factors of the freight transportation decrease
Reduction of the transportation of coal due to warm weather conditions and export to Russia and China by reason of decline of economy growth rate in these countries.
Decrease in high value-added production due to decline of demand for natural resources in global markets, in particular, for metals.
Decrease in transportation of petroleum cargo due to a high level of transfer of Tengiz oil through CTC as a results of expansion of the pipeline from 27 million tons up to 34 million tons.

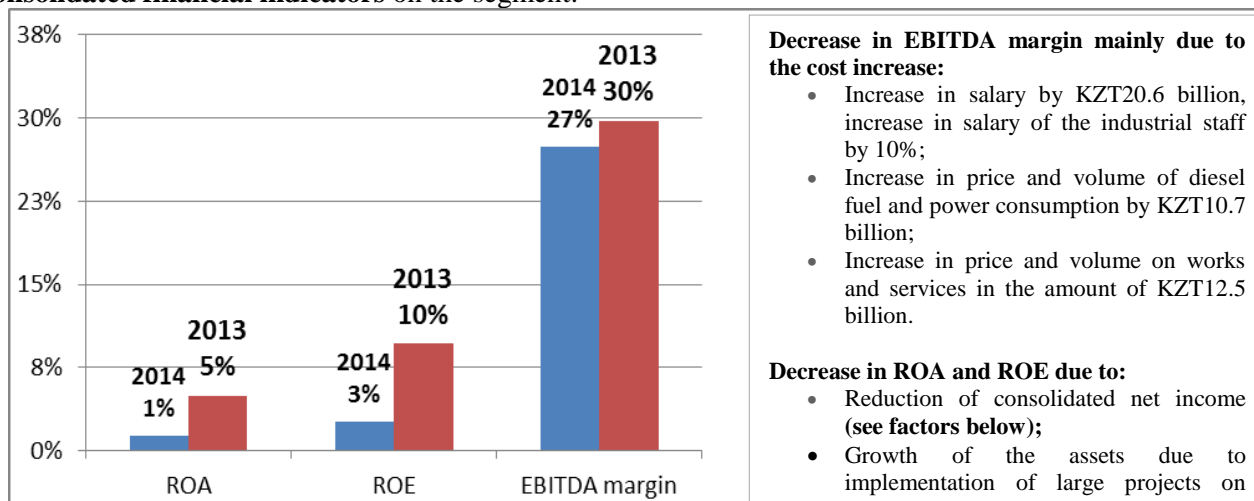


Volume on passenger transportation of “Air-Astana” JSC.

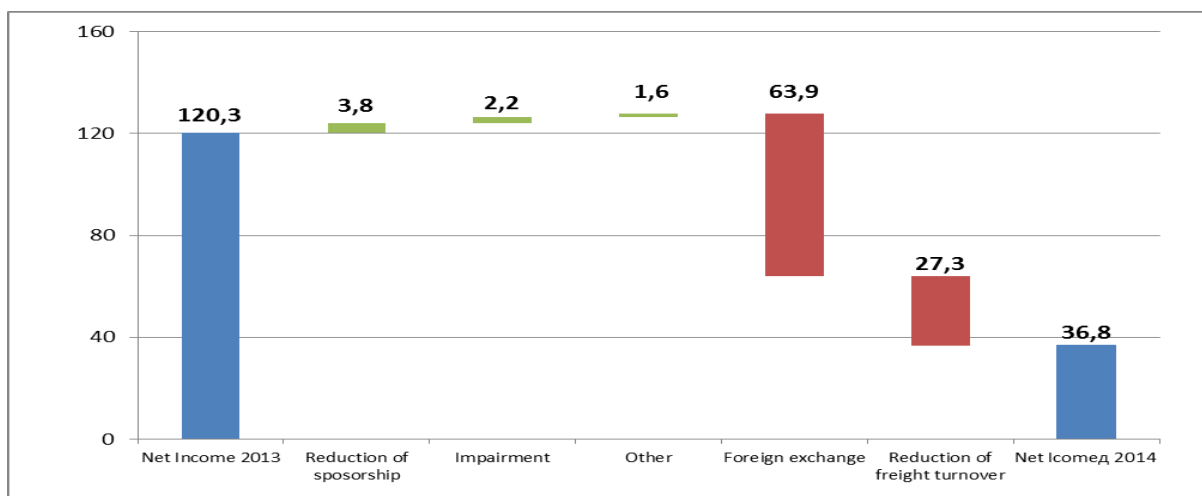




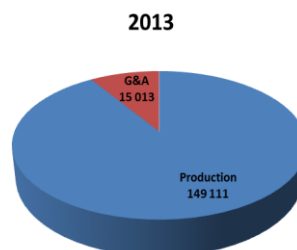
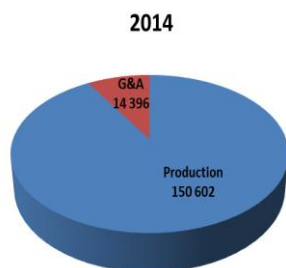
Consolidated financial indicators on the segment:



Main factors of alternation on net income on the segment in 2014 as compared to 2013



Name	2013	2014	Alternation, in %
Reduction of the sponsorship of KTZh to Astana and Barys Sport Clubs	9 187	3 759	-59,1
Accrual of the depreciation, in 2013 there were accrued a considerable depreciation on "Kamkor Management" LLP, the object was re-classified in 2014 as the assets available-for-sale	6 029	3 362	-48,6
Growth of US rate, KZT/US\$	152,1	179,2	17,7
Decrease in tariff freight turnover, million tkm	231 248	216 524	-6,4

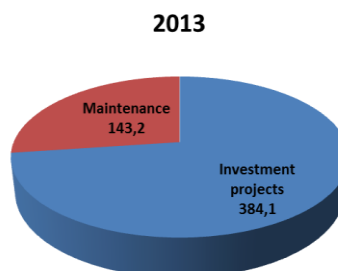
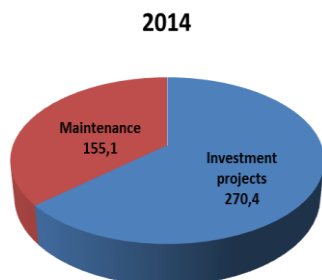


- Growth by 874 people in term of reduction of the average number for the period by 1 546 people due to the Performance Improving Program of the group of “KTZh” JSC companies developed by KTZh.

New tariffs were approved for the following regulated services of “KTZh” JSC, but at that the alternation of tariffs did not considerably affected size of the net income:

- the services of the main rail network and freight services (locomotive traction, trucks and commercial work) with the introduction since January 1, 2014 and the average overall increase by 7% in compliance with the order of ARNM RK #362-OD dated November 25, 2013 and letter of ARNM RK #07-10-32/18831 dated December 18, 2013.
- access roads since January 01, 2014 the tariffs were not alternationd;
- transmission and distribution of electric power since January 01, 2014 the tariffs were not alternationd (since April 1, 2013 and overall increase by 20.2 % by ARNM RK # 60-OD dated February 21, 2013);
- water utilization and (or) sewerage systems.

Capital costs on this segment 2014 amounted to KZT 425.5 billion and reduction as compared to 2013 amounted to KZT101.8 billion.



The following major investment projects were implemented in 2014:

- 1) **“Development of the railroad hub in Astana station, including construction of the railroad complex”**. The project is aimed at the development of the transport infrastructure of Astana, totaling KZT12.3 billion;
- 2) **“Construction of the railroad line “Zhezkazgan - Beineu”**. The project is aimed at the formation of the shortest railroad direction Centrat Kazakhstan – Aktau port, totaling KZT120.9 billion;
- 3) **“Construction of the railroad line “Arkalyk – Shubarkol”**. The project is aimed at the reduction of the distance and terms of delivery from Central Kazakhstan to the northern direction, totaling KZT 23.3 billion;
- 4) **“Purchase of the freight cars”**. The project is aimed at the meeting of demand of freight transportation for rolling stock, totaling KZT 10.2 billion;
- 5) **“Purchase of “Evolution” mainline loco”**. The project is aimed at the increase in performance of the company, totaling KZT11.1 billion;
- 6) **“Purchase of loco”**. The project is aimed at the meeting demand for services of loco traction, totaling KZT25.8 billion;
- 7) **“Purchase of passenger cars and electric trains”**. The project is aimed at the substitution of the current worn-out park, totaling KZT 28.2 billion;
- 8) **“AMS Energy Dispatching Traction”**. The project is aimed at the reduction of the costs of diesel fuel, electric power when implemented loco traction of the trains, totaling KZT9.5 billion;
- 9) **“Construction of multi-functional ice palace in Astana”**, totaling KZT11.7 billion.

2.3.4. “Power” segment.

This segment is presented by the Fund’s Companies: **“Samruk-Energy” JSC** (hereinafter - “Samruk-Energy”) and **“Kazakhstan Electricity Grid Operating Company” JSC** (hereinafter - KEGOC) which are the largest in this segment, **“KOREM” JSC** (hereinafter - “KOREM”), **“Kazakh Research Institute of Energy**

named after Sh. Chokin” JSC (hereinafter - KazNIE) and **Karagandagiproshaht&K LLP** (hereinafter - Karagandagiproshaht).

The Sole Shareholder of **Samruk-Energy** is the Fund. The structure of Samruk-Energy consists of 40 companies at 4 levels in relation to the Fund. Associated and jointly controlled organizations are presented by 4 companies.

A table on the installed and available capacity of power plants and the extension of transmission lines of the Company is given below:

Subsidiary Name	Installed capacity, MW	Available capacity, MW
Total on Subsidiaries of “Samruk-Energy” JSC	7,9	6,3
Power stations		
Ekibastuz GRES-1	4,0	2,9
Ekibastuz GRES-2	1,0	0,9
Zhambyl GRES	1,2	1,1
AIES	1,2	0,9
Aktobe CHP	0,1	0,1
Hydro-power plants		
“Moynak HPP” JSC	0,3	0,3
“Shardarinskaya HPP” JSC	0,1	0,1
Solar power plant		
Kapshagai SPP		
Length of ETL, thousand kilometers		
Total on Subsidiaries of “Samruk-Energy” JSC	70,0	
AZhK” JSC	29,2	
“VK REK” JSC	34,6	
“MREK” JSC	6,2	

KEGOC is a system operator of Unified electric power system of Kazakhstan (hereinafter - EPS RK).

The Fund is the Shareholder of KEGOC with 90%+1 share ownership ratio. The structure of KEGOC includes 4 companies at 4 levels in relation to the Fund.

The structure of KEGOC includes the Executive Directorate, 9 branches of intersystem electric networks located throughout the territory of Kazakhstan, the National Dispatch Center, the representative office in Almaty.

The following services provided by KEGOC, are referred to the sphere of natural monopolies:

- services on electric power transmission;
- services on technical control of grid and electricity consumption;
- services on balancing the production / consumption of electric power.

In compliance with the Order of the Agency of RK for Regulation of Natural Monopolies #105-IOD dated May 16, 2014, the ceiling tariffs for regulating services of KEGOC are approved for a medium-term period since November 1, 2013 up to October 31, 2015:

for electric network energy transmission

from November 1, 2013 up to October 31, 2014 in the amount of KZT 1.305 /kWh (excl.VAT);

from November 1, 2014 up to October 31, 2015 in the amount of KZT 1.954 /kWh (excl.VAT);

on technical dispatching grid output and electric power consumption

from November 1, 2013 up to October 31, 2014 in the amount of KZT 0.134 /kWh (excl.VAT);

from November 1, 2014 up to October 31, 2015 in the amount of KZT 0.182 /kWh (excl.VAT);

on balancing production and consumption of the electric energy

from November 1, 2013 up to October 31, 2014 in the amount of KZT 0.060 /kWh (excl.VAT);

from November 1, 2014 up to October 31, 2015 in the amount of KZT 0.083 /kWh (excl.VAT).

The main types of the activity of **KOREM** is to ensure the readiness for the trading of electric energy at the centralized location.

Karagandagiproshaht implements the design of mining industry, urban planning and architectural design of buildings and structures, as well as environmental design and rating for the coal and mining industry.

In 2014 the **following main events** were in the segment:

1) April 8 – “Samruk-Energy” JSC closed the transaction on procurement of 50% of the equity share in “Ekibastuz GRES-1 named after B. Nurzholov” LLP amounting to US\$1.25;

2) May 16 – “AZhK” JSC within Program of development and modernization of the power complex of Almaty city commissioned new closed-type power sub-station “Eysentai”;

3) June 16 – it was signed a sale-purchase contract of 49% of ordinary share of “Moinak Hydropower Plant” JSC;

4) October 28 – “Samruk-Energy” JSC announced on sale of 24%+1 share of “Mangystau Distribution Company” JSC in Kazakhstan Stock Exaltation (KASE), the price of placement of one share will amount to KZT5 147;

5) November 27, the Subsidiary of “Samruk-Energy” JSC – “Yereymentau Wind Power” LLP concluded agreement with EBDR on funding of the second turn of the project on construction of the wind park Yereymentau with capacity of 50 MW;

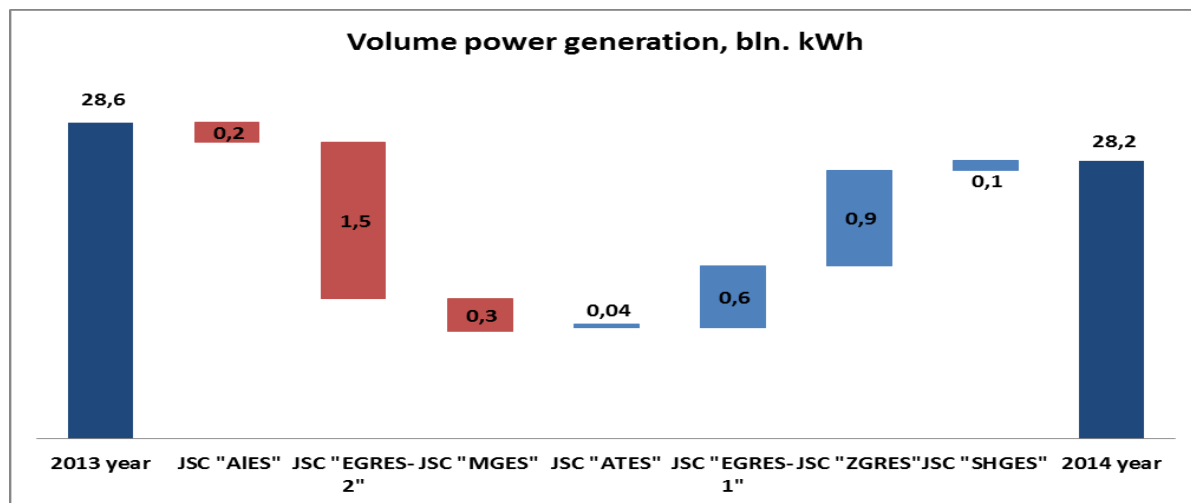
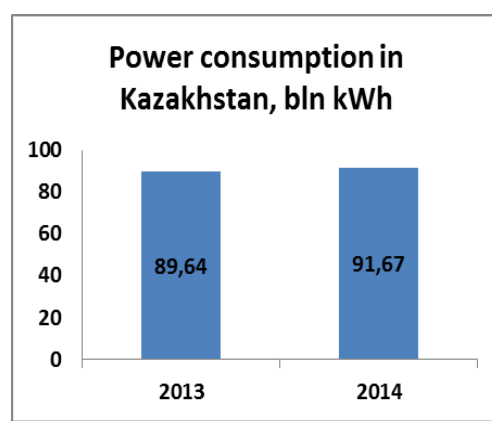
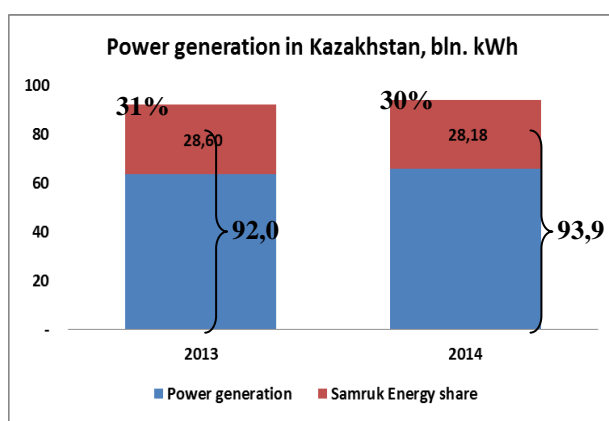
6) December 1 – “Zhambyl GRES” JSC initiated delivery of the power to the Kyrgyz Republic under IGA and agreements at a high level between the Heads of two States;

7) December 2 – “Samruk-Energy” JSC announced about acceptance of the application on two-stage open tender on sale of 100% stock of shares of “VK REK” JSC, “Aktobe TES” JSC, 50% of “ZhGRES” JSC and 51% “Mangystau REK” JSC;

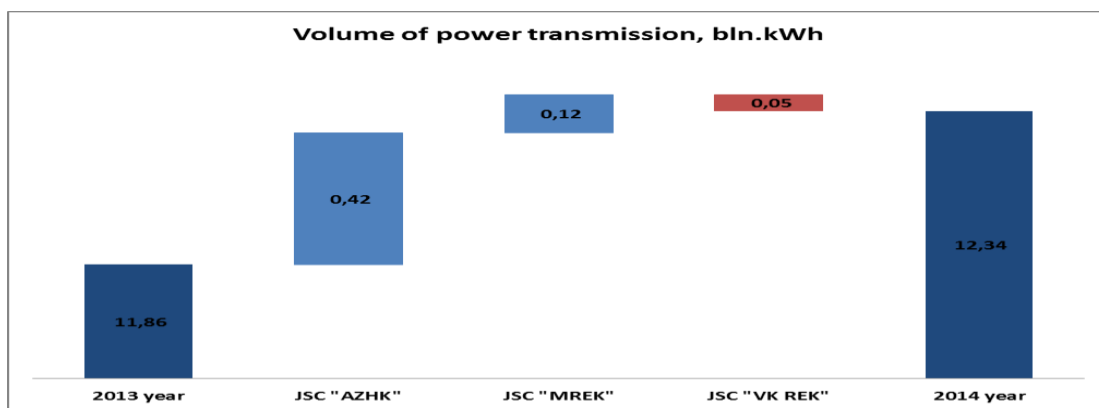
8) December 14 – “Samruk-Energy” JSC and Chinese International Water Economy and Power (KIWEP) signed Memorandum on cooperation on development Shelek region and diversion of runoff of Kensu river to Bestyube water storage;

9) December 23 – successful connection of unit #2 on “Ekibastuz GRES-1 named after B. Nurzholov” LLP to NPS RK was carried out upon completing of restoration works.

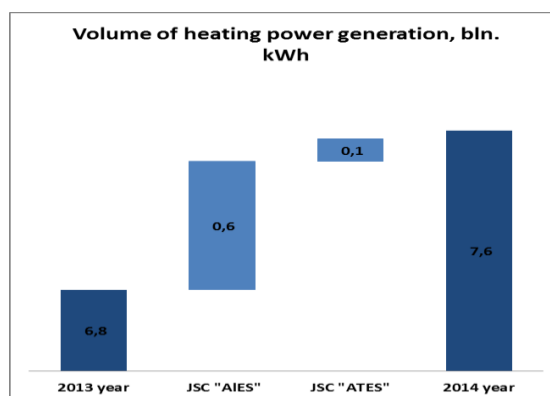
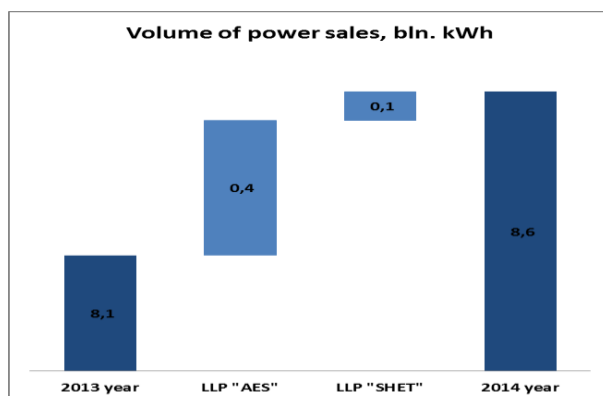
Performance indicators. Main factors of alternation in the segment’s performance indicators:



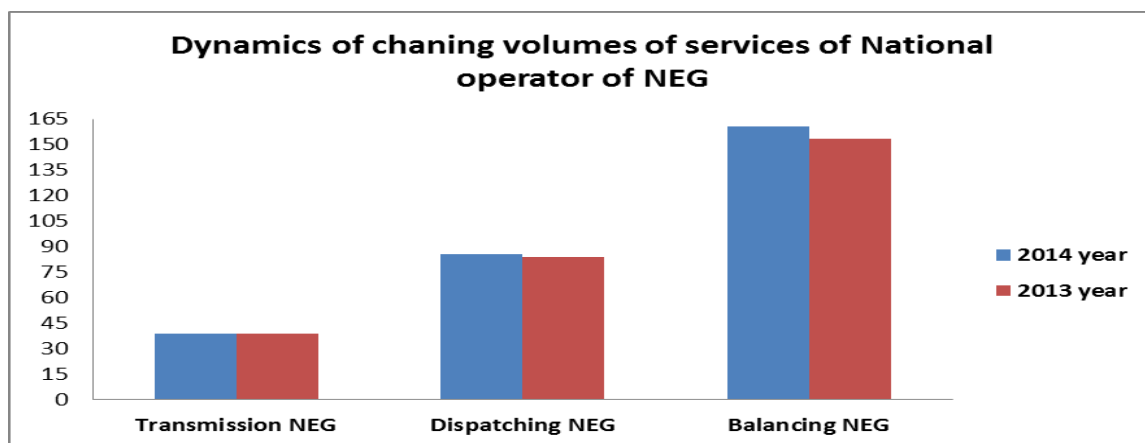
Name	Factors of alternation of power generation volume
“Ekibastuz GRES-2” JSC	Decrease in sales of power in Kazakhstan market
“Moinak GES” JSC	Decrease in inflow of Sharyn river to Bestyube water storage
“Zhambyl GRES” JSC	Termed by inter-governmental Agreement on power export to the Kyrgyz Republic
“Ekibastuz GRES-1” LLP	Increased demand in the internal market



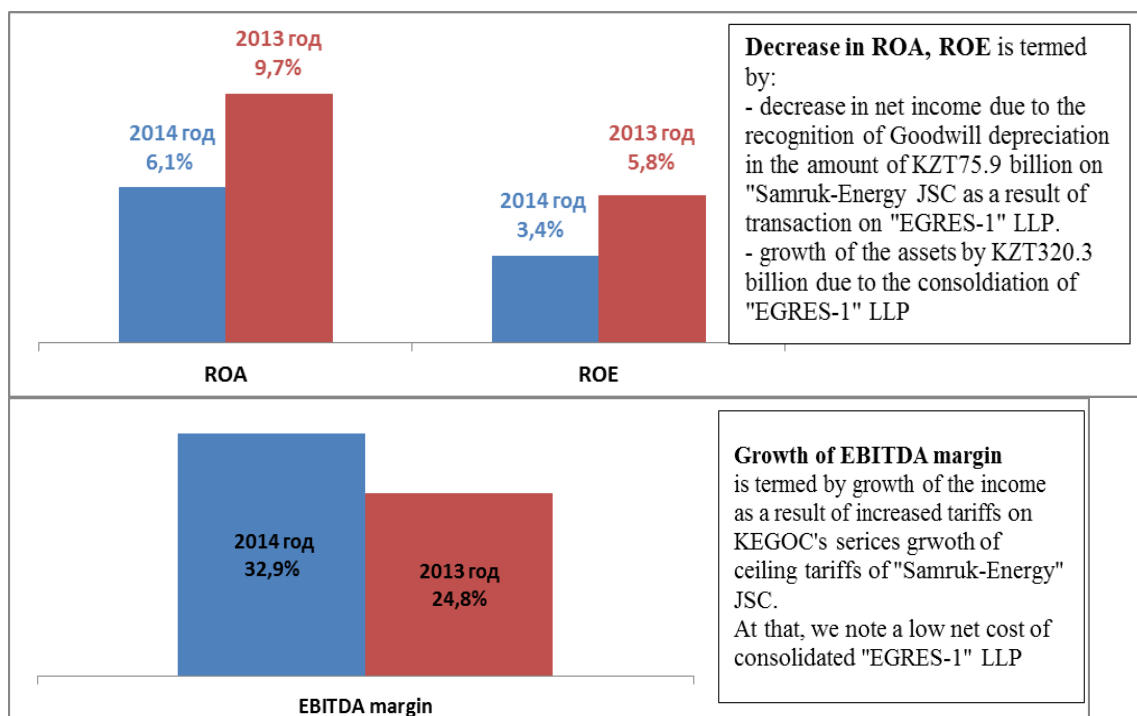
Name	Factors of alternation of power generation volume
"Alatau Zharyk Kompaniyasy" JSC	Increased demand in the internal market
"Mangystau REK" JSC	
"East-Kazakhstan REK" JSC	decreased demand in the internal market



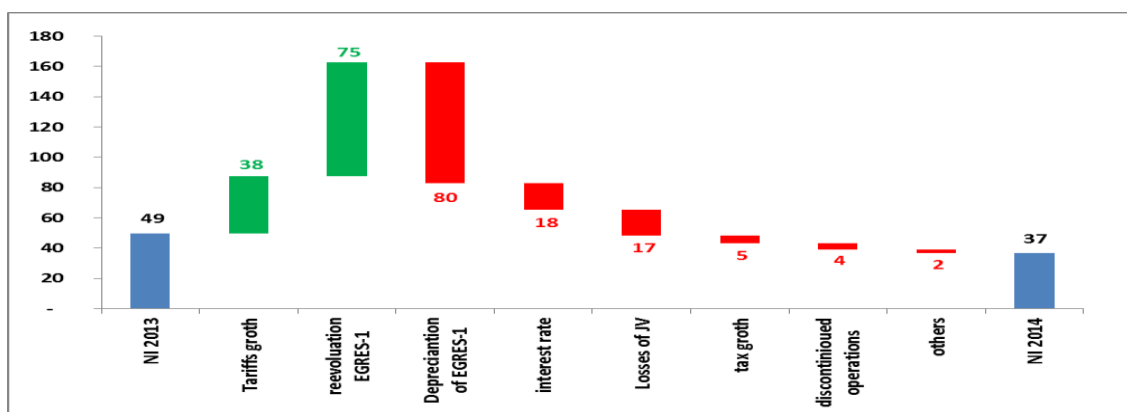
Name	Factors of alternation of power generation volume
"Almatyenergosbyt" JSC	Increased demand in the internal market and higher average daily air temperature
"Shygysenergotrade" JSC	
"AIES" JSC	
"Aktobe TES" JSC	



Consolidated financial indicators on the segment

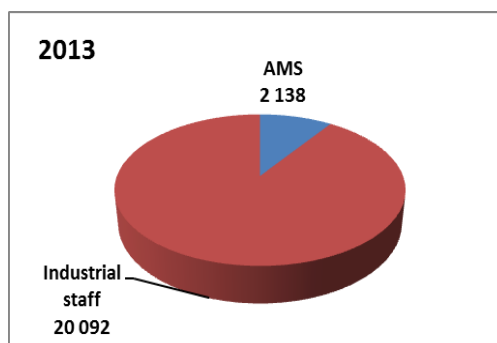
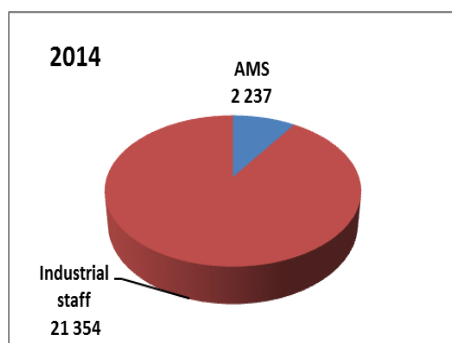


Main factors of alternation on net income on the segment in 2014 as compared to 2013

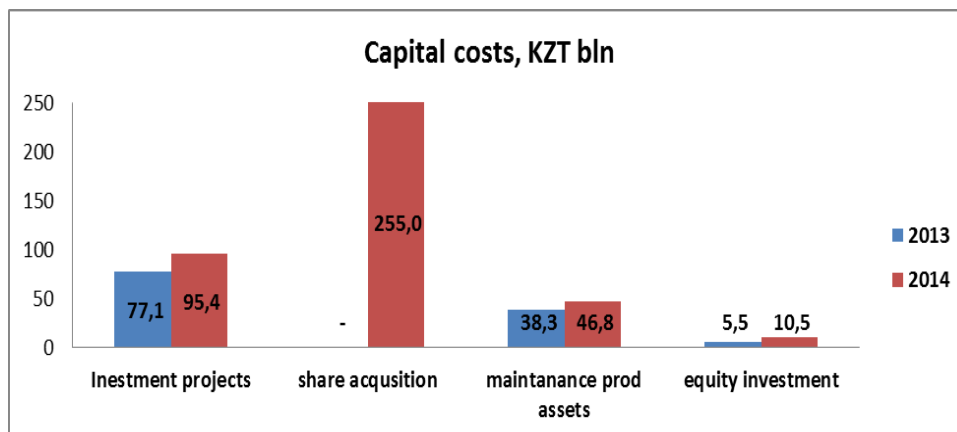


Factors of net income alternation	MoU	2013	2014	Alternation, in %
Depreciation of EGRES-1 as a result of adjusted cost due to decreased volumes of power consumption	KZT million	-	2 446	-
Growth of operating income as a result of EGRES-1 consolidation (EBITDA margin 62%) and services and goods tariff growth	KZT million	33 095	67 991	105
Growth of financial liabilities	KZT million	10 398	28 149	171
Increased tariffs, including:				
Power transmission	KZT/kWh	1,305	1,954	50
Dispatching	KZT/kWh	0,134	0,182	36
Balancing	KZT/kWh	0,06	0,083	38
Decreased income of EGRES-2 by KZT7.7 billion and Forum muider by KZT1.8 billion, as a result of decreased power generation and coal production, accordingly, due to the decreased order of the consumers	KZT million	30 127	13 101	- 57

Number alternation in the segment is termed by organic growth of the production at the group's enterprises.



Capital costs on this segment 2014 amounted to **KZT120.1 billion**.



Costs on development on the segment in the reporting period amounted to **KZT400.7 billion**, where the following objects were implemented and commissioned within investment programs:

1. construction of 3 sub-station of HPU (Altai, Novaya 3A (Yesssentai), Mamyr) of transformer capacity 332 MVA for reliable and uninterrupted power supply of increasing loads of Almaty was completed.
2. Unit #2 of Ekibastus GRES-1 with capacity 500 MW that will allow generation of 3.4 billion kWh of power per year was restored.
3. The most part of sub-stations was modernized within “Modernization of the National Electric Network, stage 2” project.
4. construction of “Alma” SS 500kW with connection to NEN of Kazakhstan by lines with voltage 500 and 220 kW was completed.
5. Project on reconstruction of HVL-220kW of “TsGPP-Ossakarovka” was implemented.

2.3.5 “Telecommunications” segment.

This segment includes the Companies: “Kazakhtelecom” JSC and “Kazpost” JSC.

“Kazakhtelecom” JSC (hereinafter - Kazakhtelecom), is the largest telecommunications operator of the Republic of Kazakhstan. The structure of Kazakhtelecom includes 13 companies at 3 levels, the Company has a network of branches in the regions and comes in to the group of the Fund with 51% equity interest.

On participation in jointly controlled entities and associated companies:

Name	Ownership ratio
“ALTEL” JSC	100%
“MaxCom” LLP	“ALTEL” JSC 100%
“KT Cloud Lab” LLP	100%
“Kazakhtelecom Industrial Enterprises Services” LLP (previously – “Radio Tell” LLP)	100%
“VOSTOKTELEKOM” LLP	100%
“Sygnum” OJSC, Moscow city	100%
“Online.kg” LLP, Bishkek city	100%
“DIGITAL TV” LLP	100%
“NURSAT” JSC	80%
“Info-Net Wireless” LLP	“NURSAT” JSC 100%
“NURSAT+” LLP	“NURSAT” JSC 100%
“NURSAT” OJSC, Moscow city	“NURSAT” JSC 100%

In compliance with the Law of RK “On Natural Monopolies and Regulated Markets”, it is approved the Republican section of State register of natural monopolies subjects, pursuant to which the services of the sphere of natural monopolies include the following services:

1. connection of the equipment (access units) of the operators of IP-telephony (Internet telephony) to the common access communication network at the international level;
2. Access by the connecting operators of telephone traffic communication to (on) the equipment (access units) of the connected operators of IP-telephony (Internet telephony).
3. Provision of telephone conduit.

“**Kazpost**” JSC (hereinafter - Kazpost) is the National Post Operator and provides a wide range of postal and financial services to the entities and population at the territory of the Republic of Kazakhstan.

The Fund is the Sole Shareholder of Kazpost. As of 2014 the Company owns equity in the following entities:

“*Elektronpost.kz*” JV” LLP was registered in 2006, in 2012 it were purchased the equity interests of “Eesti Elektronpost” (Estonia) and “Astermann LLP” (United Kingdom) with bringning up to 100% of the owning of “Kazpost” JSC. Types of activity: rendering services of digital printing and converting as well as electionic and direct marketing services;

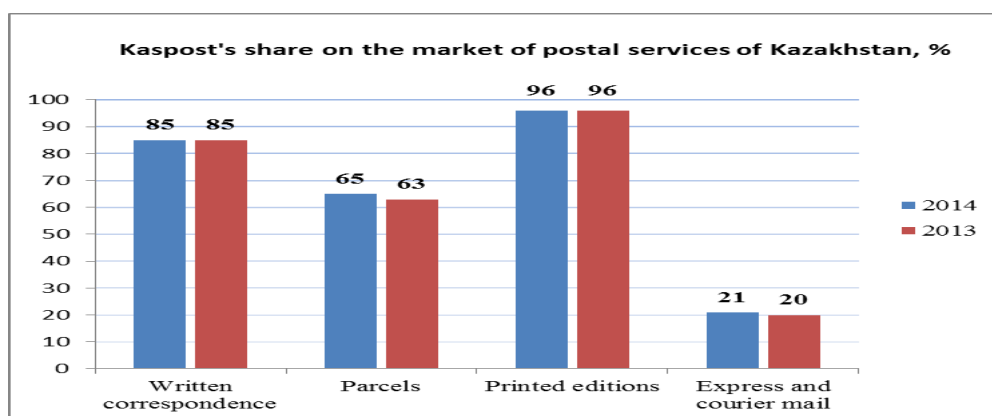
“*Kazpost GmbH*” JV” OJSC was registered in 2008, together with the “HPO Service” (Germany), with the share of “Kazpost” - 50 %. Kinds of activities: implementation of the function of the exchange places abroad (EPA) and the development of remote sales (RS).

In 2014 there were the **following significant events**:

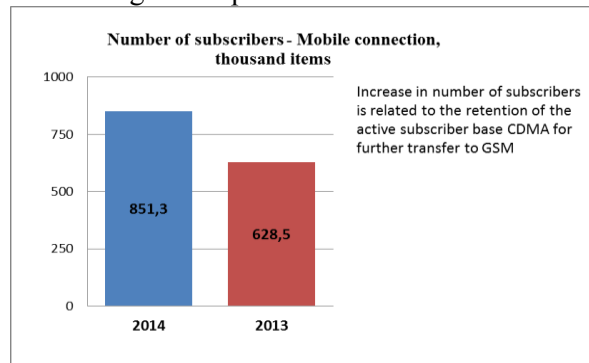
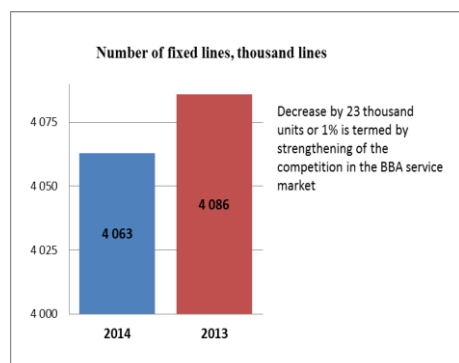
1) Due to the implementation of the requirement on the part of the National Bank of the Republic of Kazakhstan on crediting natural persons (the sum of repayment no more than 50% of the official salary), the income on agent services has decreased by 47% or KZT530 million in 2014 as compared to 2013.

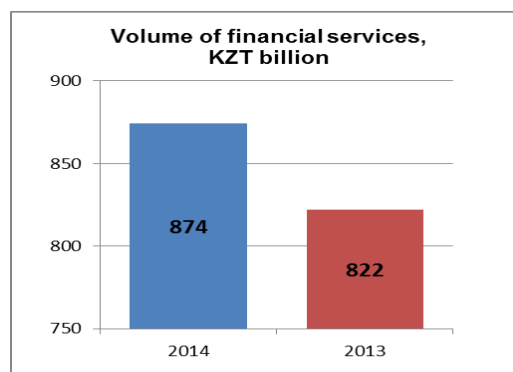
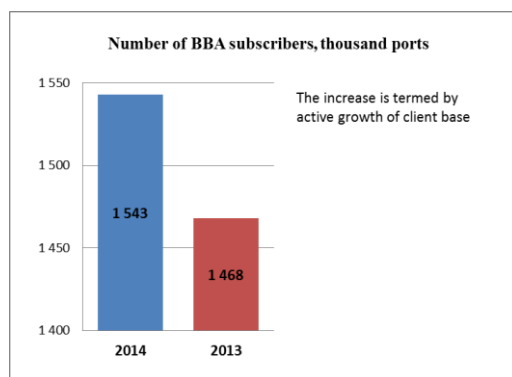
2) Draft Law of Majilis “On adjustment of some draft laws of the Republic of Kazakhstan on the issues of social support” dated March 19, 2014 provides for increase in basic pensions payments by 12%, labor pensions – by 14% from April 1, 2014. These changes in the laws led to the growth of the volumes and income from services on pension and allowances payment.

3) The tariffs for universal telecommunications services are approved by the authorized body of the Communication, informatization and information committee of the Ministry on Investments and Development of the Republic of Kazakhstan. Temporarily compensating tariff for services on sending of the ordinary letter within Kazakhstan in the amount of KZT58 was cancelled since July 01, 2014 (come into force from July 01, 2013, Order #131dated June 21, 2013 ICC MTC RK).

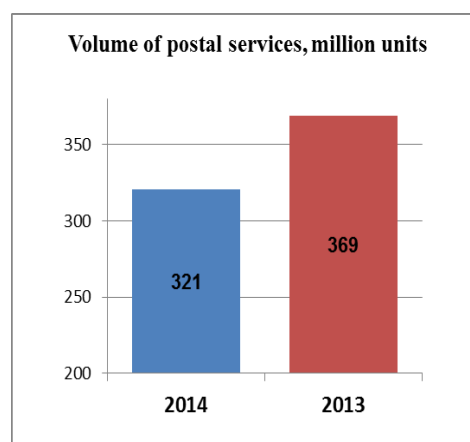
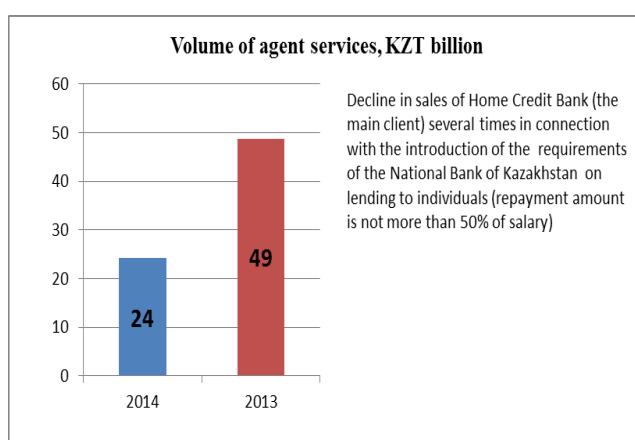


Performance indicators. Main factors of alternation in the segment's performance indicators:



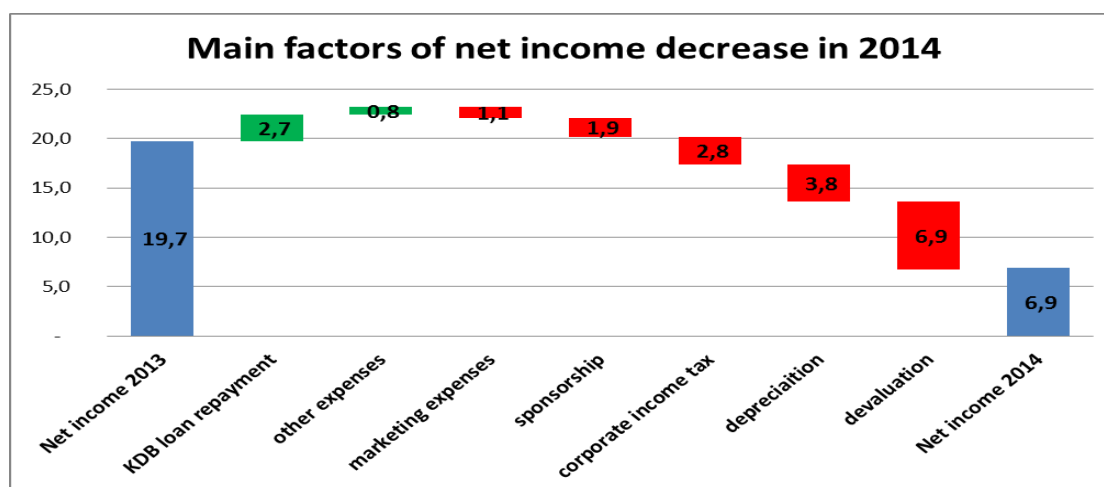


Factors of financial service volume increase
Growth of the volume of salary payment by 9.74% or by KZT7.8 billion as a result of increase in salary of the employees of budget organizations by 10% in 2014
Growth of the volume of pension and allowance payment by 6.7% or by KZT 31.8 billion as a result of attraction of new clients, as well as due to annual growth of the size of pension and allowance payment that was increase two times during 2014: from January 01, 2014 by 9% and April 01, 2014 by 5%
Growth of the volumes of communal and other payment by 4% or by KZT 10.2 billion due to the increase in tariffs of service renders, as well as attraction of new clients to be services.



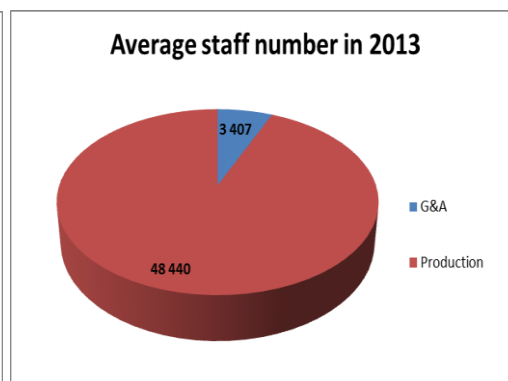
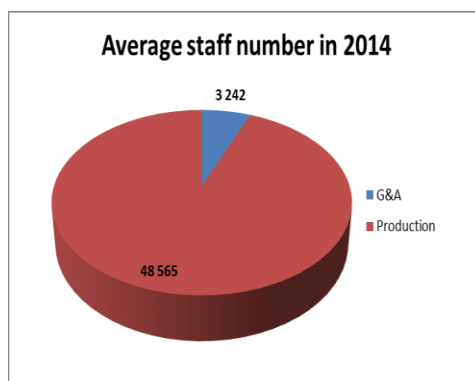
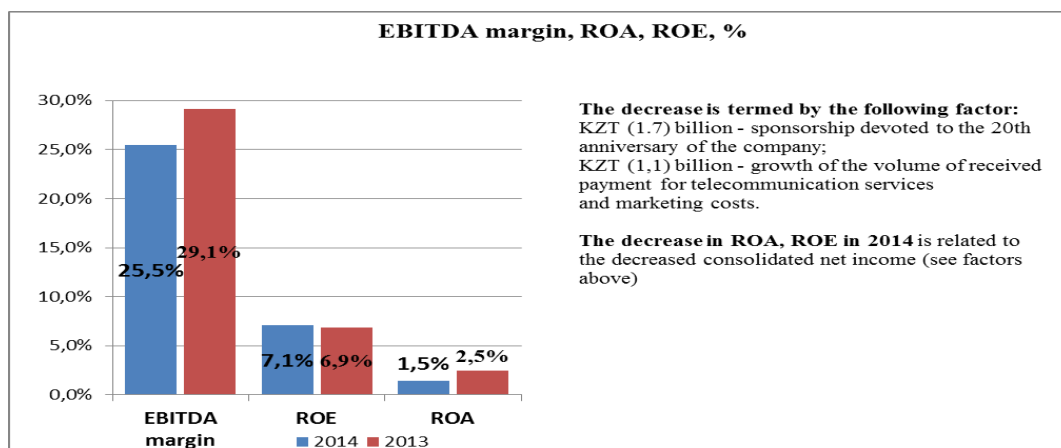
Factors of the postal service volume decrease
The reduction in printing, conversion and delivery services of "Kaspi Bank" JSC (the Bank's share - 85% in the volume of delivery) due to a lower consumer demand and the outflow of deposits from the bank of the population as a result of the devaluation of KZT exchange rate in February 2014
The reduction in printing, conversion and delivery services of UNPF due to the merger NPF, as a result of which UNPF reduce incorrect addresses and other details of the contributors

Consolidated financial indicators on the segment:



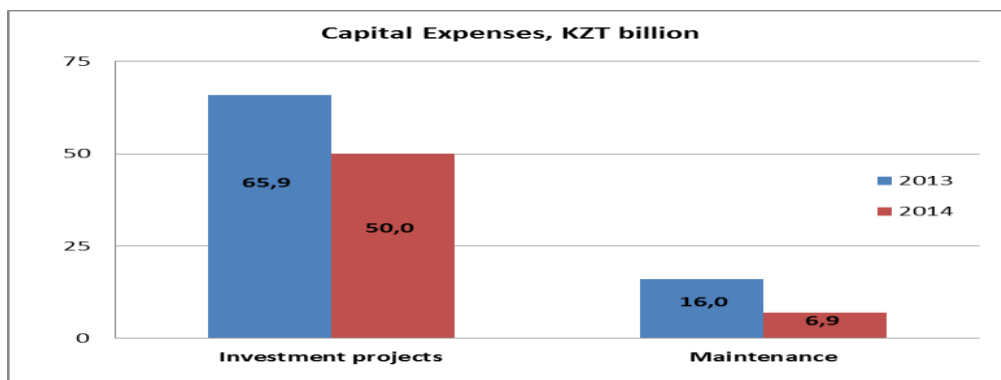
Factors of alternations of *net income* on the segment in 2014 as compared to 2013:

Factors	Alternations, billion
Early repayment of the bond loan of "Development Bank of Kazakhstan" JSC, as well as the early repayment of foreign currency loans.	2.7
Increase in the volume of payments for telecommunication services received by the company.	-1.1
Sponsorship to construct kindergarten in Astana and create reserve on "Smart Kazakhstan" project.	- 1.9
Growth of deferred CIT due to the increase in temporary difference, mainly on fixed assets.	-2.8
Technological worn-out of the equipment of foxed telecommunication connection and creation of the reserve on fixed assets depreciation.	- 3.8
Devaluation of the national currency (KZT)	- 6.8
Other non-operating income	0.8



Factors of the average staff number alternations
On Kazpost: Decrease in AMS by 45 people – due to the reduction of the specialists of HR, Accounting and Financial-Economic Department under "Grant Thornton" Program; Increase in industrial staff by 747 people – due to the transfer of the unlisted employees to the staff number.

Capital costs.



The following projects were implemented in 2014:

1) **“Modernization and development of rural communication CDMA/EVDO 2012-2015”**. The project is aimed at the meeting demand for telecommunication services in the rural communities at the expense of fast deployment of wireless communication network.

2) **“Construction of FTTH networks (Fiber to the Home)”**. The project is aimed at the increase in competitiveness in the telecommunication service market. The project is included in SPFIID – January 13, 2012 is included in the Industrialization Map of the Republic of Kazakhstan (Decree of the Republic of Kazakhstan #46).

3) **“Implementation and development of IP TV services in the Republic of Kazakhstan”**. The project is aimed at the implementation of paid TV and offering package of telecommunication decisions.

At the stage of implementation:

1) **“Construction of Long Term Evolution networks at the territory of the Republic of Kazakhstan for mobile data transmission services”**. The project is to be implemented in order to introduce innovative technologies of mobile BBA – LTE – with high speed and qualitative features;

2) **“Construction of optical transit network DWDM”**. The project is aimed at the provision of the service of transparent transit Europe - China, Russia – Middle Asia with aggregate capacity 850Gbit/sec and optimization of the operating costs of the Company to rent external Internet channels through direct peering with major content vendors at the points of presence of the Companies in Moscow city at the level of 100 Gbit/sec;

3) **“Modernization of local communication networks”**. The project is aimed at the increase in income through meeting current and potential demand for communication services by increased number of data transmission network users in the Republic of Kazakhstan.

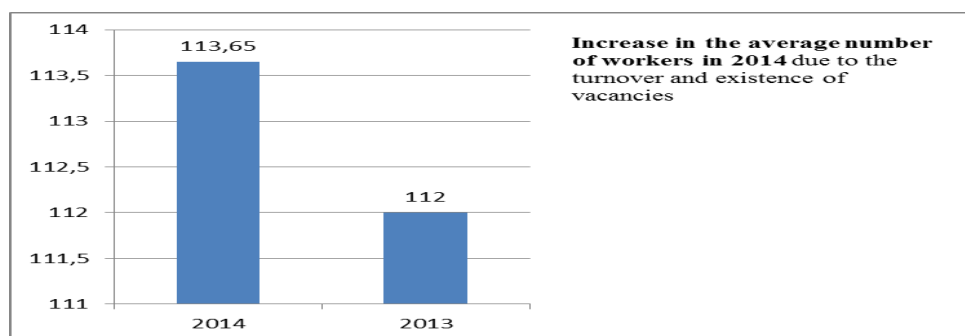
2.3.6 “Financial and development institutions” Segment.

It includes operations to facilitate state to increase in affordable housing for the population through investing in the housing construction (“Real Estate Fund “Samruk-Kazyna” JSC), as well as commercial banks purchased by the Fund in 2009 (“BTA Bank” JSC, “Alliance Bank” JSC, “Temirbank” JSC) that are major companies of this segment, as well as Sekerbank T.A.S.

“Real Estate Fund “Samruk-Kazyna” JSC. The Fund is the Sole Shareholder of REFSK. As of the end of 2014 REFSK has two subsidiaries:

There were the **following significant events** in 2014:

1) The amendments and supplements in the “Affordable Housing - 2020” program in part of housing distribution mechanisms on line of “Real Estate Fund “Samruk-Kazyna” JSC by local authorities were approved by the Decree of the Government of the Republic of Kazakhstan #286 dated March 31, 2014.



Under the Joint Action Plan of the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan, the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations of the Republic of Kazakhstan on stabilization of the economy and financial system for 2009-2010, approved by the Government of the Republic of Kazakhstan, in 2009 the Fund has acquired the control stock of shares in **“BTA Bank” JSC, “Alliance Bank” JSC and the outstanding shares of “Halyk Bank of Kazakhstan” JSC and “Kazkommertsbank JSC** (hereinafter - STB). These measures have been aimed at providing the banks with additional liquidity and ensuring their solvency.

On May 15, 2014 the Fund in compliance with agreement with Mr. Utemuratov Bulat Dzhamitovich, signed in December 2013, closed transaction on sale of 79.88% of ordinary shares of “Temirbank” JSC) and 16% of ordinary and privileged shares of “Alliance Bank” JSC. Currently, it is carrying out a joint work with Purchaser on restructuring of “Alliance Bank” JSC with further sales of the rest 51% of the stock of shares of “Alliance Bank” in favor of Mr. Utemuratov.

On December 11, 2014, as a result of voluntary reorganization in form of merger to “Alliance Bank” JSC, “Temirbank” JSC and “Forte Bank” JSC, the Fund lost control over the bank. In compliance with the Decree of the Government of the Republic of Kazakhstan dated December 31, 2014 and sale and purchase contract in relation to the shares of “Alliance Bank” JSC dated October 16, 2014, the Fund in March 2015 disposed shares of “Alliance Bank” JSC (currently “ForteBank” JSC) in favor of Mr. Utemuratov Bulat Dzhamitovich.

On January 31, 2014 the Fund, “Kazkommertsbank” JSC (KKB) and Mr. Kenes Rakishev concluded sale and purchase contract of 93% of ordinary shares of “BTA Bank” JSC (BTA Bank), including 100% of shares of “Shalkiya Zinc” JSC were obtained as a compensation for the shares (KZT31billion). On June 30, 2014 a transaction on sale of BTA Bank between the Fund, KKB and Mr. Rakishev Kenes Khamituly in compliance with the terms of agreements concluded on January 31, 2014, was closed. KKB and Mr. Rakishev purchased 46.5% of shares of BTA Bank, each, for the purpose of merger BTA Bank and KKB into a joint bank by the end of 2014. The rest share in BTA Bank in the amount of 4.26% was transferred to the trust management of KKB till January 31, 2017 or before the date of merger, if it occurs earlier.

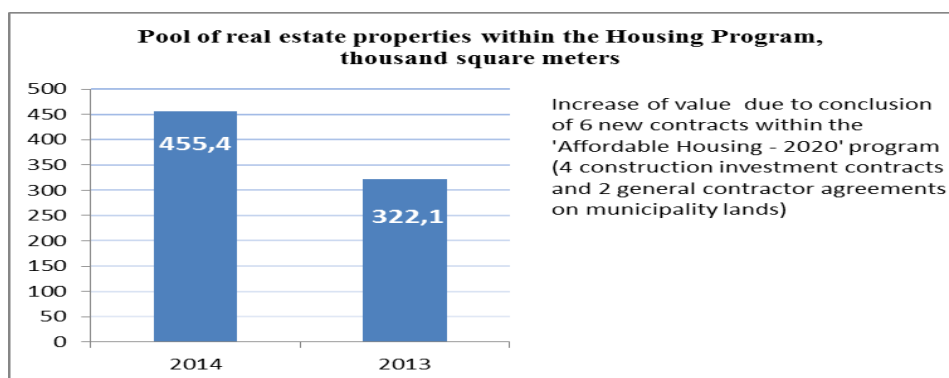
Consolidated financial indicators on the segment:

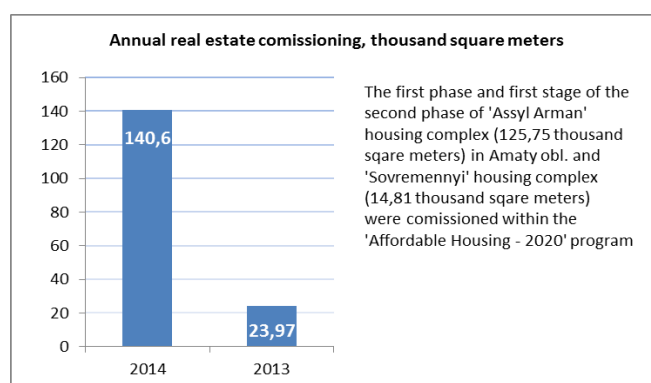
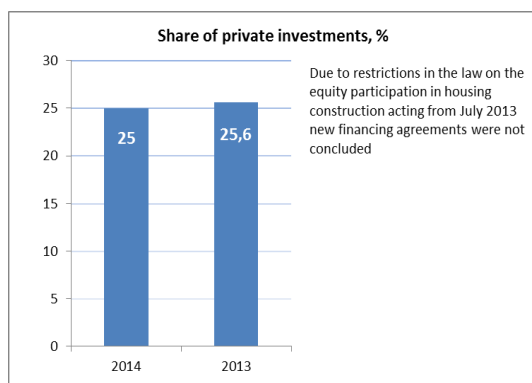
Name	UoM	2014	2013	Deviation, (+/-)	Alternation, in %
Consolidated net income	KZT billion	6,5	-235,6	242,1	-103
ROA	%	0,5	-7,7	8,2	106
ROE	%	5,1	-46,2	51,3	111

Factors of the alternations of *net income* on the segment in 2014 as compared to 2013:

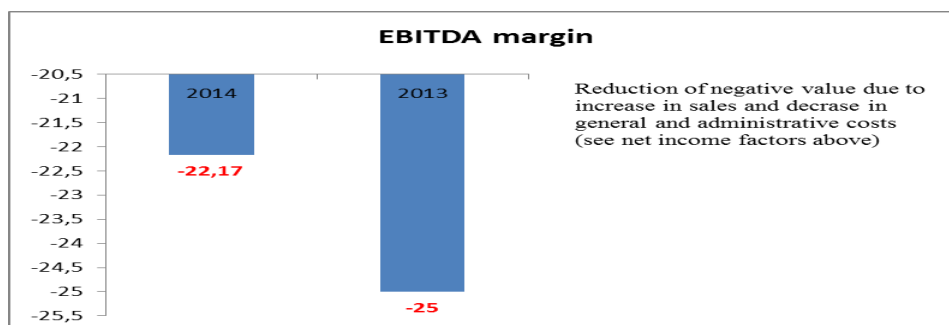
Factors	Alternations, billion
Net income (KZT6.5 billion during reporting period; net loss KZT235.6 billion for 2013)	242,1
including as a result of:	
Loss from discontinued activity of “BTA Bank” JSC - KZT145.5 billion, “Alliance Bank” JSC - KZT86.2 billion, “Temirbank» JSC - KZT20.2 billion were accrued in 2013.	253,2
Impact on the income of consolidation of financial and development institutes in Q1 2013	-4,5
Decrease in income of the associated company Sekerbank T.A.S.	-1,3
Other from continued activity (STB)	-5,3

Performance indicators of REFSK and main factors of the alternations:

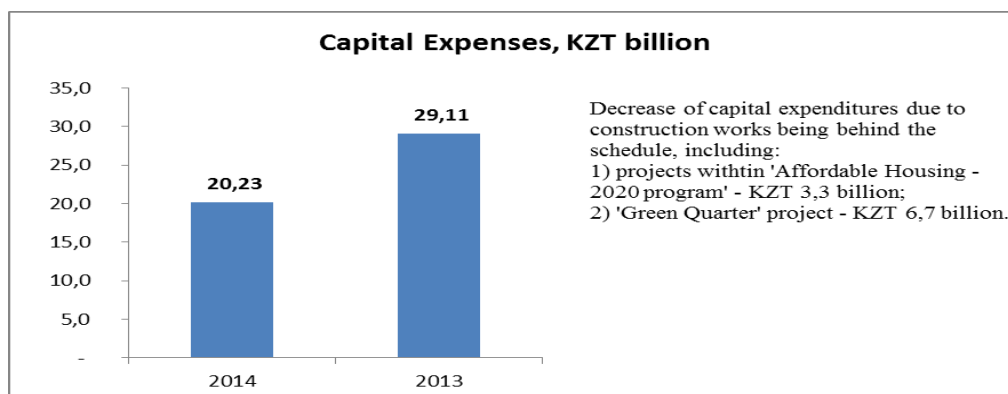




Consolidated financial indicator EBITDA margin of REFSK:



Capital costs of REFSK.



2.3.7 “Corporate Center and Projects” segment.

It includes “Samruk-Kazyna” JSC (hereinafter - the Fund) and “Samruk -Kazyna Invest” LLP, “Samruk-Kazyna Contract” LLP, “Samruk-Kazyna Finance” LLP.

The following significant events occurred in the **Fund** during reporting period:

- 1) KGF Management and KGF SLP subsidiaries were liquidated;
- 2) obtained 100% stock of shares of “Shalkiya Zinc” JSC in payment of shares of BTA Bank and transferred to its subsidiary “Tau-Ken Samruk” JSC;
- 3) repayment of the loans in the amount of US\$400 million to the China Development Bank, allocated to implement projects of Kazakhmys Finance PLC to develop the copper deposit Zhomart and Akbastau/Kosmurun through early repayment of the loans of Kazakhmys Finance PLC;
- 4) the property in form of real estate in the residential complex of Almaty city were obtained in repayment of the debt on the loan issued to “AYT Housing Complex” LLP;
- 5) 300-million coupon bonds with a nominal value of KZT1.000 per bond totaling KZT300 billion with the term of circulation 15 years and the coupon interest rate in the amount of 3% per annum were placed. The bonds were purchased by the National Bank of the Republic of Kazakhstan.

“**Samruk-Kazyna Finance**” LLP (hereinafter - SK Finance) was created with one hundred percent participation of the Fund for the implementation of the functions of the Fund as the Operator of the government programs in the banking sector.

“**Samruk-Kazyna Invest**” LLP (hereinafter - the SK-Invest).

In the reporting period, there were the following **significant events**, related to the investment activity, in particular, there were purchased:

1) 2 987 ordinary shares (additionally) of “Syrymbet” JSC (10%) under the implementation of the investment project “Developing tin deposits “Syrymbet” in North-Kazakhstan oblast and the construction of mining complex” totaling KZT517.5 million, as a result the share of SK Invest made 12.61% (it is reflected as financial asset);

2) 49% share in the authorized capital of “Indox Samruk Kazakhstan” LLP within implementation of the investment project “Construction of the industrial complex on manufacturing of equipment for petroleum products, liquefied and pressure gas” totaling KZT98 thousand (it is reflected as investment available-for-sale);

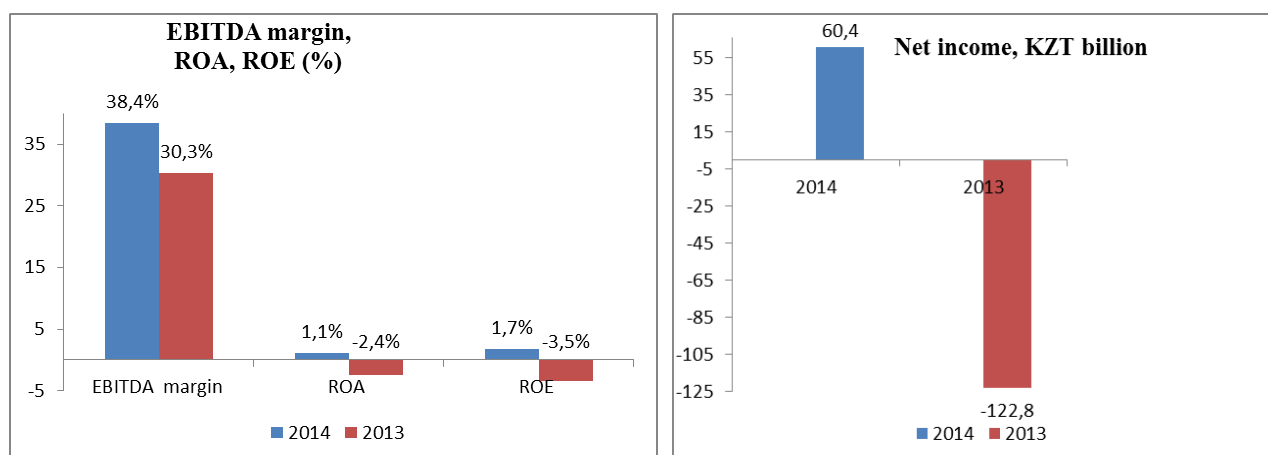
3) 50.1% share in the authorized capital of “Samruk Kazyna-United Green” LLP within implementation of the project “Construction of SPP with capacity of 50mW in Zhambyl region (Burnoye) in the amount of KZT 1 713.3 million (it is reflected as financial asset);

4) 49% of share of “Leasing Group” JSC within the project “Participation in the leasing company” in the amount of KZT2 123 million (it is reflected as financial asset);

5) 49% of share of “KAZTECHMASH” Engineering Plant” JSC within the project “Organization of the production of agricultural, communal and transportation techniques” in the amount of KZT243 million (it is reflected as financial asset).

“**Samruk-Kazyna Contract**” LLP (hereinafter – SK Contract).

Consolidated financial indicators on the segment:



Factors of the alternations of *net income* on the segment in 2014 as compared to 2013:

Factors	Alternations, billion
Net income (KZT60,4 billion for 2014; net loss -KZT122.8 billion for 2013)	183,2
including as a result of:	
Accrual in 2013 the loss from the depreciation of the assets , classified as available-available-for-sale, in particular, on “BTA Bank” JSC (KZT147.4 billion), and loss from the depreciation of the investments (KZT71.7 billion) in “Logic Business” LLP, “Logic Invest Capital” LLP and “Dana” Investment House” LLP totaling KZT55.3 billion, in “BTA Bank” JSC, “Alliance Bank” JSC in the amount of KZT14.8 billion and KZT1.5 billion, accordingly.	208,7
Growth of the dividends income received from subsidiaries of the Fund accrued following activity of 2013, mainly, from JSC NC “KazMunayGas” (KZT44.2 billion).	35,5
Income from currency difference	10,0
Loss from discontinued activity on BTA Bank (KZT-19.2 billion), “Alliance Bank” JSC (KZT-31.6 billion), and net income on “Temirbank” JSC (KZT12.5 billion).	-38,0
growth of the corporate income tax, mainly, on the Fund’s CC	-12,6
growth on non-operating costs (net) (reflection of the Sekerbank’s depreciation)	-10,4
Growth of GAC, in particular, costs on sponsorship and charity of the Fund’s CC (by KZT 2.3 billion) and on consulting and information costs (by KZT1.1 billion).	-3,6

Factors	Alternations, billion
other	-6,4

3. LIQUIDITY.

3.1 Cash flow analysis.

KZTbillion			
Name	2014	2013	Deviation
Net income of the cash from the operating activity	658	473	185
Net disbursement of cash in the investment activity	-827	-1 701	874
Net loss of the cash in the investment activity	602	492	110
Net income / (loss) of the cash in the financial activity	434	-736	1 169
Net growth / (decrease) of cash and their equivalents	60	8	52
Cash and their equivalents as of the beginning of the period	741	1 468	-727
Cash and their equivalents as of the end of the period	1 234	741	493

Factors	Alternation, KZT billion
Cash flow from the operating activity has increased as a result: <ul style="list-style-type: none"> negative cash flow on DBK operations in 2013 (for KZT131 billion); increase in the loan repayment issued by the STB (KZT65 billion); increase of the volume of paid income tax (KZT-30 billion). 	185
Cash flow from the investment activity has increased as a result of: <ul style="list-style-type: none"> increase in volume of cash return allocated on bank deposits (KZT625 billion); decrease in volume of cash flow on acquisition of associated companies, acquisition of the equity interest (29.8221%) in the authorized capital of “Kazzinc” LLP in 2013 (KZT249 billion); decrease in volume of acquisition of the fixed assets (KZT209 billion); purchase of the subsidiaries, including “EGRES-1” JSC (KZT233 billion), KazakhTurkMunay (KZT20.2 billion). 	874
Cash flow from financial activity has increased as a result of: <ul style="list-style-type: none"> increase in volume of the contributions to the authorized capital (KZT64 billion); decrease in volume of cash flow on repayment/acceptance of the loans (net KZT119 billion); increase in cash payments on other distributions to the Shareholder (KZT-56 billion). 	110

3.2 Financial sustainability analysis.

As of January 31, 2014 the consolidated debt of the Group was increased by KZT1 785 billion or by 34% as compared to December 31, 2013, and made KZT6 989 billion (*see Table 1*).

Table 1. Structure and dynamics of the Group’s consolidated debt

In KZTbillion	2014	2013	alternation	in %
Loans	5 642	3 974	1 668	42%
Loans of the Government of RK	414	269	145	54%
Debt to purchase interest in the project	106	89	18	20%
Liability on financial lease	21	242	-221	-91%
Clients’ Funds	2	1	2	308%
Derivative Financial Instruments	396	322	74	23%
Other	407	307	100	33%
Total debt	6 989	5 204	1 785	34%
Excluding: cash and their equivalents	-1 234	-741	-493	67%
Total net debt	5 754	4 463	1 292	29%

Main reasons of the increase of consolidated debt are:

Bonds of the Group as of the day of withdrawal purchased by withdrawn subsidiaries BTA Bank and Alliance Bank totaling, accordingly, KZT656.323 million and KZT106.820 million, previously eliminated as inter-group balance were the reasons of increase in total sum of the loans.

KZT devaluation against US\$ in February 2014 also caused increase in loans in the amount of KZT558.847 million.

NC KMG carried out an additional issuance of the bonds in the London Stock Exchnage in the amount of US\$1 billion in November 2014 (KZT180.870 million at a rate as of the date of issuance) – the interest rate is 6.10%, maturing in 2044 and placement price in 98.631% of the nominal cost; US\$0.5 billion (KZT90.435 million at a rate as of the date of issuance) – the interest rate is 4.95%, maturing in 2025 and placement price in 99.392% of the nominal cost.

In 2014 NC KMG obtained a long-term loan of “Sberbank of Russia” totaling US\$ 400.000 thousand (KZT72.348 million at a rate as of the date of receiving) to finance project “Reconstruction and modernization of Shymkent Refinery”.

In September 2014 NC KTZh and its Subsidiaries, “Lokomotiv” and “KTZ Express” JSC, obtained KZT30.000 million under a credit agreement with European Bank for Reconstruction and Development.

In order to purchase 50% of the equity in “Ekibastuz GRES-1” LLP and 100% of the equity in “Kazgidrotekhenergo” LLP, the Fund allocated in January 2014 300 million coupon bonds with a nominal value of KZT1.000 per bond totaling KZT300 billion with the term of circulation 15 years and the coupon interest rate in the amount of 3% per annum, and effective rate – 6.68%. The bonds were purchased by the National Bank of the Republic of Kazakhstan at the expense of the National Fund of the Republic of Kazakhstan on the right of trust management. The discount at placement made KZT100.000 million.

JSC NC “Kazakhstan Temir Zholy” issued two tranches of Euro bonds in Swiss Stock Exchange: totaling KZT100.000 thousand Swiss franc (KZT20.439 million at a rate as of the date of issuance) – the interest rate is 2.590% and maturing on June 20, 2019 and CHF185.000 thousand (KZT37.814 million at a rate as of the date of issuance) – the interest rate is 3.638% and maturing on June 20, 2022 in June 2014.

During 2014 “Atyrau Refinery” LLP, the subsidiary organization of NC KMG, obtained US\$233 million (KZT40.632 million at a rate as of the date of receiving) under agreement on provision of a credit line totaling US\$1.316 with the “Development Bank of Kazakhstan” JSC to finance the construction of the complex on production of aromatic hydrocarbons.

In January 2014 the Fund repaid partially the loans to the China Development Bank repayment of the loans in the amount of US\$400 million to the China Development Bank (equal to KZT61.904 million at a rate as of the date of payment).

The increase in size of the consolidated debt following 2014 had a negative impact on the financial sustainability indicators.

So, Debt/Capital ratio of the Group has decreased from 0.7 in 2013 up to 0.9 in 2014, Debt/EBIDTA ratio of the Group has increase from 3.1 in 2013 up to 4.6 in 2014 (*see Table 2*).

Table 2. The long-term financial sustainability indicators of the Group

	2014	2013
Debt / EBITDA ⁶	4.6	3.1
Debt / Capital	0.9	0.7

A consolidated debt of the Group (without STB) has increased by KZT1 475 billion and made KZT6 989 billion as of December 31, 2014. The value of the own capital (without STB) made KZT8 095 billion as of the end of 2014 (*see Table 3*).

Table 3. The key financial indicators of the Group (without STB)

<i>in KZT billion</i>	2014	2013	alternation	in %
Debt	6 989	5 514	1 475	27%
Capital of the Group	8 095	7 494	602	8%

The indicators of the Group’s financial sustainability regardless the second-tier banks also demonstrate negative dynamics following 2014. Debt/Capital ratio of the Group has increased from 0.7 in 2013 up to 0.9 in 2014, Debt/EBIDTA ratio of the Group has increased from 3.3 in 2013 up to 4.5 in 2014 (*see Table 4*).

Table 4. The Group’s financial sustainability indicators (without STB)

⁶ **EBITDA** – net income income before income taxes, depreciation and amortization (tangible and intangible assets) and the interest remuneration for the twelve (12) months preceding the reporting date.

	2014	2013
Debt / EBITDA	4.5	3.3
Debt / Capital	0.9	0.7