

Vol. I

ANNUAL REPORT 2013



JOINT-STOCK COMPANY SOVEREIGN WEALTH FUND «SAMRUK-KAZYNA»

Vol. II

CONSOLIDATED FINANCIAL STATEMENTS

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1.1. ABOUT THE ETYMOLOGY OF THE WORD “SAMRUK-KAZYNA”

The name “Samruk-Kazyna” comes from the combination of the two words in the Kazakh language – “Самұрық” (Samruk) and “Қазына” (Kazyna), which have a special, sacred significance not only in the Kazakh, but also in the Eastern culture as a whole.

Thus, “Samruk” is an eastern analogue of the mythical bird Phoenix, which among many other special qualities had the ability to regenerate infinitely in a magical way: bringing warmth and light at the end of one of its life cycles in a flaming fire and updating – at the moment of rebirth from the ashes.

This quality of the mythical bird Samruk was reflected in the name of the new holding company for the management of

state assets in 2006, which was created with the focus that a qualitatively new structure facilitates the transition of Kazakhstan economy to a higher level of development – preserving the best of previous experience of state assets management and bringing in new best international practices.

In turn, “Kazyna” is a word which has many positive meanings and shades of meaning, this or that way connected with the welfare, reliability of capital and heritage.

In this respect, the assignment of this name to another structure created in the same 2006 to enhance the sustainable development of the economy for the benefit of future generations seems logical.

The merger of these two organizations in 2008 is aimed at achieving synergies from joint actions of “Kazakhstan Holding for Management of State Assets “Samruk” JSC and “Sustainable Development Fund “Kazyna” JSC.

The retention of the words “Samruk” and “Kazyna” in the name of the Fund reflects the objectives set out in the Development Strategy of the Fund until 2022 – updating the economy through its diversification, improvement of the national welfare and, of course, social responsibility, obliging the Fund to take care not only about the future wealth of the nation, but to improve it in every possible way at present.



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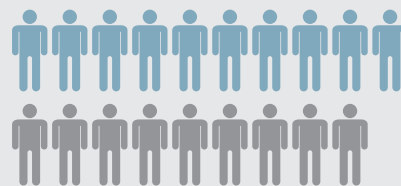
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1.2. SAMRUK-KAZYNA JSC IN FIGURES AND FACTS IN 2013



Staff number of the group of companies of Samruk-Kazyna JSC was

357 997 persons

(including production personnel **325 121** 121 people, or 90.8% of the total number of employees).

Total taxes and other obligatory charges paid

KZT 875 bln

(8.5% more than in 2011).

EBITDA MARGIN in 2013

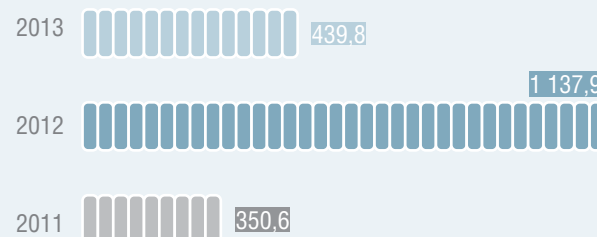


EBITDA margin



EBITDA margin excluding the STB

Consolidated net income (loss)



KZT bln

The amount of consolidated revenue of the Fund to the country's GDP

15.1%

(KZT 5,077 bln as compared to KZT 33,521 bln).





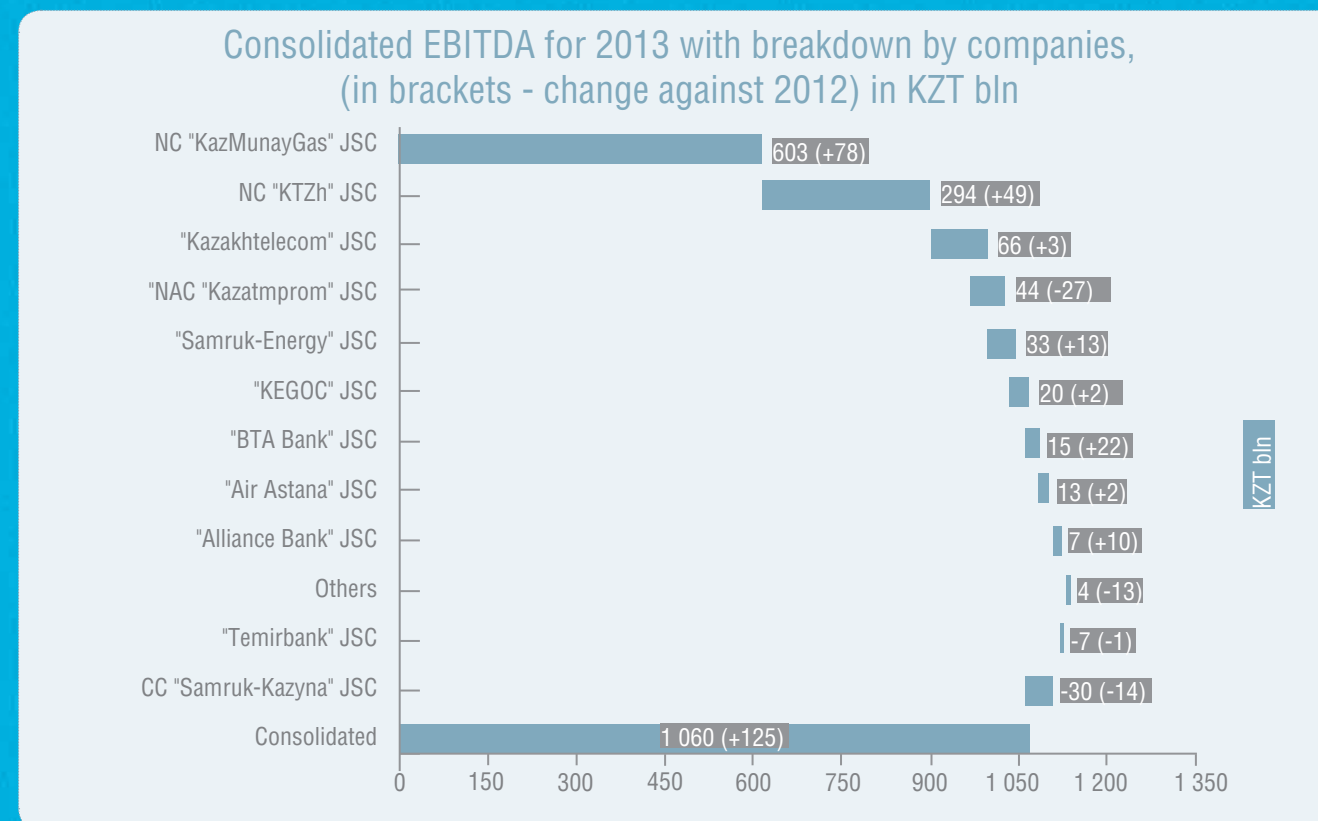
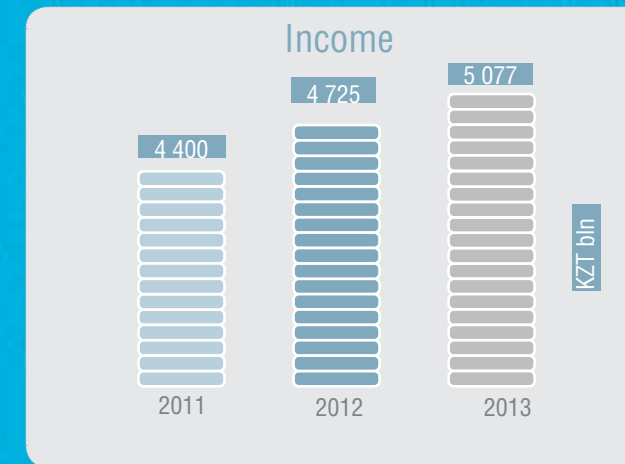
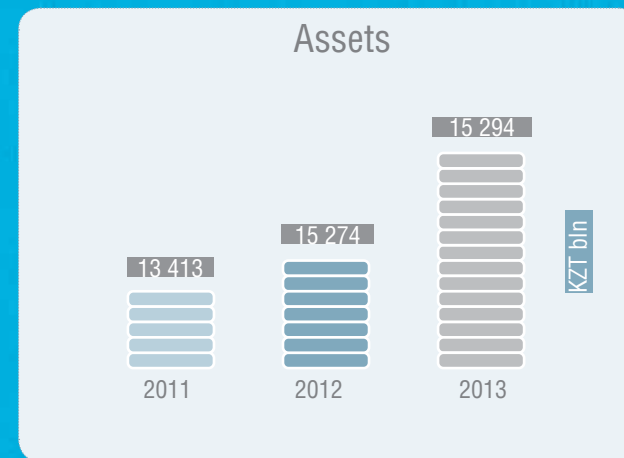
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Key financial and economic indicators of Samruk-Kazyna JSC

TABLE 1. Consolidated financial indicators

Description	Measurement unit	2013	2012	Deviation, (+/-)	Change, %
Consolidated net profit	bln tenge	439,8	1 137,9	-698	-61
Consolidated net profit per equity of parent Company's shareholder	bln tenge	407,2	1 067,6	-660	-62
EBITDA margin ¹	%	20,9	19,8	1	
ROA ²	%	2,9	7,9	-5	
ROE ³	%	5,9	17,3	-11	

¹EBITDA margin = ((Income from sales and interest income, total – cost of sales and interest costs - General and administrative costs – Transportation and sales costs) + (Depreciation of fixed assets and amortization of intangible assets, taken into account in cost of sales, general and administrative costs, and in the costs of transportation and sales)) / Income from sales and interest income, total.

²ROA = Net income / Mean assets per year

³ROE = Net income / Mean equity capital per year

TABLE 2. Consolidated financial indicators exclusive of STB

Description	Measurement unit	2013	2012	Deviation, (+/-)	Change, %
Consolidated net profit exclusive of STB	bln tenge	719,4	793,9	-74	-9
Consolidated net profit per equity of parent Company's shareholder exclusive of STB	bln tenge	653,8	630,9	23	4
EBITDA margin exclusive of STB	%	21,3	19,3	2	10
ROA exclusive of STB	%	5,0	6,1	-1	-18
ROE exclusive of STB	%	9,8	12,1	-2,3	-19

TABLE 3: Financial indicators for 2012 by segments, bln KZT

Description	Oil and Gas	Mining	Transportation	Telecommunications and postal services	Energy	Financial and development institutions	Corporate Center and projects
Revenues from sales and interest income	3 253	334	999	214	210	78	200
Cost of sales and interest expenses	2 354	267	712	155	160	54	113
Gross revenue	899	67	311	59	50	24	86
General administrative expenses	161	38	96	25	18	20	26
Transportation and sales costs	332	5	5	5	0		
Recovery of asset impairment	6	1				40	
Asset impairment losses	70	25	5	1	1	120	220
Profit (loss) from operating activities	341	0	169	28	33	-67	-160



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I quarter

JANUARY

The HR Policy of the Fund for 2013–2022 was approved by the decision of the Board of Directors of the Fund dated February 22, 2013 (Minutes #88).

50% of subsidiaries and affiliated companies (SAC) of the Fund were transferred to the implementation of e-procurement in the Information System of electronic procurement.

JSC “NC “KTZh” passed the certification audit for compliance with the international standard ISO / IEC 27001:2005.

“Fitch Ratings” improved the outlook for long-term default rating of the issuer “Kazakhtelecom” JSC from “Negative” to “Stable” and affirmed the DRI at “BB”.

“Samruk-Green Energy” LLP became the first company of Kazakhstan to join the European Wind Energy Association / European Wind Energy Association, which is the most powerful wind energy network of professionals in Europe and brings together more than 700 key industry players.

The Caspian Pipeline Consortium (CPC) and a syndicate of international banks signed a facility agreement amounting at most \$500 million to finance the work on the Project for expansion of the export system of CPC.

The passenger traffic started on the railway Uzen-state border with Turkmenistan.

From the American ConocoPhillips Petroleum Holding it was acquired its share (24.5%) in the project for development of the “N” Block, located in the Kazakh Caspian Sea shelf for \$32 million.

FEBRUARY

The implementation of the President’s instructions on attraction of top foreign experts for the realization of the new economic policy with compulsory training of the local personnel was started.

The Agreement on the exchange of international mail and the Agreement on remittances with the postal operator of the United Arab Emirates “EmiratesPost” were signed.

JSC “NC “Kazakhstan Engineering” and “Airbus Military” signed a memorandum of understanding on cooperation.

The preparation of the consolidated financial statements of the Fund, in addition to the annual and semi-annual consolidated financial statements, is carried out on a quarterly basis.

MARCH

VIII International HR-conference “Human Resource Management: HR-III millennium trends” within which the Republican contest for determination of the best employer and best HR-project “Senim-2012” was summed up.

JSC “NC “KTZh” – Diploma winner of “Senim-2012” Award in the nomination “Best HR-project” for the project “System 4-i – Information incubator of innovative ideas” and corporate social network www.zhastemir.kz.

The Methodology on the research of staff involvement was approved by the decision of the Personnel Committee of the Fund #2/13 dated March 20, 2013.

A new edition of the “National Plan for Oil Spill Response in the sea and inland waters of the Republic of Kazakhstan” was published to ensure industrial safety of the Kazakh sector of the Caspian Sea.

JSC “NC “Kazakhstan Engineering” and “Eurocopter” signed the memorandum on cooperation in the sphere of military helicopters.

II quarter

APRIL

President of the Republic of Kazakhstan Nursultan Nazarbayev and President of Turkmenistan Berdymukhamedov G. opened a direct rail link between the countries of the pass “Bolashak station (Kazakhstan) – Serkhetyaka station (Turkmenistan)”.

The program “Top-100” was implemented, designed to ensure the readiness of successors for appointments between the companies of the Fund. The list of the top 100 reservists was approved, which included



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employees of the Fund and managerial employees from 10 companies of the Fund.

The Basic Approaches to Attraction of Highly Qualified Professionals with Foreign Experience to Samruk-Kazyna group was approved by the decision of the Personnel Committee of the Fund #3/13 dated April 30, 2013.

The long-term incentive program for executives of companies in order to promote sustainable development of business in the long term associated with the increase in long-term value of the Companies.

“Samruk-Green Energy” LLP and German “KD Stahl- und Maschinenbau GmbH” signed a framework agreement to establish a joint venture for the production of wind power stations of small capacity.

The Agreement between JSC “NC “KTZh” and the company “DP World” on cooperation on management of seaport Aktau and SEZ “Khorgos-Eastern Gates” is signed.

The record for continuous operation of the power block #2 is set at GRES-1. For the first time over the last years of work of the station without interruption and stops for five months, it was produced 1.8 billion kW/h of electricity.

“KazTransGas Aimak” JSC has taken in trust management 1,306 km of distribution pipelines of Kostanai region as a single operator.

JSC “NC “KTZh” and the Estonian company “AS Vopak EOS Ltd.” signed a contract on acquisition of 15 locomotives TE33A produced in Kazakhstan.

JSC “NC “KTZh” held the 15th meeting of the Asia-Pacific Regional Assembly of the International Union of Railways.

2013 was declared the Year of training and development of “Samruk-Kazyna” JSC.

JSC “NC “Kazakhstan Engineering” has joined to the UN Global Compact.

Launching the rocket artillery ship “Oral” built by “Ural Plant “Zenith”, a subsidiary of JSC “National Company “Kazakhstan Engineering”, was held in Uralsk.

Terms of preparation of the audited annual consolidated financial statements of the Fund are reduced by 23 calendar days.

MAY

In accordance with the Decree of the President “On Some Measures to Optimize the Management of Institutes, Financial and Development Organizations of the National Economy”, 100% stake in JSC “EDF “Damu”, “Investment Fund of Kazakhstan”, JSC “IC “KazExportGarant”, “Development Bank of Kazakhstan” JSC are transferred to the republican property with further transfer to JSC “NMH “Baiterek”.

“Standard & Poor’s” confirmed the long-term credit rating of “Kazakhtelecom” JSC at: “BB” outlook “Stable”.

Opening the joint of telecommunication networks of “Kazakhtelecom” JSC and “Turkmentelecom” GCE with the participation of Heads of States of Kazakhstan and Turkmenistan. Organization of the joint of telecommunication networks in the area Bekdash (Turkmenistan) – Temirbaba (Kazakhstan) allowed Kazakhstan to finally emerge as the Central Asian hub.

In Washington, DC (District of Columbia) it was opened the Representative Office of JSC “NAC “Kazatomprom” in the United States to increase the proportion of sales in the U.S. uranium market, establishing and maintaining direct permanent contacts with all end-users of uranium in this country.

The founding conference was held in Astana where the delegates from trade unions of organizations of the group of companies of “Samruk-Energy” JSC, “Union Energy” PA, “Trade Union Organization of the East Kazakhstan Electrical Networks” PA and “Trade Union Organization of Moinak HPP of Almaty region” PA adopted a resolution on the establishment of the Public Association “Federation of Trade Unions of Energy Workers”.

KEGOC JSC joined to the UN Global Compact.

During the Military parade in honor of the Defender of the



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Motherland Day at the military base “Otar” it was demonstrated new and modernized machinery samples of military, civilian and double purpose, weapons and communications equipment, produced by enterprises of JSC “National Company “Kazakhstan Engineering”.

JUNE

Bakhmutova Y.L. was elected Chairman of the Board of Directors “Kazpost” JSC.

The Policy on Corporate Social Responsibility was approved by the decision of the Board of Directors of the Fund dated June 26, 2013 (Minutes #94).

The decision on the payment of dividends on Kazpost shares following 2012 in the amount of 15% of the net income of the Company.

Samruk-Energy JSC placed on the Kazakhstan Stock Exchange (KASE) bonds for KZT2.384 billion with the bond yield to maturity at the rate of 7.0% per annum.

Fitch Ratings affirmed the long-term issuer default rating (IDR) of KMG in foreign currency at “BBB”, outlook “Stable”. At the same time it was confirmed senior unsecured foreign currency rating of KazMunaiGaz Finance Sub BV at “BBB”.

A new high-speed train “Saraishyk” on the route “Almaty – Atyrau” was commissioned.

A regular meeting of the Expert Advisory Board under “Samruk-Kazyna” JSC chaired by Shukekeyev U.Y. was held in Astana. Deputies of the Parliament of the Republic of Kazakhstan, public figures, legal scholars and practitioners participated in the work of this Board. At the meeting the following topical issues were considered: the draft Law of the Republic of Kazakhstan on improvement of corporate governance and activities of the organizations of the group of Sovereign Wealth Fund, on implementation of the measures of the Fund’s group to reduce non-core assets.

III quarter

JULY

Kazakhtelecom JSC increased the speed of access to external Internet resources on some tariff plans of Megaline and iDNet without changing the monthly fee.

Ceremony of stamps extinction from the series “Memorable and anniversary dates”, dedicated to the 20th anniversary of establishing diplomatic relations between the Republic of Kazakhstan and foreign partners was held.

According to the results of the supervisory audit the Integrated Management System (IMS) of “KEGOC” JSC was recognized as meeting international standards.

The subsidiaries of the Fund perform procurement in the

e-procurement Information System for 100%.

The transition of Pavlodar refinery reconstruction project to the new phase of implementation was announced after signing the contract for the development of documentation, procurement of equipment and materials, construction and installation works with the Romanian company SC Rominserv SRL.

The commemorative plaque at the construction site of the plant for the production of locomotive diesel engines “GEVO” in Astana was opened.

AUGUST

Head of the State Nursultan Nazarbayev handed keys of new apartments to the railway workers in Astana.

The social stability rating was introduced in the manufacturing companies of the Fund, which is a strategic social key performance indicator (KPI).

The Methodology on determining the Social Stability Rating (Index) was approved by the decision of the HR Committee of the Fund.

The updated plan of the Project for the implementation of the target management model on the treasury function with account of industrial automation was endorsed. The effect of treasury centralization for 2013 amounted to KZT16.4 billion.

Kazpost JSC was given the status of Principal Member of Visa



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International Payment System by the decision of Operating Committee of Visa International.

A high speed passenger train route “Astana – Atyrau – Astana” from cars “Tulpar-Talgo” was launched.

Samruk-Energy JSC in Almaty commissioned a new substation Mamyr.

“KazTransGas Aimak” JSC and “MAEK-Kazatomprom” LLP signed the contract of trust management of 100% of shares of “Aktaugasservis” JSC. Now “KazTransGas Aimak” JSC acts as the sole operator, providing fully with gas the Mangistau region.

Moody’s changed the outlook “Baa3” of seven corporate organizations operating in the oil and gas sector of Kazakhstan, from “stable” to “positive”. Among them, JSC NC “KazMunayGas”, KMG EP, KazMunaiGaz Finance Sub BV, “KazTransOil”, “KazTransGas”, “Intergas Central Asia” and “Intergas Finance BV”.

The Federal Tariff Service of Russia canceled the special tariff of “Transneft” on transit of oil from Kazakhstan. The decision on application of Russian rates for the Kazakhstan oil transit is taken in connection with the entry into force of the agreement on the overall oil market of Belarus, Kazakhstan and Russia.

Fitch Ratings assigned to JSC “National Company “Kazakhstan Engineering” long-term issuer default ratings in foreign and local currency at “BBB-“and “BBB”, short-term foreign currency IDR

“F3”. Outlook on long-term IDR – “Stable”.

Launching speedboat of the FC19 project, serial #3 “KALKAN”.

A high-speed passenger train #63/64 Astana – Semipalatinsk, consisting of wagons of “Tulpar-Talgo” started to run.

SEPTEMBER

During the state visit of the President of China S. Jinping to Kazakhstan, President of JSC “NC “KTZh” A. Mamin and Secretary of the Party Committee of Lianyungang City L. Qiang signed the Agreement on cooperation and coordination of KTZ with the national government of Lianyungang City of China (PRC).

Kazakhstan and China signed the agreement on the project “Construction of counter regulating Kerkbulak HPP on the river Ili” for \$190 million.

The “Anti-fraud and Corruption Policy of “Samruk-Energy” JSC was approved.

In order to develop a dual system training of employees it was signed the Memorandum of Cooperation between the Fund and the Holding “Kasipkor”.

Two new groups – 50 children – began to attend a kindergarten in the village of Solnechniy built by Ekibastuz GRES-2.

The official ceremony of the start of filling with gas the main pipeline Beineu – Bozoi – Shymkent (BBS)

on the plot Bozoi – Shymkent was held in the village of Akbulak.

Trade unions of enterprises of JSC NC KazMunayGas group engaged in the exploration, production, oil and gas transportation, refining, as well as working in the service sector, established the Republican public association “Industrial Labor Union of oil and gas sector”.

JSC “National Company “Kazakhstan Engineering” celebrated its 10th anniversary.

As part of the annual review of the results of 2012, the rating agency Moody’s Investors Service confirmed the rating of the issuer JSC “NAC “Kazatomprom” at “Baa3” and the rating of unsecured securities with preferential rights at “Baa3”. The outlook is “Stable”.

“Uranium Enrichment Center” CJSC, which belongs on the parity basis to JSC “NAC “Kazatomprom” and “TVEL” OJSC (included in the “Rosatom” SC) acquired 25% plus one share in the authorized capital of “Ural Electrochemical Plant” OJSC in Russia.

IV quarter

OCTOBER

As part of the execution of the instruction of the Head of State Nursultan Nazarbayev on development of the special economic zone “Park of Innovative Technologies”, Kazakhtelecom JSC implemented the investment project on the creation of “Info



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communication Data Center” in SEZ PIT “Alatau”.

In Akkol it was launched the Data Center of reliability level-Tier II, area – 480 m², with server racks of 80 units, with the volume of 1000 pieces of equipment, with the capacity of 1 MW, the level of redundancy – N +1, the channel access – 20 Gb/s, the Data Center availability – 99.749%.

The launch of the international project on the organization of high-speed data transfer between Europe and Southeast Asia, called DREAM was performed in Moscow. The highway passes through the territory of Kazakhstan, Russia, Ukraine, Slovakia, Austria and Germany. The total length of the route between the end points – Frankfurt am Main – the border of Kazakhstan / China – 8,700 kilometers.

JSC NC KazMunayGas finalized the acquisition of 8.4% stake in ConocoPhillips of the North Caspian project. The transaction amount was \$5.4 billion.

The transportation of Tengiz oil via Baku – Tbilisi – Ceyhan (BTC) oil pipeline was restored which was interrupted in 2008 as a result of disagreement with the supply conditions made that time by Azerbaijan.

JSC NC KTZh participated in the exhibition “China International transport and logisticfair” in Shenchzhen and also signed a number of agreements with partners from China, Europe and Russia.

The Management Board of the Fund approved the Guidelines for Identifying, Recording and Monitoring of Conflicts of Interest among Legal Ddvisers of Organizations of the Fund’s Group.

NOVEMBER

Beisenbayev A.N. was appointed as the Chief Executive of Kazpost JSC by the decision of the Board of Directors of Kazpost JSC

Fitch Ratings affirmed the long-term issuer default rating (IDR) of Kazakhstan Electricity Grid Operating Company (KEGOC JSC) at “BBB +”. The outlook is “Stable”.

Within the framework of the Forum of Interregional Cooperation of Russia and Kazakhstan it was signed “Preliminary Agreement for oil transportation through the territory of the Republic of Kazakhstan and guarantees” between JSC NC KazMunayGas, KazTransOil and OJSC NK Rosneft, providing for conclusion of a contract for the provision of transportation of the Russian oil to China in the amount of 7 million tons per year.

JSC “National Company “Kazakhstan Engineering” successfully placed its debut issue of international bonds totaling \$200 million.

Under the auspices of JSC NC KTZh the II International Transport and Logistics Business Forum “New Silk Road – from China to Europe via Kazakhstan” was held in Astana.

DECEMBER

During the National teleconference the Head of State was presented the connection of lines “Zhezkazgan – Beineu” and “Arkalyk – Shubarkol”. The Head of State named dry cargoes, which were acquired by JSC NC KTZh, to work on the Caspian Sea – “Turkestan” and “Beket-Ata”.

Kazakhtelecom JSC launched a data transfer network of new generation LTE (4G) in Aktau, Aktobe, Atyrau, Karaganda, Ust-Kamenogorsk and Shymkent under the framework of the Industrialization Day. President of the Republic of Kazakhstan Nursultan Nazarbayev put into service the Kapchagai solar power in the solemn ceremony in Almaty region.

The Joint Kazakh-Turkish venture for the production of optoelectronic devices “Kazakhstan ASELSAN Engineering” was established.

The benchmark analysis of the Fund with the world’s Sovereign wealth funds, such as Kazan, Temasek and Mubadala was conducted. The results showed that in some aspects the Fund is higher than its peers in the world, but still there are “bottlenecks” in certain areas and there is potential for increasing the Fund’s performance in the short term.

In 2013, a pilot project for determination of the Social Stability Rating in manufacturing companies of the Fund (Kazakhtelecom JSC, Samruk-Energy JSC, JSC NC KazMunayGas, JSC NC KTZh, JSC NAC Kazatomprom, KEGOC JSC,



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Air Astana JSC, Kazpost JSC, JSC NC Kazakhstan Engineering) was implemented.

The Companies of the Fund in 2013 concluded agreements on social partnership with 33 colleges, covering over 1,000 students on 26 professions in-demand by the companies of the Fund.

The new edition of “Model Regulation on Internal Audit Service of joint-stock companies, more than fifty percent of the voting shares of which are directly or indirectly owned by Samruk-Kazyna JSC”; “Methodological Recommendations for the organization of internal audit in joint-stock companies, more than fifty percent of the voting shares of which are directly or indirectly owned by Samruk-Kazyna JSC”; “Model Regulations on the Internal Control System of organizations, more than fifty percent of the voting shares (interest) of which are directly or indirectly owned by Samruk-Kazyna JSC.

The IV Republican contest “Senim-2014” started. 100 applications were submitted in 8 categories to participate in it.

Over 600 mediators and negotiators were trained in the Fund’s group. 4 resource books were created on the regulation of labor relations, mediation, etc.

The Act of the State Acceptance Commission for commissioning of the solar power plant with the capacity of 2 MW in Kapshagai was signed.

The second supervisory audit for compliance of the Corporate

Management System (CSM) with the requirements of the international standard ISO 9001:2008 was successfully conducted in “Samruk-Energy” JSC.

The Fund and B. Utemuratov signed the agreement under which it is planned the disposal of shares of “Alliance Bank” JSC and “Temirbank” JSC. The Fund and the buyers – Kazkommertsbank JSC and Mr. K. Rakishev agreed on the main terms of the deal on the sale of shares of “BTA Bank” JSC.

Samruk-Energy JSC signed the agreement for acquisition of 50% stake in the authorized capital of “Ekibastuz GRES-1” as well as 100% stake in the authorized capital of “Kazgidrotehenergo” LLP.

A group of employees of KEGOC JSC obtained the innovative patent for the invention “Anchor attachment lug of intermediate support guys with advection of the loop above ground”.

The State Acceptance Commission signed the Act on commissioning of the facilities on the project “Production of paving bitumen on AZPM”. The production is started.

It was created “umbrella” brand of the group of companies of KazMunayGas – Processing and Marketing” JSC which united under the KazMunayGas logo Atyrau refinery, Pavlodar Petrochemical Plant and KazMunayGas Onimderi JSC.

KazTransOil JSC accepted into service two new pumping stations of the mainline Atasu – Alashankou.

Kazakhstan and the Russian Federation signed the inter-governmental agreement “On oil transportation through the territory of the Republic of Kazakhstan and guarantees” according to which from January 1, 2014 in exchange for oil from Russia, Kazakhstan will send its oil in the similar volume to China.

Completion of the precious metals refinery in Astana with the participation of the President of Kazakhstan Nursultan Nazarbayev.

A new complex for seawater desalination with the capacity of 12 000 tons per day in Mangistau Atomic Energy Complex was launched.

The start of production of photovoltaic cells – converters of solar energy into electricity at the plant Kazakhstan Solar Silicon LLP (subsidiary of JSC NAC Kazatomprom) in Ust-Kamenogorsk.

KEGOC JSC completed the construction of 500 kV YuKGRES – Alma before the scheduled date.

The regular meeting of the Advisory Board under “Samruk-Kazyna” JSC was held. This session was devoted to the current state of the implementation of non-core assets and activities to reduce the administrative costs of the Foundation, as well as social stability rating in the companies of the Fund.



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WELCOME ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF SAMRUK-KAZYNA JSC



The Prime-Minister of the Republic of Kazakhstan

MASSIMOV K.K.

Dear partners, colleagues,
and investors,

The results of activity of Samruk-Kazyna JSC in 2013 allowed to maintain the Standard Poor's credit rating of Samruk-Kazyna JSC at BBB+ level, the outlook is "stable".

The strategic importance of assets under the control of Samruk-Kazyna JSC and strong financial position are also marked by the rating agency Fitch Ratings, which also assigned Samruk-Kazyna in 2013 the credit rating at BBB + and "stable" outlook.

The consolidated net income of Samruk-Kazyna JSC in 2013 excluding the second-tier banks amounted to KZT719.4 bln.

Following the result of 2013, the total amount of taxes and payments into the budget paid by the group of the Companies of Samruk-Kazyna JSC amounted to KZT875 bln, which is by 8.5% more as compared to 2012.

The amount of dividends transferred to the Republican budget by Samruk-Kazyna JSC in 2013 following the results of 2012 equals to KZT9.1 bln.

On February 22, 2013 the Board of Directors of Samruk-Kazyna JSC approved the Investment Policy of Samruk-Kazyna JSC, which aims at improving the efficiency and transparency of investment activities of subsidiary (affiliated) organizations of Samruk-Kazyna JSC, as well as the efficiency of interaction between Samruk-Kazyna and subsidiary (affiliated) organizations within the investment processes.

The investment portfolio of Samruk-Kazyna includes 138 projects for the aggregate amount of about \$139 bln.



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One of the key areas of investment activity of Samruk-Kazyna is the implementation of investment projects included in the National and Regional Maps of Industrialization under the State Program for Forced Industrial and Innovative Development of Kazakhstan for 2010–2014.

To date, the group of companies of Samruk-Kazyna JSC has completed the implementation of 11 investment projects under the SPFIID totaling \$2.7 bln, about 6000 jobs were created for the three years. In 2013 it was started the production of paving bitumen at Aktau plastics plant, it was commissioned precious metals refinery, it was launched the production of photovoltaic modules. The launch of these projects lays the ground for the start of production of new products and attraction of advanced technology.

One of the most significant components of the innovation policy of Samruk-Kazyna is the reporting system to determine the rating of innovation and technological development which allows to analyze not only quantitative indicators but also to evaluate qualitative results of the development of innovations in Samruk-Kazyna JSC.

Thus, in 2013 the companies of Samruk-Kazyna provided funds for research and development activities in the total amount of KZT2.7 bln; investment in innovative projects amounted to more than KZT150 bln. At that, already in 3 companies

JSC NC Kazakhstan Temir Zholy, Samruk-Energy JSC, KEGOC JSC it is noted the profit earning and / or cost savings as a result of the development of innovations.

In the future, the innovative development will be focused on improving performance and sustainable development of Samruk-Kazyna JSC and the national economy.

In connection with the solution of tasks on stabilization of the situation in the banking sector in the framework of the anti-crisis program Samruk-Kazyna in accordance with the instructions of the Head of State rounded off talks with potential investors and in December 2013 agreed the terms of transactions for the disposal of shares in Alliance Bank JSC, Temirbank JSC and BTA Bank JSC.

Last year it was held the transfer of development institutions to the established National Holding Baiterek. As a result Samruk-Kazyna was able to focus on the activities of companies in the real sector, primarily on improving their profitability and value creation for the shareholder.

Since 2013 Samruk-Kazyna JSC started the work on search, selection and attraction of the best foreign professionals for implementation of the new economic policy with compulsory training of the local staff. The key work streams and problem areas requiring for highly skilled professionals

from foreign countries and use of their experience were identified.

As part of preparation for the International Exhibition EXPO-2017 under the instruction of the President of the Republic of Kazakhstan, the project “Green Quarter” is being implemented in Astana on the territory of which it is planned to place the administrative and business center, residential areas, parks and social facilities with the latest developments in the field of energy efficiency.

In order to meet the needs of the population of Kazakhstan in regional (domestic) air transportation the work is in progress on setting up a new regional airline.

It should be noted that Samruk-Kazyna JSC is successfully implementing the principles of corporate governance. In this connection, the work will be continued to move closer its standards to the OECD standards while the special emphasis will be given to the effectiveness of boards of directors with real powers and competitive structure.

The results of work of Samruk-Kazyna JSC indicate that the task set by the Head of the State to promote the growth of national wealth of the country by improving the long-term value of the Companies of Samruk-Kazyna JSC and contribution to ensuring sustainable development, diversification and modernization of the economy, is solved successfully.



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WELCOME ADDRESS BY THE CHIEF EXECUTIVE OF SAMRUK-KAZYNA JSC



Chief Executive of Samruk-Kazyna JSC
SHUKEYEV U.Y.

Ladies and Gentlemen!

In 2013 Samruk-Kazyna JSC was concentrated on the implementation of the instructions of the President and the Development Strategy of the Fund in three main areas: enhancing the long-term value of companies; participation in the diversification and modernization of the national economy; social responsibility. High performance indicators were achieved.

We were able to increase the long-term value of the company by enhancing the operating performance, productivity and profitability of the group of companies of the Fund. The consolidated net income of the Fund for 2013, excluding second-tier banks amounted to KZT719.4 bln, which exceeds

the target by 9.4%. We have improved such a key performance indicator, as operating profitability (EBITDA margin). In 2011, it fell down from 23.4% to 17.8%. In 2013, we managed to increase to 21.3%. We were able to reverse the negative trend.

In addition, in 2013 the indicator “Consolidated net income to the share of the Shareholder” excluding second-tier banks grew and made KZT653.8 bln. The approved financial stability indicators (Debt / EBITDA and Debt / Equity) are within the limits and show steady improvement. The current financial stability allows the Fund to attract cheap financing, both in the domestic (for 5 years at 5%, for 10 years at 7%) and foreign markets (for 5 years at 3.5% for 10 years at 5%). The total remaining borrowing capacity of the group of companies of the

Fund following 2013 is about \$20 billion and could be potentially used to finance priority investment projects.

A lot of work was performed on restructuring of non-core assets. In 2013, 482 non-core objects were derived from 713, including realized – 405, liquidated – 19, transferred to the local executive bodies – 55, reorganized – 3. The next two years it is planned the withdrawal of 30 assets and 45 objects. This will get rid of losses on non-core assets for KZT5.7 bln. Rejecting the non-core ballast, the companies will be able to concentrate on core activities.

The target model of treasury management produces good effect. The result of 2013 is KZT16.4 bln. Savings are achieved at the expense of e-procurement system as well.



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As a result, in 2013 the group was able to reduce costs by KZT16.3 bln. And this figure is expected to grow as the development of the potential of the system.

2013 was a year of effective implementation of innovation and industrial and investment policies. Thus, the investment policy was approved, which sets the minimum thresholds yield of projects (eg. KMG – 13.9%, KTZ – 12.4%, KAP – 15.8%). This will streamline the investment activity of companies and exclude implementation of low-income projects. In addition, there were approved the Strategy of innovative development of JSC NC Kazakhstan Temir Zholy, Kazakhtelecom JSC, KEGOC JSC, Kazpost JSC, Samruk-Energy JSC, JSC NC KazMunayGas. KZT2.7 bln was provided for R&D with 8 major companies of the Fund. Investments in innovative projects totaled KZT134.1 bln.

The Fund is implementing a considerable part of the projects of the State Program for Forced Industrial and Innovative Development. Thus, out of the total program of \$81 bln the share of Samruk-Kazyna is accounted for 42% (\$34 bln) with the creation of 21 thousand permanent jobs. In 2013, the group of companies of the Fund in 2013 implemented 30 investment projects for \$30.9 bln Three projects totaling \$600 mln are completed – it was launched a full cycle of production of solar panels, precious metals refinery and bitumen production plant. Within the SPFIID the following investment projects are withdrawn at full capacity: the construction of railways Uzen – state border with Turkmenistan and

Zhetygen – Korgas; construction and power delivery of Moinak HPP; North Caspian ecological base for oil spill response.

Under the instruction of the Head of State, we came out of the capital of second-tier banks. In 2013, the transaction documents were signed for the sale of shares of BTA Bank, Alliance and Temir Bank.

We transferred 100% stake in development institutions (DBK, Damu, Investment Fund of Kazakhstan, Kazyna Capital Management and KazExportGarant) to the republican property with further transfer to JSC NMH Baiterek.

We improve the quality of strategic planning. In particular, for each company in 2013 it was approved the KPI for 10 years. The results for each indicator are quarterly monitored. The whole group of the Fund is focused on the world leaders in its industry. We actively promote benchmarking, on its basis we set targets of companies.

In 2013, to assess the success of the development of the Fund and to identify weaknesses, together with the leading international company McKinsey it was conducted benchmark analysis. In total in the world there are 73 sovereign wealth funds and 23 government agencies that control the national companies. We take the 9th place in the world in the global ranking of “assets size” indicator. On “level of disclosure” indicator the Fund is in the first place among all peer companies.

The President of Kazakhstan instructed the Fund and the Government to ensure full power supply of EXPO-2017 facilities at the expense of alternative energy sources. We have compiled a list of projects implemented as part of preparation for the exhibition and also worked out the issue of power supply of the exhibition with Akimat of Astana. In 2013 we started to develop a pilot project on the construction of “Green Quarter” in the capital. In addition, the group of companies of the Fund started implementation of the concept of green economy and energy efficiency programs.

Social responsibility is defined by the Fund as one of the strategic directions for the coming decade. We have introduced Social Stability Rating as the strategic KPI for the Fund’s companies, which last year amounted to 58%. It is a yellow zone which corresponds to the assessment “satisfactory” means that there is something to work on and we will monitor the performance of managers. As part of the dual training, 9 companies of the Fund cooperate with 33 colleges, covering over 1,000 students on 26 professions in-demand by the companies of the Fund.

We are not resting on our laurels. In 2014, we have to solve a number of important tasks. This year should be the year of the start of the business transformation program of the group of companies of Samruk-Kazyna. I am confident that the highest professionalism of our staff will ensure the sustainable development of the group of companies of the Fund, increase the effectiveness of industrial and innovation activities.



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4.1. THE LIST AND BRIEF INFORMATION ON MAJOR SUBSIDIARIES OF SAMRUK-KAZYNA JSC

The structure of the Fund consists of Companies from key sectors of the economy, including oil and gas, power, transport, telecommunications and others.

The structure of the Fund includes 599 companies, as well as the corporate center “Samruk-Kazyna” JSC, 454 subsidiaries (hereinafter – subsidiaries) of all levels and 145 associates and jointly-controlled entities, financial investments, including legal entities and banks, not included in the Group of the Fund, according to the Law of the Republic of Kazakhstan “On Sovereign Wealth Fund”.

Activities of the Fund’s companies are aimed at increasing the equity value, which in turn promotes the competitiveness and sustainability of the national economy.

“Oil & Gas” Segment includes one company **JSC “NC “KazMunayGas”**.

The main activities of KMG among others, are involvement in public policy in the oil and gas industry, the representation of state interests in contracts for subsoil use, through equity participation in contracts, corporate governance and issues of exploration, development, production, processing, sale and transportation of hydrocarbons, design, construction and operation of oil and gas pipelines and oil and gas infrastructure.

The Fund is the Sole Shareholder of KMG. The structure of the KMG consists of 221 companies in 9 levels, of which 170 are subsidiaries.

“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 principal activities of the KAP are:

- uranium mining, processing and selling of uranium products;
- production and sale of products of tantalum and beryllium, as well as research and development;
- production and sale of electricity, heat and water;
- production and sale of other products and services for primary production.

The assets structure of the KAP consists of 72 companies on 4 levels. The Fund is the Sole Shareholder of KAP. The structure of KAP consists of 70 companies in 4 levels, of which 48 are companies with 100% share of KAP.

JSC “NC “Kazakhstan Engineering” (hereinafter – KE) is a holding structure, which provides a unified financial, industrial and technology policy at the largest enterprises of the Republic and is in the trust management of the Ministry of Defense of the Republic of Kazakhstan.

The enterprises of KE are specialized in products and services for customers presenting oil and gas, rail, agricultural and heat and power sectors as well as production and repair of armory and military equipment. The structure of the KE includes 34 companies on three levels.

“United Chemical Company” LLP (hereinafter – UCC) promotes the development of chemical industry in Kazakhstan through the elaboration and implementation of investment projects aimed at in-depth processing of domestic hydrocarbon and mineral resources for the production of modern chemical products.

As of 2013 the UCC asset structure is represented by 11 companies.

JSC “NMC “Tau-Ken Samruk” (hereinafter – TKS) implements the growth in value of the company through the effective development of raw material base of priority of solid mineral deposits (SMD) with the use of modern technology, integration of productive assets and their efficient management.

The structure of the TKS consists of 41 companies on 6 levels, 30 of which are included in the group of companies of “Kazzink” LLP and 7 companies are created with the purpose of realization of investment projects.

“Transportation” Segment includes Companies: JSC “NC “Kazakhstan Temir Zholy” (hereinafter – KTZh), “Air Astana” JSC, JSC “International Airport of Atyrau”, JSC “International Airport of Aktobe”, JSC “Airport of Pavlodar”.

The main purpose of **JSC “NC “Kazakhstan Temir Zholy”** (hereinafter – KTZh) is uninterrupted and quality provision of the needs of the economy and population in the transportation of baggage, cargo-luggage, cargo, mail by rail.

The Fund is the Sole Shareholder of KTZh. The structure of the KTZh includes 99 companies on 5 levels, of which KTZh owns 70 companies with 100% interest.

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



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JSC “International Airport of Atyrau”, JSC “International Airport of Aktoke”, JSC “Airport of Pavlodar” render, mainly, the services on airport activities. JSC “International Airport of Atyrau” and JSC “International Airport of Aktoke” accept and maintain practically all types of aircrafts.

“**Power**” Segment is grouped by the Fund’s Companies: “KEGOC” JSC (hereinafter – KEGOC) and “Samruk-Energy” JSC (hereinafter – “Samruk-Energy”), which are the largest in this segment, “KOREM” JSC (hereinafter – “KOREM”), “Kazakh Research Institute of Energy named after Sh.Chokin” JSC (hereinafter – KazNIIE) and Karagandagiproshaht&K (hereinafter – Karagandagiproshaht).

KEGOC is the System Operator of the Unified Power System of Kazakhstan (hereinafter – the UPS of RK). It provides services for power transmission, technical dispatching of grid output and energy consumption, balancing of the production / consumption of electricity and ensures the contractual values of electrical energy flows from the power grids of neighboring countries pursuant to the terms of contracts, provides centralized operational-dispatching maintenance of facilities of UPS of RK regardless of ownership.

The principal activities of **Samruk-Energy** and its subsidiaries are production of electric and thermal energy; transmission and distribution of electricity; production of steam coal; reconstruction, expansion and construction of power assets.

KazNIIE renders the services on scientific and applied researched and developments in electric power industry, providing of electric power sector with in-demand and competitive innovation scientific developments, providing an effective commercialization of the results of scientific and scientific and technical activities, introduction of local and transfer of leading foreign technologies, creation of the effective system on strategic and operational management.

The principal activities of **KOREM JSC** are to provide preparedness for the trading of electric power in the central area, and **Karagandagiproshaht** implements the engineering of mining production, urban and architectural design of building and constructions, as well as environmental design and norming for enterprises of coal and ore mining industry.

“**Telecommunications**” Segment includes the Fund’s companies: “Kazakhtelecom” JSC and “Kazpost” JSC.

Kazakhtelecom JSC (hereinafter – Kazakhtelecom), as the largest telecommunication operator of Kazakhstan provides the following services: fixed telephony, mobile telephony, data transmission and Internet, services to operators and paid TV and IT services.

The structure of Kazakhtelecom includes 13 companies on 3 levels; the Company has a branch network in the regions and is part of the Fund, which owns 51% of ordinary shares.

Kazpost JSC is the National operator of mail services.

In the postal field Kazpost provides services for sending letters and parcels and expedited and courier mail, postal transfers of money, distribution of printed materials. In the area of financial and banking services Kazpost provides services such as currency exchange transactions, deposits, payments, cash management services, collection and transportation of money and valuables, brokerage services in the securities market, electronic money transfers, transfer agent’s activities and etc.

In the area of agency services the active development received consumer credit services provided by second-tier banks.

Kazpost has an extensive branch network in regions, districts and villages; the assets structure includes 3 companies on 2 levels.

“**Financial Institutes and Development Institutes**” Segment is represented by the Companies: “BTA Bank” JSC, “Alliance Bank” JSC, “Temir Bank” JSC, which are the major companies in this segment, as well as “Real Estate Fund “Samruk-Kazyna” JSC, Astana-Finance JSC, Shekerbank T.A.S..

On Development Bank of Kazakhstan JSC, Entrepreneurship Development Fund “Damu” JSC, Kazyna Capital Management JSC, Export Credit Insurance Corporation “KazExportGarant” JSC and Investment Fund of Kazakhstan JSC the segment reflects the data only for three months in 2013 as in April 2013 the shares of these organizations were transferred to the trust management of relevant line Ministries. Since its establishment in May 2013 of JSC National Holding “Baiterek” the shares were transferred to the trust management of JSC National Holding “Baiterek” (hereinafter – Baiterek).

“**Real Estate Fund “Samruk-Kazyna” JSC** (hereinafter – Real Estate Fund) is established in order to stabilize the housing market through the acquisition of commercial and residential premises on the construction facilities and to ensure their effective management. The main activities of the Real Estate Fund are focused on assisting to the development of housing construction in the Republic of Kazakhstan. The structure of the Real Estate Fund consists of 4 companies.

“**Corporate Centre and projects**” Segment includes “Samruk-Kazyna” JSC, as well as “Samruk-Kazyna Invest” LLP, “Samruk-Kazyna Contract” LLP, “Samruk-Kazyna Finance” LLP, “SK – Pharmacy” LLP.



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MAJOR SUBSIDIARIES AND AFFILIATES OF SAMRUK-KAZZYNA JSC

The following subsidiaries were included in this consolidated financial statements:

	Equity shares	
	2013	2012
JSC National Company KazMunayGas (NC KMG) and subsidiaries	100.00%	100.00%
JSC National Company Kazakhstan Temir Zholy (JSC NC KTZh) and subsidiaries	100.00%	100.00%
JSC National Atomic Company Kazatomprom (NAC KAP) and subsidiaries	100.00%	100.00%
Kazakhtelecom JSC (KTC) and subsidiaries	51.00%	51.00%
Samruk-Energy (JSC Samruk-Energy) and subsidiaries	100.00%	100.00%
Kazakhstan Electricity Grid Operating Company JSC (KEGOC) and subsidiaries	100.00%	100.00%
Air Astana JSC (Air Astana)	51.00%	51.00%
BTA Bank JSC (BTA Bank) and its subsidiaries*	97.26%	97.28%
Alliance Bank JSC (Alliance Bank) and its subsidiaries	67.00%	67.00%
Kazpost JSC and its subsidiaries	100.00%	100.00%
JSC National Company Kazakhstan Engineering and subsidiaries (Kazakhstan Engineering)	100.00%	100.00%
Real Estate Fund Samruk-Kazyna JSC	100.00%	100.00%
Aktobe International Airport JSC	100.00%	100.00%
Samruk-Kazyna Contract LLP	100.00%	100.00%
JSC National Mining Company Tau-Ken Samruk and subsidiaries	100.00%	100.00%
Kazakh Scientific Research Institute of Energy named after academician Sh.Ch. Chokin JSC	50%+1	50%+1
United Chemical Company LLP and subsidiaries	100.00%	100.00%
Samruk-Kazyna Invest LLP	100.00%	100.00%
KOREM JSC	100.00%	100.00%
Atyrau international Airport JSC	100.00%	100.00%
Pavlodar Airport JSC	100.00%	100.00%
Karagandagiproshakht and Co. LLP	90.00%	90.00%
Temirbank JSC	79.88%	79.90%
KGF SLP	100.00%	100.00%
KGF IM	100.00%	100.00%
KGF Management	100.00%	100.00%
SK Finance LLP	100.00%	100.00%
JSC National Exploration Company Kazgeologiya	-	100.00%
SK-Pharmacy LLP	-	100.00%
Export credit insurance corporation KazExportGarant JSC (Insurance Group on insurance of export credits and investments)	-	100.00%
Doszhan Temir Zholy JSC	-	94.96%
Investment Fund of Kazakhstan JSC	-	100.00%
Development Bank of Kazakhstan JSC (DBK) and its subsidiaries	-	100.00%
Damu Entrepreneurship Development Fund JSC (Damu)	-	100.00%
Kazyna Capital Management JSC and its subsidiaries	-	100.00%
East Kazakhstan Regional Energy Company JSC**	-	100.00%

*As of December 31, 2013 the Group of development institutions and financial organizations ceased activities

**Since March 14 2013 East Kazakhstan Regional Energy Company JSC is included in Samruk-Kazyna JSC as a subsidiary organization



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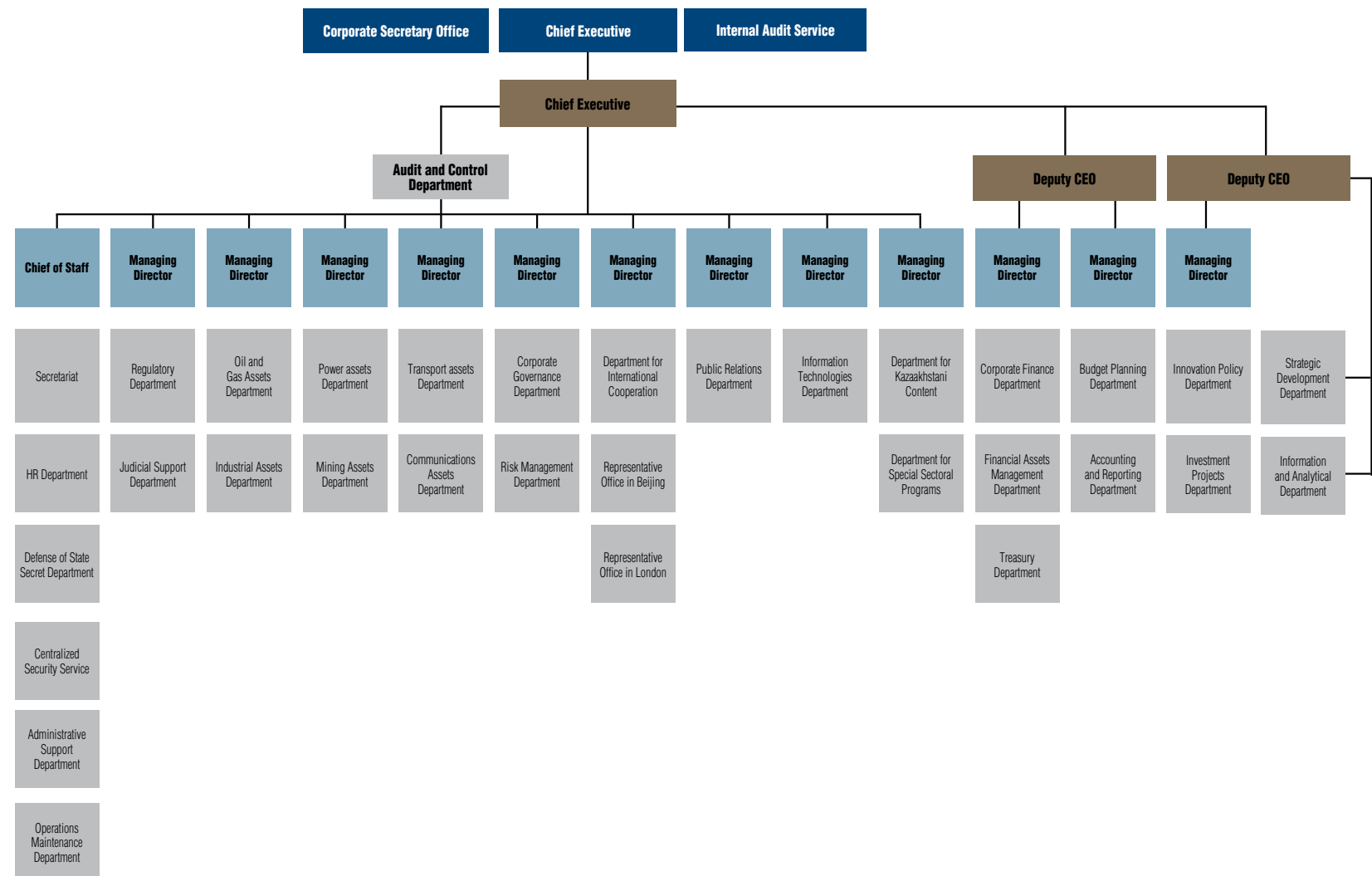
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4.2. ORGANIZATION STRUCTURE OF SAMRUK-KAZZYNA JSC





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4.3. MAIN ACTIVITIES, GOALS AND OBJECTIVES OF SAMRUK-KAZYNA JSC

The sole shareholder of Samruk-Kazyna JSC is the Government of the Republic of Kazakhstan.

The Development Strategy of Samruk-Kazyna JSC for 2012–2022 was approved by the Decree of the Government of the Republic of Kazakhstan #1202 dated September 14, 2012.

The Development Strategy of Samruk-Kazyna JSC for 2012–2022 was elaborated given the fundamental directions of state policy in the industrial and innovation, socio-economic and other spheres of activity of the Fund and defines its mission, vision, strategic directions, goals and objectives for a ten – year period.

The **Mission of the Fund** is to increase national wealth of the Republic of Kazakhstan by increasing long-term value of organizations and effective management of the assets of the group of the Fund.

The **Fund's vision by 2022** is a strategic holding that unites Companies reached the best world practices, and which is a leading catalyst for the development of non-oil and gas companies and a foundation to maintain the stable functioning of the country's economy.

To achieve its vision and mission, the Fund operates in three strategic areas:

1. Enhancing the long-term value of Companies
2. Participation in diversification and modernization of the national economy.
3. Social responsibility.

1. Enhancing the long-term value of companies

Under the first area, the key **goal** of the Fund is to increase the long-term value and to form companies reached the best world practices. The activity of the Fund's Companies should meet the following criteria: high operating efficiency, productivity and profitability, high financial stability, a high level of innovation development, transparent and optimal assets structure.

In order to achieve this goal, the Fund solves the following tasks:

- *encouraging companies to improve financial and operational performance through benchmarking;*
- *raising the level of corporate governance;*

- *implementation of the Investment policy;*
- *assets restructuring and bringing Companies to the IPO;*
- *improvement of the Companies' performance management system;*
- *innovations development;*
- *human capital development.*

2. Participation in diversification and modernization of the national economy

The Fund is aimed to provide maximum assistance to the Government of the Republic of Kazakhstan in the implementation of the objectives of diversification and modernization of the national economy under the framework of strategic and program documents of the country. The key **goal** of the Fund in the context of the second strategic direction is the creation of new and modernization of existing production and infrastructural assets, as well as the development of added value chain.

This goal is achieved through the implementation of following tasks:

- *implementation of strategic investment;*
- *effective supply management and development of business environment;*
- *stimulation of economic development through development institutions.*

3. Social responsibility

The growth of long-term value of companies of the Fund is impossible without taking into account the interests of all stakeholders, including the public interests. Raising the standards of social responsibility in the group of the Fund is one of its strategic goals. The group of companies of the Fund strives to be an exemplary employer and leader in the field of industrial safety and environmental protection.

Increase of the standards of social responsibility is implemented through the performance of following tasks:

- *regulation of social and labor relations on the basis of the principle of social partnership;*
- *creation of a personnel training system;*
- *provision of environmental sustainability and occupational safety (the key principles are improving energy efficiency, resource conservation and use of alternative energy sources);*
- *determination of the unified policy in the field of implementation of social projects;*
- *creation of a unified communications strategy.*



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4.4. ENHANCING THE LONG-TERM VALUE OF COMPANIES

4.4.1. Companies' valuation

All initiatives are implemented by the Fund within three strategic directions defined in the Development strategy of Samruk-Kazyna JSC for 2012–2022, namely:

1. Enhancing the long-term value of companies;
2. Participation in diversification and modernization of the economy;
3. Social responsibility.

The implementation of these three directions will allow the Fund to fulfill its mission – improving the national welfare by enhancing the long-term value – added of companies and efficient assets management.

Successful implementation of the first goal on improving the long-term value of the companies will form from the Fund's organizations competitive companies in the world market, which activities will respond to such criteria as high operational performance, productivity and profitability at the level of the best companies, high level of innovation development.

By the decision of the Board of Directors of Samruk-Kazyna JSC (hereinafter – the Fund) #105 dated December 12, 2013 it is approved the Procedure for evaluation of the value-added of the Companies of Samruk-Kazyna JSC (hereinafter – the Procedure), enclosed.

The Procedure supposes calculation of the value-added of the Companies based on the income method by discounted cash flow method.

To determine the discounted value-added of the summary cash flow in compliance with the Procedure it is applied the discount rate – the equity capital value-added rate. Relevant rates, evaluating the value-added of the equity capitals as of December 31, 2013 and applied to evaluated the value-added of the Companies, are approved by the decision of the Investment and Innovative Committee of the Fund #7 dated April 10, 2014 and provided in the Annex to the decision of the Management Board on current issue.

In compliance with the Procedure, the calculation of the Companies' value-added, the shares of which are placed in the stock exchanges, including domestic and foreign (as of December 31, 2013 – Kazakhtelecom JSC), is performed in terms of the market capitalization. The criteria of the active market are established in the Procedure for the shares of such Companies, and in case if the shares of the Companies do not comply with them, so the evaluation of its value-added is performed in compliance with the procedure for evaluation of the value-added of the Companies, not placed at the stock exchanges.

The calculation of the Companies value-added is performed based on the Development Plans (including data on implementation of the

major investment projects), approved by the decisions of the Board of Directors / Supervisory Board of the Companies.

In compliance with the Procedure the Fund's value-added makes the sum of the Subsidiaries' value-added, submitting Development Plan, as well as the Companies equity capital entering the structure of the Fund that do not submit the Development Plans taking into account the share of ownership of the Fund (as of December 31, 2013 – Maikainzoloto JSC).

In future the evaluation of the performance of the long-term objective of the Fund to increase in value-added of the Subsidiaries and the Fund will be performed in the terms of decrease or increase in the value-added as compared to the evaluation as of December 31 of the previous year.

The valuation of the Fund (the total) as of December 31, 2013 is KZT6 190.9 billion (\$40.3 billion at the rate of KZT153.61 per \$1). It should be noted that the assessment carried out by the Procedure is not and does not involve the valuation of companies for sale, transfer to IPO (initial public offering), preparation of financial statements in accordance with International Financial Reporting Standards (hereinafter – IAS), etc.

4.4.2. Corporate treasury. Money management efficiency

The comprehensive work to improve the corporate policies in the sphere of the treasury have been conducted for the period after the said meeting: it is approved the Unified cash management policy, formed the mechanism for distribution of the Unified policy principles to the Companies, at least 50% of the voting shares or the equity interest of which are directly or indirectly owned by the Fund – by the decision of the Management Board of the Fund (February, 2013 – the Management Board has approved the Treasury Standard). Main principles of the treasure operations, including the principle of optimal cash position on the current accounts and deposits ratio, the principle of the centralized bank relations, and increase in quality of the predicting and strengthening analytic expertise are regulated.

On March 2013 the Treasury Service of the Fund has initiated the accelerated transfer to the industrial automation of the treasury function, instead of previously proposed automation on the pilot products, which do not consider the volume of the transactions, a huge perimeter of the Companies. The updated plan of the Project was approved at the extended meeting of the Management Board of the Fund dated August 14, 2013. In addition, the main results of the first stages of the project implementation have been reported: the effect for 8 months of 2013 has amounted to KZT15 billion



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just due to the implementation of the unified corporate standards and centralized approval and monitoring over the treasury portfolio parameters.

The new plan provides the start of transition of the treasury functional to the industrial licensed functions. All objectives on automation have been divided into 2 stages. The Stage 1 will start in 2014, and the objectives of the Stage 2 (the medium-term forecast and management of financial risk) will be started in 2015.

The main results for the period up to the end of 2013 are as follows:

- Main principles of the treasure operations are regulated;
- The annual effect is KZT16.4 billion (for 2013);
- The processes of the corporate currency dealing and netting are introduced;
- The stage of the bank information pool implementation is launched;

- The initial optimization of the bank tariffs is conducted, the unified rules for the second-tier banks are introduced;
- The Project Office and the Steering Committee are established;
- The advanced treasury IT systems have been analyzed, a set of negotiations with the leading vendors is conducted;
- Joint works with KISC and STB on testing the channel of KISC of the Fund for data transmission are in progress;
- Work on bank-nonresidents and on acquisition of the SWIFT channel is in progress;
- The KPI methodology on the treasury functional performance is developed.



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4.5. INVESTMENT ACTIVITY

4.5.1. Investment Policy of the Fund

On February 22, 2013 by the decision of the Board of Directors of Samruk-Kazyna JSC (Minutes #88) it was approved the Investment Policy of Samruk-Kazyna JSC.

The goal of the investment policy of Samruk-Kazyna JSC is to increase the efficiency and transparency of investment activities of subsidiaries and affiliates of the Fund, and to enhance the efficiency of interactions between the Fund and its subsidiaries within the investment processes.

The investment policy will enable the Fund to control at the consolidated level the rationality and efficiency of the investment activities of subsidiaries aimed at the implementation of the Development strategy of the Fund and the achievement of the Fund's goal to increase long-term value of companies.

4.5.2. Ongoing and planned major capital investment projects

Under the framework of the State Program for Forced Industrial-Innovative Development of the Republic of Kazakhstan, the group of companies of the Fund was implementing 30 investment projects in 2013 with total value of \$30.9 bln, which are represented almost in all sectors of the economy and are of strategic importance in achieving goals of industrial development.

The implementation of these projects will allow creating more than 47 thousand jobs for a period of construction, and more than 20 thousand permanent jobs during the period of operation.

Ongoing (implemented) investment projects

In total, the Fund has already completed 11 investment projects under the SPFIID:

- Construction of capacities for the production of freight cars in Kazakhstan;
- Construction of a plant to produce passenger cars Talgo in Astana;
- Construction of Uzen-State border with Turkmenistan railway line;
- Construction of Zhetygen – Korgas railway line;
- Organization of production of electric locomotives;
- Creation of production of photovoltaic modules on the basis of Kazakhstan's silicon KAZ PV;
- Scheme of power delivery of Moynak HPP;

- Construction of North-Caspian oil spill response ecological base;
- construction of Moynak Hydroelectric Power Plant with capacity of 300 MW;
- Construction of gold refinery;
- Production of road bitumen at Aktau Plastics Plant.

In 2013 2 investment projects of them were commissioned for the total amount of \$327 mln.

In Astana the construction of the gold refinery which will allow performing a comprehensive and deep processing of gold-bearing raw material with capacity of 25 tons of gold and 50 tons of silver annually is completed.

In Aktau the production of road bitumen at Aktau plastics plant was launched. The implementation of the project will allow to produce road bitumen in volume no less than 406.5 thousand tons, 255.4 thousand tons of gasoline – diesel fraction, 330.3 thousand tons of vacuum gasoil, annually.

Investment projects planned for commissioning in 2014

Until the end of 2013 under the framework of the Map of Industrial development, the Fund plans to complete implementation of another 5 investment projects with a total value of \$1.2 bln:

- Installation of FTTH networks (Fiber to the Home). The project aims to create a universal fiber-optic access network FTTH with 100% coverage of apartment buildings, mobile operators, corporate clients, including educational institutions, Akimats, Ministries and departments, health care facilities in Astana and Almaty, regional centers.
- reconstruction of vitriol plant with production capacity of 180 thousand tons per year. This project is aimed at supply of uranium mining enterprises with sulfuric acid;
- construction of wind power plant with the capacity of 45 MW. The project is aimed at providing electricity for the International Exhibition “EXPO-2017”.
- construction of 12 transformer stations (10 SS of them are commissioned, 2 SS are scheduled for completion in the second quarter of 2014), which will provide electricity to the facilities of housing and communal services, underground, SEZ PIT in Almaty and Almaty region.
- construction of Alma 500/220 kV SS with joining the NPG of Kazakhstan by the voltage lines 500, 200 kV for supply security of Almaty region.
- Commissioning the first stage of the project “Reconstruction and Modernization of Atyrau refinery” (construction of aromatics production complex) which will produce 133 thousand of benzene and 496 thousand of paraxylene per year.



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4.5.3. Participation in diversification and modernization of the national economy

To date, in order to promote the modernization and diversification of the economy of Kazakhstan, the Fund is working on the implementation of investment projects in the oil and gas industry, production and distribution of electricity, as well as in infrastructure development.

In the Oil and Gas sector JSC NC KazMunayGas implements the project "Reconstruction and modernization of Atyrau Refinery (construction of advanced oil processing center), aimed at increasing the productivity of the Atyrau Refinery up to 5.5 mln t/year and oil conversion ratio up to 87%, increase in the output of motor fuels up to 87%, complying with the requirements of the standards Euro-4 and Euro-5.

The work on construction of gas pipelines Beyneu – Bozoy – Shymkent from West to South of Kazakhstan with transfer capacity of up to 10 bln cubic meters.

In order to promote country's export potential, transition of production to higher process stages, as well as to reduce the dependence on certain types of imported products, the Fund implements the following projects in the **chemical industry**:

- construction of an integrated gas chemical complex. The project assumes the creation of the complex for processing of gas for production of polyethylene (800 thousand tons per year) and polypropylene (500 thousand tons per year) in Atyrau region;
- production of glyphosate. The project involves the creation of a single chemical complex in the special economic zone "Chemical Park Taraz" in Zhambyl region by forming a chain of technologically connected industries with high added value, in order to release innovative chemical products demanded both inside and outside Kazakhstan.

In the field of generation and distribution of power, the projects aimed at ensuring energy efficiency of Kazakhstan are carried out, including:

- expansion and reconstruction of Ekibastuz SDPP-1, which plans to restore blocks #8, #2 and #1 in order to cover the growing demand for electricity in Kazakhstan and Russia;

- expansion and reconstruction of Ekibastuz SDPP-2 with installation of power supply unit #3, which will allow to increase the capacity of the station by 600–660 MW;
- construction of the Balkhash thermal power plant with a capacity of 1,320 MW (first module of coal thermal power station) to satisfy growing demand for electricity in the southern zone of Kazakhstan;
- modernization of Shardara hydroelectric power plant to increase the lifetime of the station, and increase the installed capacity by 16% to 116 MW;
- upgrading the Kazakhstan national power grid, phase II, which involves the replacement of obsolete equipment in substations and construction of new transmission lines to improve the technical level and supply of energy efficiency and reliability of the Kazakhstan NPG;
- construction of 500 kV transmission line Ekibastuz – Shulbinskaya HPP (Semey) – Ust-Kamenogorsk. The project is aimed at increasing the network capacity in the section North – East, providing cover deficits of East Kazakhstan region, regardless of the transit of electricity through the network of Russian UES.

In the field of transportation and telecommunications the Fund started implementation of two major infrastructure projects on construction of the Zhezkazgan – Beyneu and Arkalyk – Shubarkol railway lines. The first railway line will run through the territory of Mangistau, Karaganda, Aktobe and Kyzylorda regions, total length is 988 km. The second 214 km long railway line will run through the territory of Kostanai and Karaganda regions.

For the purpose of development of border trade and economic, scientific-technical and cultural cooperation between Kazakhstan and China, JSC NC Kazakhstan Temir Zholy implements a project of creation of the International Center of border cooperation Khorgos on the basis of modern transport and logistics, and tourism infrastructure.

In the manufacturing sector the Fund is implementing the project "Construction of the plant for the production of flat glass in Kyzylorda". The project envisages the creation of high-tech production of flat glass in the Republic of Kazakhstan with capacity of 600 tons per day (175 thousand tons per year).



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4.6. INNOVATIVE DEVELOPMENT

In accordance with the approved in December 2012 Industrial and Innovation Policy of the Fund the main objective of innovation development is improving the operating performance of the Fund's Companies.

Pursuant to this Policy, 8 large companies of the Fund in 2013 developed innovative strategies; at that the comparative analysis showed that in many indicators of the production processes efficiency companies lag far behind from their peers by industries. In this regard, the main form of innovative development is currently the technology transfer. The volume of investments in innovative projects in 2013 amounted to KZT150.8 billion, in research and development – KZT2.6 billion. It should be noted that, despite the implementation of innovative projects, the work on evaluating the economic effect of the innovation activities is not established. Thus, only three companies showed that in their net profit for 2013 there is a part obtained from innovation – JSC NC Kazakhstan Temir Zholy (1.62%), Samruk-Energy JSC (0.4%) and KEGOC JSC (0,12%).

It should be noted that the innovative development is a multifactorial process to measure the productivity of which the Fund developed and implemented a system of special KPI, defining the rating of innovation.

Thus, according to the rating evaluation in 2013 (in percentage from achievement of 100% of the target value of the rating in 2016), the ranking leaders are such companies as JSC NC Kazakhstan Temir Zholy (77%), KEGOC JSC (76%) and Samruk-Energy JSC (71%). Other companies reached lower values rating: Kazakhtelecom JSC (54%), JSC NAC Kazatomprom (51.28%), Kazpost JSC (50%), JSC NC KazMunayGas (49%) and Kazakhstan Engineering JSC (40.76%).

To achieve the target values of the innovation development rating in addition to implementation of directly innovative projects that result in the creation of production of new products, services and / or improvement of the efficiency of the existing ones, the companies will focus efforts on the formation of the necessary conditions for the growth of innovation:

- staff training, introduction of methods to stimulate the generation of ideas and proposals;
- creation of the corporate governance system of innovative development, aimed at generating economic results;
- conducting the audit process as the basis for planning of technological development, etc.



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4.7. EFFECTIVE MANAGEMENT OF SUPPLY AND DEVELOPMENT OF THE BUSINESS ENVIRONMENT

4.7.1. Program for promoting the modernization of existing and creation of new businesses for 2013–2022

Samruk-Kazyna JSC approved the Program for promoting the upgrading of existing and creation of new industries in the new edition.

The Program is aimed at supporting private entrepreneurs, initiating new production as well as modernization of existing production facilities to manufacture products demanded by companies of Samruk-Kazyna JSC.

The list of products of imported production, purchased by the companies of the Fund on a regular basis is formed and placed. The list includes the goods items relating to the oil and gas engineering, railway transportation, chemical industry and other industries.

Under this Program the Commission on review and evaluation of projects on promoting the modernization of existing and creation of new productions is working. In 2013, the Commission of the Fund for the review of new projects approved 10 projects, on some projects it is elaborated the issue on co-financing on behalf of Samruk-Kazyna Invest.

As a result of the efforts taken, Samruk-Kazyna JSC intends to attain the increase in the number of domestic producers, quality extension of the range of the assortment and competitiveness of domestic products.

4.7.2. E-procurement system

Information e-procurement system of Samruk-Kazyna JSC (hereinafter – IEPS) contributes to the consolidation of information, so to the company's growth and improvement of its profitability. Thanks to the IEPS it was made an impressive step towards savings of the budget funds and ensuring the transparency of the procurement process of Samruk-Kazyna JSC (hereinafter – the Fund). Using the IEPS provides competitive selection among the participants of procurement of goods, works and services in the real time, creates equal conditions for all participants of the procurement process, a quick search of the necessary procurement, provides ample opportunities to participate in the procurement, a wide range of potential suppliers irrespective of their location.

In 2013, a gradual transition of subsidiaries and affiliated companies of the Fund was done to the implementation of e-procurement in IEPS. In order to monitor the implementation of e-procurement it was developed and implemented Form 9 in

the automated reporting system. Information on the above form is consolidated and submitted to the Fund on a monthly basis. By the end of 2013 the transfer of the subsidiaries of the Fund to the IEPS was 100%.

To date, in IEPS focused all the necessary information about customers, suppliers, as well as an extensive database on goods, works and services. More than 21 000 potential suppliers and 248 subsidiaries and affiliates of the Fund are registered the IEPS.

Following 2013, 46 889 procurement was announced in the IEPS, of which 13 119 took place for the amount of KZT163 bln, savings made KZT16.3 bln or 10% of the planned prices.

In order to support the implementation of e-procurement and the level of savings in the range of 10-15%, extra work done on the introduction of trading on the price reduction. The essence of this method is a step by step reduction of prices for goods, works or services by the bidders to reach the level that a provider considers to be most appropriate or limiting for him. Also the functional of acquisition of goods, works and services through the list of priority purchases was launched. The functional of e-procurement through two-stage tender and functional of e-procurement made on the long-term procurement plan are commissioned.

In 2014 the Fund is planning to increase the amount of purchases using reverse auctions. Using the reverse auctions has a positive effect on the budget savings of the organizations of the Holding, provides full transparency of the process for submission of quotations, which is the main condition for fair competition and provides prevention of the impact of a customer at every stage of the bidding.

Procurement of the group of companies of Samruk-Kazyna JSC by virtue of its versatility and the large volume has a great influence on the development of entrepreneurship in the country.

The volume of procurement of the Fund's group in 2012 made KZT3.48 trillion, in 2013 – KZT3.43 trillion, including:

- Goods – KZT1382 billion (share of LC – 59%),
- Work – KZT1070 billion (share of LC – 64%),
- Services – KZT978 billion (share of LC- 92%) (Figure 1).

One of the key indicators of the Fund's procurement is the share of acquired Kazakhstani goods, works and services. Comparing 2012 and 2013, a positive trend of the local content in the procurement is visible. Thus, the share of local content in 2012 was 63%, in 2013 was 70%. The share of local content in the purchased goods increased by 12%. The share of local content in the procurement of services increased by 3%. The share of local content for purchased goods and work demonstrates the stability of indicators.



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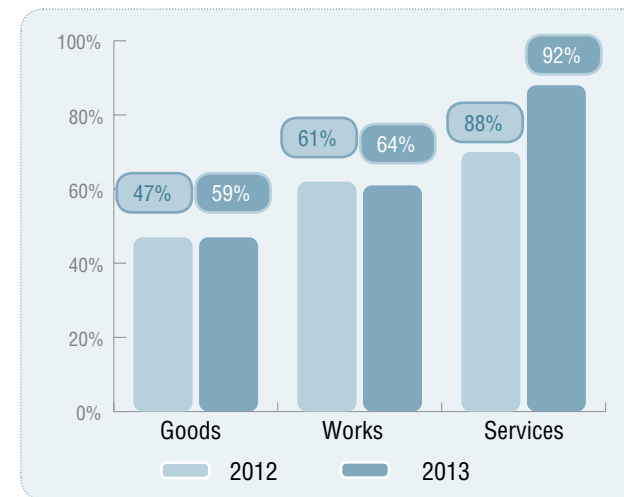
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FIGURE 1. Dynamics of local content in the procurement of Samruk-Kazyna



4.8. HUMAN RESOURCES DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY OF SAMRUK-KAZYNA JSC

4.8.1. HR Policy of Samruk-Kazyna JSC

By the decision of the Board of Directors of the Fund dated February 22, 2013 (Minutes #88) it was approved the HR Policy of the Fund for 2013–2022 that determines the mission, vision, values, principles and basic directions of activity of the Fund in the area of human resources management, as well criteria of this performance.

The HR policy makes emphasis on improving the quality of human resources, long-term staff planning, strengthening qualifications and professional standards, modernization of training centers and the dual system of education. Particular attention is paid to the formation of the talent pool and succession planning for senior positions. The connection between the assessment activities, promotion of employees and motivation system is enhanced.

Significant importance is given to the development of corporate culture, management of organizational structures and workflows, which also is the strength of the HR policy and serves as a transition to the next stage in the development of the personnel management in the group of the Fund. A detailed action plan for implementing the HR Policy and the KPI of its efficiency is developed.

In order to develop own and attract third highly skilled personnel, the work is being done in two ways.

First, in order to ensure continuity and quality of the management team, it is implemented a draft Unified talent pool “TOP-100”.

Secondly, according to the Message of the President “Strategy “Kazakhstan-2050”, the Fund is working on attracting highly qualified specialists to the Fund’s group with experience in world-class companies.

On the development of the Unified talent pool

Succession plans provide transparency that reservists of the companies approved as successors will be appointed to the key positions upon incurrence of vacancies.

In 2013, the Unified talent pool TOP-100 program of the Fund was actively developing, designed to ensure the readiness of successors for appointments between the Fund’s companies (in the absence of internal candidates of Companies). In March 2013, the list of the top 100 reservists was approved, which included employees of the Fund and the management staff of 10 Fund’s companies.

Total of 102 reservists TOP-100 reservists statistics assignments within the company accounted for 21% of workers who switched between companies Fund – 3%.

As part of the development of the TOP 100 program, 3 events were held for reservists of TOP-100: on April 18, 2013 TOP-100 reservists were presented the findings of the external evaluation capacity; on August 23, 2013 it was held team-building “The City of the Future”; on October 24, 2013 it was organized a workshop with the Independent Director Sir Richard Evans.



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The significant component of the TOP-100 program is broad informing and coverage both within the group of companies of the Fund (through the Unified Enterprise Portal and corporate newspaper SK News), and the public in whole.

On attraction of foreign professionals

Pursuant to item 4 of the National Action Plan on implementation of the Message of the President to the people of Kazakhstan dated December 14, 2012 “Strategy “Kazakhstan-2050”: A new political course of the successful state”, approved by the Prime-Minister of the Republic of Kazakhstan Akhmetov S.N. #20-18/01-15//449 dated December 29, 2012, which provides the development of measures to attract the best foreign experts to implement the new economic policy with a mandatory training of the local staff, the Fund worked out the Basic Approaches to the attraction of managers from foreign countries to the companies, proposals to improve the legislation of the Republic of Kazakhstan to create favorable conditions for attracting the best talent from foreign countries, which are directed to the Ministry of Economy and Budget Planning of the Republic of Kazakhstan.

Proposals to attract foreign specialists to the Fund's group are considered by the Board of Directors of the Fund on February 22, 2013 (Minutes #88).

By the decision of the Personnel Committee of the Fund #3/13 dated April 30, 2013 it was approved the Basic Approaches for attraction of highly skilled professionals with foreign experience to the Group of “Samruk-Kazyna” JSC.

The Working group with the participation of the Fund's Independent Director of the Fund R. Evans (the composition was approved by the decision of the Personnel Committee of the Fund on March 15, 2013, Minutes #1) developed and specified key trends and problem areas that require strengthening by attracting highly skilled professionals from foreign countries, determined the functions and qualification requirements for involved specialists.

To find and attract qualified candidates the Fund procured consulting recruitment services in recruiting organizations included in the list of top leading recruitment organizations.

Currently, according to the Plan approved by Decree of the Prime Minister of the Republic of Kazakhstan #133-p dated August 7, 2013, the Fund in 2013 employed two specialists with experience of a top manager in world-class companies. Following the results of full-time interviewing the candidates for the other Fund's positions are selected under the new organizational structure.

The Personnel Committee of the Fund is a permanent advisory body of the Management Board of the Fund to assist the Fund in the implementation of personnel policy, to improve efficiency

of corporate governance by coordination of strategic objectives of the Fund with system of selection, assessment of activity and motivation of the members of management and executive bodies of the Fund's companies.

In order to optimize the activities of the Personnel Committee and to improve the corporate governance the Personnel Committee Act was updated, the Act was approved by the Decision of the Management Board dated June 27, 2011 (minutes #29/11).

This provision defines the status and competence, structure and composition, operation procedure of the Personnel Committee. The main tasks of the Personnel Committee are related to the implementation of personnel policy of the Fund, development of corporate culture, social policy. In this case, an additional approval procedure for appointment (election) of the executive employees of companies through the Personnel Committee of the Fund, which leads to duplication of functions of the Board of Directors of the Company and the delaying of approval procedures, which adversely affects the process of corporate governance in the group of the Fund, has been ruled out.

Personnel Committee performs the review and coordination of candidates for the position of independent directors of the Fund, the approval of the list of employees enrolled in a single personnel reserve, as well as other issues related to the implementation of the personnel strategy of the group of the Fund.

Two Committee were established under the Personnel Committee:

- Housing committee;
- Corporate culture issues committee.

In 2013, the Personnel Committee held nine meetings at which the matters on coordination of appointment (election) to the executive positions in subsidiary and affiliated organizations of the Fund were considered, the research methodology of staff involvement and determination of the social stability rating were approved.

4.8.2. Formation of personnel training system (dual training)

In the course of implementation of the Roadmap for the implementation of the dual training in “Samruk-Kazyna” JSC (dated 20.09.2012), the Fund's companies in 2013 concluded agreements on social partnership with 39 colleges, covering over 1,000 students on highly sought 26 professions in the Fund's companies.

Companies are actively involved in the organization of the educational process, the formation of curricula and programs



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in accordance with the labor market needs and the principles of the dual training system. The Companies of the Fund's group have determined the composition of the instructors to teach students in a real production environment. All companies have scheduled jobs for practical training, mostly paid practice. Engineering and technical personnel of enterprises are involved in the educational process in VET institutions. Enterprises are involved in the material and technical equipment of cabinets, workshops and laboratories of VET institutions. The industrial training of college students is conducted both at the production facility and training centers in enterprises. To this end, active equipment of material and technical base of training centers is conducted.

The Fund makes major efforts on the development of professional standards. A list of existing jobs and professions in the Fund's companies is formed. Methodological recommendations for the development of professional standards and sectoral qualification frameworks are elaborated and in accordance with them professional standards for more than 200 activities of the Fund are developed. The working groups of the Fund's companies are trained on the methodology of professional standards development.

4.8.3. Regulation of social and labor relations

Under implementation of the direction of "Social Responsibility" Strategy the Policy in sphere of corporate social responsibility (Minutes #94) was approved by the decision of the Board of Directors of the Fund on June 26, 2013. The Policy was developed in compliance with effective legislation of the Republic of Kazakhstan, Charter, Development Strategy of the Fund for 2012–2022 and other regulating documents of the Fund and based on the principles of Global UN Compact in sphere of human rights, labor relations, environment protection and corruption management.

Besides, for the purpose of social mood diagnostics and conflict prevention, timely response of the management in the group of the Fund on determined negative factors and processes, increase of business performance of the staff and social policy of the Fund's group, the Fund has for the first time introduced a Social stability rating.

Social stability rating of the Fund is a strategic social key performance indicator (KPI) and is determined at least one a year based on the Methodology of determining of the Social stability rating (index), approved by the Staff Committee under the Management Board of the Fund dated August 05, 2013 (Minutes #6/13).

The target of the Rating determination is the evaluation of the level of social tranquility in the labor collective, social feel-good and involvement of the industrial staff, as well as evaluation of the Company's social development level.

In 2013 it was implemented a pilot project of determination of the Social stability rating in the industrial Companies of the Fund (Kazakhtelecom JSC, Samruk-Energy JSC, JSC NC KazMunayGas, JSC NC KTZh,, JSC NAC Kazatomprom, KEGOC JSC, Air Astana JSC, Kazpost JSC, JSC NC Kazakhstan Engineering). Following researches a Social stability rating in 2013 made 58% in general on the Fund that complies with an average level of social stability and means sufficiently successful solvation of social tasks, but in presence of the backgrounds for destabilization in the labor collectives, on which the Companies will intensify their work.

The center actively works in order to develop and implement a number of new technologies of social partnership. At the moment the activity of the Center is focused on three major blocks: first, this is a close and fruitful cooperation with state bodies, NGO and media on all directions of the social responsibility and partnership; second, this is a creation and implementation of the innovative methods of diagnostics of social and labor relations and the third, this is an implementation of new mechanisms of social and labor conflicts prevention.

The center trains professional mediators and negotiators from employees of the Subsidiary and Dependent Organizations of the Fund (hereinafter – Subsidiaries of the Fund). As of January 01, 2014, 660 mediators and negotiators have been trained in the group of the Fund, at the moment they commonly introduce and apply mediating tools in the labor collectives of the Fund's Subsidiaries.

In this regard, the Fund is also working to improve labor legislation to reduce the risk and mitigate the potential effects of labor disputes. Thus, in 2013, a draft Law "On Amendments and Additions to the Labor Code of the Republic of Kazakhstan" was elaborated.

The subject of regulation of this proposed law are the issues of activity of joint stock companies, including those concerning relations between the employer and employee, social labor conflicts, system of labor remuneration and other issues.

The proposed law is submitted to the Ministry of Labor and Social Protection.

4.8.4. Occupational safety and health

The Fund and its companies pay special attention to the occupational safety and seeks to introduce best international standards in the daily activities of the industrial companies of the



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group. The issues of reduction of the risk of situations involving a threat to life and health of employees and are regularly reviewed at the meetings of the Management Board and the Board of Directors of the Fund. The management of the companies is entrusted with a task to develop and introduce the required corporate standards and regulations pursuant to the legislation of the Republic of Kazakhstan.

To improve occupational safety the companies perform internal plans are organizational and technical actions, aimed at reduction of industrial injuries, improvement of working conditions and occupational safety, the preservation of life and health of the employees in the course of labor activity. These plans include measures on accident prevention and safety training of personnel, inspection of equipment and production tools for compliance with safety requirements.

Every year the Fund's companies direct funds for activities on ensuring the health and safety and reduction of occupational traumatism.

The group of companies of the Fund fully understands the responsibility for ensuring the safety and health of the employees of the Fund and its subsidiaries and affiliates.

At hiring and within a year, the employees become familiar with the internal regulations that govern the system of occupational health and safety in the Fund on a regular basis.

The Fund takes responsibility for ensuring and improving labor conditions, and recognizes the priority of workers' lives and health with respect to the results of the production activities.

Pursuant to the provisions of the legislation the insurance for employees is carried out, choosing the insurance providers, on the basis of the required scope of services.

4.8.5. Environmental protection

The economic activity of the group of companies of the Fund, which has strategic importance for the economy of Kazakhstan and other countries, affects the interests of millions of people. The environmental impact exerted by a group of companies of the Fund in carrying out its activities, determines its responsibility to society.

Taking into account that the natural environment and biodiversity is a heritage of all succeeding generations, the Fund implements a balanced policy of sustainable development of economic, social and environmental aspects of its activities. To restore and stabilize the quality of the natural environment, the Fund introduces the most effective and environmentally sound projects.

The Fund and its Companies maintain cooperation with international governmental and non-governmental organizations, scientific and educational institutions, effectively working in the field of environmental protection.

The main goals of the policy of the Fund in the area of environmental protection are:

- evaluation and control, prevention and mitigation of the adverse effects of the activities of subsidiaries of the Fund on the environment;
- establishment of a modern corporate system for quality control and monitoring of condition of processing equipment, production facilities and the environment;
- ensuring information transparency in the field of environmental protection
- engagement of all personnel in activities on reduction of environmental risks, improvement of environmental management system and performance indicators in the field of environmental protection.

Production companies carried out work on stabilization of the quality of the environment through such activities as the reconstruction of treatment environmental facilities, improvement of waste management system, planting of production and adjacent areas, ecologic monitoring of natural environment condition, etc.

So, during the reporting period JSC NAC Kazatomprom carried out work on accounting, inventory control of sources of generation and sites for storage and dumping of wastes; use of wastes as secondary resources, transferring them to third – party organizations for use, disposal and recycling, dumping of industrial waste in the specially allotted territories.

Aside from that, in the implementation of investment projects in the field of subsoil use, the Fund includes a requirement of the development and use of innovative technologies, construction of high-tech and efficient processing plants which meet all the requirements of environmental legislation as a basic condition for the potential partner.

In general, pursuant to the results of 2012, the tendency of reduction of indicators of impact of major subsidiaries of the Fund on the environment has been continued.

As is known, the observance of generally accepted norms of environmental protection will reduce negative impacts on the environment.

4.8.6. Sponsorship and Safety

The Fund takes part in socially significant projects aimed at the support of sports, culture, education, health care, and environmental protection.



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Sponsorship and charitable support of the Fund and its subsidiaries is based on openness and enhances the reputation of the Company, creates a positive image, enhances brand awareness and improves the perception of the Fund and the group of companies.

The success of the Fund's reputation is one of the most important indicators of activity in the area of corporate social responsibility. Effective policy of sponsorship and charity affects the growth of confidence and improved perception of the Fund both from the employees of the Fund and the society as a whole, and also strengthens the positive opinion of the Fund at the business partners and encourages them to profitable economic actions and favorable decisions.

Social responsibility in the modern world is perceived not only as a sponsorship and charity, but also as effective activities improving the business reputation and the capitalization of the Company. The Fund and its subsidiaries and affiliates take an active part in implementing the policy of social responsibility

4.9. IMAGE AND COMMUNICATION POLICY OF SAMRUK-KAZYNA JSC

The Image and Communication Policy of Samruk-Kazyna JSC was approved by the Minutes of the absentee meeting of the Board of Directors #69/13 dated December 27, 2013.

The Image and Communication Policy of Samruk-Kazyna JSC for 2014–2022 (hereinafter – the Policy) is developed in compliance with the current legislation of the Republic of Kazakhstan, the Corporate Governance Code, Charter and internal documents of the Fund.

The Policy is the internal document of the Fund systematizing the information and image work of the Fund and determining

of business towards the public (external) and the employees (corporate).

The main priorities of external social responsibility are:

- implementation of government programs in the social sphere within the competence;
- providing sponsorship and charitable support;
- promotion of the environmental protection.

The main priorities of internal corporate social responsibility are:

- creating working conditions for employees;
- creation of conditions for maintenance and improvement of the health of workers;
- professional training and personnel development.

Sponsorship and charity activity is considered as an effective activity that improves the good standing and the capitalization of the Company.

levels of competence in the management of reputation, the key communication channels and strategic target groups on which the Fund is focused in its PR activities. The Policy provides for innovations such as creating a single core for the perception of the Fund's group of companies, codified system of crisis response in PR, creating opinion leaders among the top management of the Fund.

Taking the measures specified in the Policy will bring the group of companies of the Fund to a new level of support among the experts, foreign public and the general population of the Republic of Kazakhstan.



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5. CORPORATE GOVERNANCE

5.1. PRINCIPLES AND REPORT ON CORPORATE GOVERNANCE

In compliance with the Law of the Republic of Kazakhstan “On Sovereign Wealth Fund” the implementation of the best practices of corporate governance in the Fund’s group is one of the priority tasks set to the Fund.

In the long-term strategy of Samruk-Kazyna JSC for 2012–2022, approved by the Decree of the Government of the Republic of Kazakhstan #1202 dated September 14, 2012, the improvement of corporate governance is outlined as a separate task of the direction on enhancing the long-term value of the company.

As part of the Strategy implementation, the Fund is performing consistent work to improve corporate governance in its companies.

In 2013, the work was carried out in the following key areas:

1. Improving processes of interaction of the Fund with companies and increasing the effectiveness of Boards of Directors;
2. Diagnostics (evaluation of the level) of corporate governance;
3. Sharing experience

Improving processes of interaction of the Fund with companies and increasing the effectiveness of Boards of Directors

The Strategy Fund stated the vision of the Fund in 2022 as a strategic holding.

The model of a strategic holding provides for strategic management of the Companies, with the main focus on management through the Boards.

In 2013 the Governance Manual of subsidiaries was elaborated on the basis of the practice of the OECD countries (New Zealand). The document will streamline the interaction of the Fund with subsidiaries: as a shareholder, through their representatives on the Boards of Directors and by cross-cutting processes. The efficient system of control of subsidiaries under a single management cycle is designed: Planning; Implementation of the plans; Control and monitoring; Evaluation of the results.

The Manual, secure the initiatives aimed at the actual transition to the management model of subsidiaries through boards and clear delineation of competencies and responsibilities between the Fund as a shareholder, boards and management:

- Letters on the expectations of the shareholder (annually the Fund sets the tasks to the Board of Directors for the coming year).

- Meeting of the Management Board of the Fund with the full composition of boards of directors of companies. At the meetings there are discussed the issues of the shareholder’s level: issues of strategic development of Companies, implementation of development plans, approval of issues submitted for the general shareholders’ meeting (annual financial statements, annual report, etc.), other issues of Companies’ activities.
- Corporate Calendar: regulates the procedure and timing of consideration of issues by corporate bodies for a year.
- The initiative to hold meetings of the CEO with the independent directors of the Fund is continued. In 2013 there were held two meetings: May 21-22 and November 21-22. A special web-portal for independent directors is operating.

Diagnostics (evaluation of the level) of corporate governance

In order to monitor and measure the level of corporate governance, the Fund since 2009 holds an annual corporate governance diagnostics in the Fund and its subsidiaries with attraction of independent consultants.

The diagnostics of corporate governance shows positive dynamics of development of corporate governance in the group of the Fund (Figure 2).

The Companies of the Fund are diagnosed on the sliding chart one at a time. In 2013, corporate governance diagnostics was performed in five subsidiaries – JSC NC KazMunayGas, JSC NC Kazakhstan Temir Zholy, JSC NC Kazakhstan Engineering, Kazakhtelecom JSC and Kazpost JSC. The results show a positive trend. The two companies already in 2013 reached a record of 2015 – Kazakhtelecom and Kazpost (over 80% and 75%, respectively), other major companies have exceeded the threshold of 70% (KMG, KTZh).

According to the results of diagnostics of corporate governance in 2013, the Companies developed and implement the Action plans to improve corporate governance.

On June 17, 2013 the Fund’s Management Board approved the Diagnostics Methodology for corporate governance of the Fund’s companies, operating in the form of LLP.

Sharing experience and capacity building within the group Foundation for Corporate Governance

Exchange of experience and training activities play an important role in the development of corporate governance. This aspect is annually paid considerable attention.



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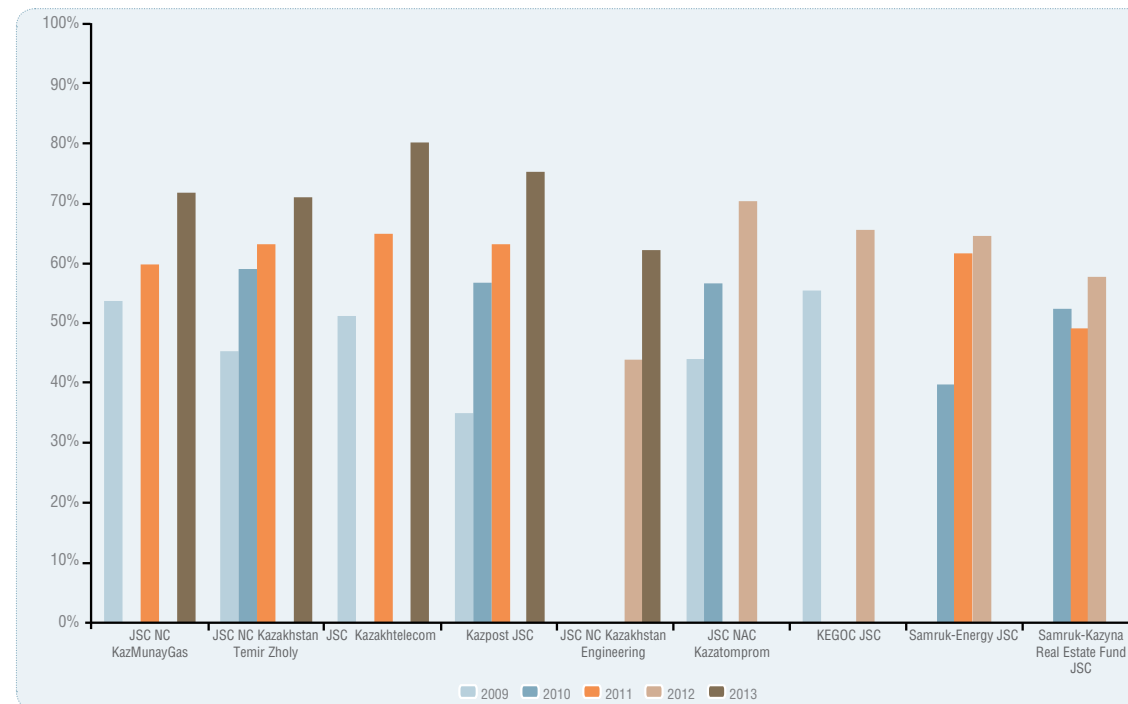
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FIGURE 2. Dynamics of the diagnostic results of the corporate management of Samruk-Kazyna JSC



In 2013, the following major activities were implemented:

- On July 1, during the visit of British Prime Minister David Cameron to the Republic of Kazakhstan the Fund and the UK Institute of Directors (IoD) signed a Memorandum of Understanding. The goal of the Memorandum is the intention of both parties to work in partnership to support the strategic objectives of the Fund. Under the Memorandum the IoD conducts training of officers and employees of the Fund on its programs.
- Under VI Astana Economic Forum, on May 22 the panel session “Modern global trends in corporate governance and operating practices” was held. Following the discussion, the Fund announced its intention to conduct within the AEF in 2014 a roundtable on corporate governance.
- On June 6 the Council of corporate ombudsmen of the group of companies of Samruk-Kazyna JSC was held.
- On June 10-12, a training seminar on the topic “Mediation competence for managers” for ombudsmen of the group of companies of Samruk-Kazyna JSC was held (ombudsmen received certificates of corporate mediators that facilitate the activities of corporate mediator in the companies of Samruk-Kazyna JSC).
- joint meetings of the Board of Corporate Secretaries of the group of Samruk-Kazyna JSC and the Club of Corporate Secretaries were held.
- two training workshops on practical aspects of corporate governance diagnostics on the Methodology of diagnostics of

corporate governance of the Fund in joint stock companies and limited liability companies for employees of the Fund were held on November 26.

Conflict of interest regulation policy

The executive officers and personnel of the Fund, should ensure that their personal activities and interests are not in conflict with discharge of their duties in the Fund. Serious violations related to conflicts of interest, may cause damage to the reputation of the Fund and undermine public confidence in it. Consequently, officers and employees must avoid situations that might create even the appearance of a conflict of interest.

The main aspects related to conflict of interest are reflected in the Code of Business Conduct of the Fund. Pursuant to the Code of Business Conduct of Samruk-Kazyna JSC the Ombudsman is appointed in the Fund.

The core functions of the Ombudsman are collecting of information on non-compliance with the provisions of the Code, the consultation of personnel, officials on the provisions of the Code, initiation of disputes consideration on violated provisions of the code.

Moreover, in 2013 the Fund developed a draft Law “On amendments and additions to some legislative acts of



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Kazakhstan on improving corporate governance and activities of the organizations included in the group of "Sovereign Wealth Fund" (Proposed Law).

Pursuant to the instructions of the Prime Minister of the Republic of Kazakhstan Akhmetov S.N. given at the expanded meeting of Samruk-Kazyna JSC on February 7, 2013 on the results of operations of the Fund for 2012, the concept of the Proposed Law was submitted for consideration of the participants of the meeting of the CEO of the Fund Shukeyev U.Y. with Independent Directors of the Fund, held on May 20-21, 2013.

In the implementation of instructions of this meeting the Proposed Law and the concept to it were approved by the decision of the Management Board of the Fund dated July 9, 2013. In addition, they are also discussed at the meeting of the Board of Directors of the Fund on September 10, 2013;

The Proposed Law is submitted to the Ministry of Industry and New Technologies, Ministry of Economy and Budget Planning and the National Bank of Kazakhstan.

In addition, the Proposed Law was considered at meetings of the Technical Committee established under the project for reforming the legislation of Kazakhstan in the field of corporate governance implemented by the public authorities jointly with the European Bank for Reconstruction and Development.

Report on adherence to the principles of the code of corporate governance

The Corporate Governance Code is approved by the Decree of the Government of the Republic of Kazakhstan #1403 dated November 5, 2012. Most of the provisions of the Corporate Governance Code are executed.

During 2012, the Fund has fulfilled its obligations and requirements pursuant to the Corporate Governance Code, with the exception of the following provisions:

Provision of the Code	Status
28. The number of the Board of Directors is determined by the charter of the Fund, while the number of independent directors should be not less than two – fifths of the number of the Board of Directors.	Partially met The share of independent directors on the Board of Directors of the Fund currently stands at 37.5% (must be at least two-fifths or 40%).
87. Determination of the term of powers of the Board of Directors, election of its members and early termination of their power fall within the exclusive competence of the sole shareholder. The number of the Board of Directors is determined by the charter of the Fund, while the number of independent directors should be not less than two – fifths of the number of the Board of Directors.	However, we note that compared to the last year there was a change for the better, because in 2013 the share was 27%, and on 08.01.2014 it was adopted the Decree of the Government of the Republic of Kazakhstan #1493, which approved the new composition of the Board of Directors of the Fund, consisting of eight members, three of whom are independent directors.
29. The system of work evaluation of each Director should provide incentives for their work in the interests of the sole shareholder and the Fund. The basis of evaluation system of work of each Director are the goals, tasks, duties and responsibilities set forth in the Regulations on the Board of Directors and the plan of work of the Board of Directors of the Fund, as well as the assessment of performance of the duties and responsibilities that are in line with the recommendations of international best practices in corporate governance allow the Board of Directors in the best way to solve their tasks and to make the maximum contribution to ensuring the successful and sustainable development of the Fund.	Partially met The evaluation of activities of the Board of Directors of the Fund was not carried out. The issue of an independent assessment of activity of the Board of Directors of Samruk-Kazyna JSC with attraction of consultants was submitted for consideration of the Nomination and Remuneration Committee of the Board of Directors in May 2012. The Committee decided not to conduct an independent assessment.
49. In its operation the Fund shall follow principles of careful and rational attitude to the environment as required by the Legislation and generally accepted performance standards on environment protection.	Partially met The practice of environmental auditing is not systematic.
50. The Fund shall aim to perform environmental audit in its subsidiary and associated organizations.	The Fund pays importance to the ecology. Ensuring environmental sustainability and safety at work is one of the objectives of the Strategy of the Fund. More information is disclosed in the section "Development of human resources and corporate social responsibility of the Fund".



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Provision of the Code	Status
56. The Board of Directors approves and regularly reviews the policy and rules of settlement of corporate conflicts where the solution would serve the best interests of the Fund and the sole shareholder.	Partially met The Board of Directors has not approved the rules of settlement of corporate conflicts.
171. The Fund adopted a system of registration of appeals of the sole shareholder and effective settlement of corporate conflicts.	In the case of corporate conflicts, they are resolved individually, depending on the competence of the body concerned. During 2012, there were no cases of corporate conflicts in the Fund.
69. Specific structures, procedures and corporate governance practice are governed by the statutes and the internal documents of the Fund, including the provisions of: <ul style="list-style-type: none"> – the Board of Directors; – the Management Board; – committees; – Corporate Secretary; – the internal control system; – risk management; – disclosure of information 	Partially met The Fund has not approved regulations for the disclosure of information. Disclosure principles are regulated by the applicable law on joint stock companies, as well as the provisions of internal documents of the Fund.
83. Each Director shall attend all meetings of the Board of Directors and the Committee, in which he is included. The departure from this rule is allowed in exceptional cases stipulated in the regulations on the Board of Directors and committees.	Partially met Details of attendance at meetings are provided in the section “Board of Directors”.
85. The Board of Directors in the interests of the Sole Shareholder shall develop a mechanism to assess its performance and performance of particular Directors, create and regularly review methods and performance appraisal criteria for Directors and Management Board, Committees and Internal Audit Service.	Partially met The Fund has not adopted Rules for Performance Evaluation of the Board of Directors, its Committees. In 2012, the Board of Directors approved the Rules for Performance Evaluation and Remuneration of Employees of the Internal Audit Service of the Fund, in which the IAS activity is estimated. Also, in 2014 external consultants to conduct an independent performance evaluation of the IAS are planned to involve.
119. Each year, the Board of Directors must make formal and comprehensive performance appraisal of the Board itself, Committees, Internal Audit Service and each Director. At that, no Director may be involved in appraisal of own performance. The results shall be discussed at the Board of Directors’ meetings.	
120. Chairman of the Board of Directors, Nomination and Remuneration Committees should get acquaint and act on the results of the Board of Directors’ performance appraisal by recognizing the strengths and addressing the weaknesses of the Board and, where appropriate, proposing new members to be appointed to the Board of Directors or seeking the resignation of Directors to the Sole Shareholder.	
90. The Board of Directors shall organize relevant training for newly elected directors for full induction, as well as regular enrichment of the knowledge and skills of directors required for their work in the Board of Directors.	Partially met In 2013, new members of the Board of Directors were not elected to the Board of Directors and trainings and seminars for Board members were not organized. At the same time, the Policy on induction of newly elected members of the Board of Directors operates. The Board of Directors of the Fund consists of persons occupying high positions in the state system of the country, as well as highly skilled foreign independent directors with the necessary knowledge to participate in the Board of Directors of the Fund.



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Provision of the Code	Status
178. The Fund does not seek to conclude transactions with related parties. In the case of such transactions the Fund discloses information about the affiliates of the Fund, and the Board of Directors determines the order of conclusion of interested party transactions between subsidiaries and affiliated organizations of the Fund.	Partially met The Fund enters into transactions in which there is interest from organizations within the group of the Fund. This practice is explained by the structure of ownership, the specifics of subsidiaries and purchased services, goods and works. Such transactions are regulated by provisions of the legislation and the Rules for transactions conclusion between organizations of the group of Samruk-Kazyna JSC in relation of which the Law of the Republic of Kazakhstan “On Joint Stock Companies” established special conditions approved by the Board of Directors of the Fund. At that the Fund seeks not to conclude such transactions with other entities.
181. The Management Board shall develop and after approval by the Board of Directors comply with agreed policy in the area of material corporate events of the Fund where the focus is on: <ul style="list-style-type: none"> – identification of mechanisms and procedures for implementation of material corporate events; – preliminary approval and assessment of material corporate events in progress; and – deep analysis and discussion of material corporate events. 	Partially met The Board of Directors has not approved the Policy on significant corporate events of the Fund. In case of significant corporate events, these issues are considered within the competence of the Fund. In addition, the Fund actively covers its activities in the media, which allows for proper degree of disclosure of significant corporate events.



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In H1 2013 the composition of the Board of Directors of Samruk-Kazyna JSC included 11 Members: Akhmetov S.N. – the Prime-Minister of the Republic of Kazakhstan – Chairman of the Board of Directors; Sultanov B.T. – Deputy Head of the Executive Office of the President of the Republic of Kazakhstan; Kelimbetov K.N. – Deputy Prime-Minister of the Republic of Kazakhstan; Issekeshov A.O. – Deputy Prime-Minister of the Republic of Kazakhstan – Minister of the Industry and New Technologies of the Republic of Kazakhstan; Zhamishev B.B. – Minister of Finance of the Republic of Kazakhstan; Mynbayev S.M. – Minister of Oil and Gas of the Republic of Kazakhstan; Dossayev Ye. A. – Minister of Economy and Budget Planning of the Republic of Kazakhstan; Mirchev A.V. – Independent Director; Moldazhanova G.T. – Independent Director; R. Evans – Independent Director; Shukeyev U. Ye. – Chief Executive Officer of Samruk-Kazyna JSC.

In addition, the Independent Director Moldazhanova G.T. submitted a petition on resignation from the Board of Directors of the Fund since June 3, 2013, which was satisfied.

Mynbayev S.M. and Kelimbetov K.N. are resigned from the composition of the Government due to assignment for other positions in compliance with the Decrees of the Head of the state #596 dated July 03, 2013 and #654 dated October 01, 2013.

Zhamishev B.B. is assigned to the Minister of Regional Development of the Republic of Kazakhstan, Sultanov B.T. is assigned to Deputy Prime-Minister – Minister of Finance of the

Republic of Kazakhstan in compliance with the Decrees of the Head of the state # 683 and #684 dated November 06, 2014.

As of December 31, 2013 it was acting following composition of the Board of Directors of Samruk-Kazyna JSC:

Akhmetov S.N. – Prime-Minister of the Republic of Kazakhstan – Chairman of the Board of Directors; **Sultanov B.T.** – Deputy Prime-Minister of the Republic of Kazakhstan – Minister of Finance of the Republic of Kazakhstan; **Issekeshov A.O.** – Deputy Prime-Minister of the Republic of Kazakhstan – Minister of Industry and New Technologies of the Republic of Kazakhstan; **Dossayev Ye. A.** – Minister of Economy and Budget Planning of the Republic of Kazakhstan; **Mirchev A.V.** – Independent Director; **Sir R. Evans** – Independent Director; **Shukeyev U. Ye.** – Chief Executive Officer of Samruk-Kazyna JSC.

However, the updated composition of the Board of Directors of Samruk-Kazyna JSC consisting of eight Members: Akhmetov S.N., Sultanov B.T., Orynbayev Ye. T., Dossayev Ye. A., Sir Richard Evans, Mirchev A.V., N. Stapleton, Shukeyev U. Ye., was approved by Decree of the Government of the Republic of Kazakhstan #1493 dated January 8, 2014.

Also Massimov K.K. was appointed the Prime Minister of the Republic of Kazakhstan by the Decree of the President of the Republic of Kazakhstan #779 dated April 2, 2014. Therefore, Massimov K.K. – Prime-Minister of the Republic of Kazakhstan was elected as the Chairman of the Board of Directors of Samruk-Kazyna JSC by Decree of the Government of the Republic of Kazakhstan #329 dated April 9, 2014.



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AKHMETOV Serik Nygmetovich



Chairman of the Board of Directors – Prime-Minister of the Republic of Kazakhstan (since October 2012).

He was born on June 25, 1958, a citizen of the Republic of Kazakhstan. In 1985 he graduated from factory-technical college at Karaganda integrated iron-and-steel works in specialty Engineer of Metallurgy, in 1993 – postgraduate course of the Russian Academy of management (Moscow). Doctor of Economic Sciences.

1976–1978 – military service.

1978–1983 – lathe operator in Karaganda integrated iron-and-steel works.

1983–1985 – Secretary of Komsomol Committee of the integrated works.

1985 – First secretary of Temirtau city committee of Komsomol Committee.

1986–1989 – First Secretary of Karaganda Regional Committee of the Komsomol.

1989 – Responsible organizer of Karaganda regional party committee.

1990–1993 – post-graduate student of the Russian Academy of Management.

1993 – Chief of marketing bureau marketing, then chief of foreign economic relations department of Karaganda integrated iron-and-steel works.

1994 – Head of the Joint Venture Futau.

1995 – General Director of the Kazakhstan agro-industrial exchange “Ken dala”.

1996 – President of re-organized Central Kazakhstan commodity exchange “Ken dala”.

1998–2001 – State Inspector of organizational and supervisory Department of the Executive Office of the President of the Republic of Kazakhstan.

2001–2003 – Akim of Temirtau.

2003–2004 – First Deputy Akim of Astana.

2004–2005 – Head of the State Inspection of the Department of organizational-control work and the personnel policy of the Executive Office of the President of the Republic of Kazakhstan.

2005–2006 – Executive Director, then CEO of Atameken the National Union of Entrepreneurs and Employers of Kazakhstan.

2006–2009 – the Minister of Transport and Communications of the Republic of Kazakhstan.

2009 – Deputy Prime-Minister of the Republic of Kazakhstan.

2009–2012 – Akim of Karaganda region.

January – September 2012 – First Deputy Prime-Minister of the Republic of Kazakhstan.

Since September 24, 2012 – Prime-Minister of the Republic of Kazakhstan.

He was appointed a Chairman of the Board of Directors of Samruk-Kazyna JSC by the Decision of the Government of the Republic of Kazakhstan #1256 dated October 4, 2012.

Based on Decree of the President of the Republic of Kazakhstan #779 dated April 02, 2014 “On resignation of the Prime Minister of the Republic of Kazakhstan Akhmetov S.N.” the authorities of the Chairman of the Board of Directors of Samruk-Kazyna JSC were terminated by Decree of the Government of the Republic of Kazakhstan #329 dated April 9, 2014.

SULTANOV Bakhyt Turlykhanovich



Member of the Board of Directors since October 17, 2008.

He was born on November 29, 1971, in Almaty, a citizen of the Republic of Kazakhstan.

In 1994, he graduated from the Kazakh National Technical University, Faculty of Automatics and Management System, with specialty as Electrical Engineer; in 1995 – from Kazakh State Academy of Management. He joined to civil

service in 1994, in the Ministry of Finance of the Republic of Kazakhstan.

2004–2006 – Vice-Minister of Economic and Budget Planning of the Republic of Kazakhstan.

2006–2007 – Chairman of the Agency of the Republic of Kazakhstan on Statistics.

2007 – Vice-Minister of Finance of the Republic of Kazakhstan.

August 2007 – 2010 – Minister of Economy and Budget Planning of the Republic of Kazakhstan.

Since March, 2010 – Assistant to the President of the Republic of Kazakhstan.

Since October, 2007 till October, 2008 – Member of the Board of Directors of “Kazyna” Sustainable Development Fund” JSC, the Member of the Board of Directors of “Samruk” Kazakhstan Holding for



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Management of State Assets” JSC.

Under the Decree of the Government of the Republic of Kazakhstan #962, dated October 17, 2008, he was elected to the composition of the Board of Directors of Samruk-Kazyna JSC as the Minister of Economy

and Budget Planning of the Republic of Kazakhstan.

Under the Decree of the Government of the Republic of Kazakhstan #201, dated March 15, 2010, he was re-elected to the Board of Directors of Samruk-Kazyna JSC as an Assistant to the President of the Republic of Kazakhstan.

Under the Decree of the Government of the Republic of Kazakhstan 194, dated February 2, 2012, Bakhyt Turlykhan Sultanov was re-elected to the composition of the Board of Directors of Samruk-Kazyna JSC as Deputy Head of the Executive Office of the President of the Republic of Kazakhstan.

He was elected as the Deputy Prime-Minister – Minister of Finance of the Republic of Kazakhstan by Decree of the President of the Republic of Kazakhstan #684 dated November 6, 2013 and re-elected to the Board of Directors of Samruk-Kazyna JSC in the new capacity.

ISSEKESHEV Asset Orentayevich



Member of the Board of Directors since October 17, 2008.

He was born in 1971 in Karaganda region, a citizen of the Republic of Kazakhstan.

He graduated from the Law Faculty of the Kazakh State University named after Al-Farabi (1994), School of State administration under the President of the Republic of Kazakhstan (now – State Administration Academy of under the President of the Republic of Kazakhstan).

He also graduated from a number of special programs on the Economy and Finance

in South Korea, England, and Germany.

He worked at the Agency for strategic planning and reforms of the Republic of Kazakhstan, the Ministry of Justice of the Republic of Kazakhstan. Since 2002 to 2003 – the Advisor to the Minister of Economy and Budget Planning of the Republic of Kazakhstan.

2003–2006 – Vice-Minister of Industry and Trade of the Republic of Kazakhstan.

2006–2007 – Deputy Chief Executive of “Kazyna” Sustainable Development Fund” JSC.

2007–2008 – Director of financial instruments at CreditSwiss Bank (Kazakhstan).

2008–May 2009 – Assistant to the President of the Republic of Kazakhstan.

2009–2010 – Minister of Industry and Trade of the Republic of Kazakhstan.

Since March 2010 – Deputy Prime-Minister of the Republic of Kazakhstan – Minister of

Industry and New Technologies of the Republic of Kazakhstan;

Under the Decree of the Government of the Republic of Kazakhstan #962 dated October 17, 2008 he was elected to the Board of Directors of Samruk-Kazyna JSC as Assistant to the President of the Republic of Kazakhstan.

He was re-elected to the Board of Directors of Samruk-Kazyna JSC as the Minister of Industry and Trade of the Republic of Kazakhstan by the Decision of the Government of the Republic of Kazakhstan #785 dated May 27, 2009.

He was re-elected to the Board of Directors of Samruk-Kazyna JSC as the Deputy Prime-Minister – Minister of Industry and New Technologies of the Republic of Kazakhstan, by the Decision of the Government of the Republic of Kazakhstan #201 dated March 15, 2010.

He was re-elected to the Board of Directors of Samruk-Kazyna JSC as the Minister of Industry and New Technologies of the Republic of Kazakhstan, by the

Decision of the Government of the Republic of Kazakhstan 194 dated February 02, 2012. Since October 4, 2012 – Deputy Prime-Minister of the Republic of Kazakhstan – Minister of Industry and New Technologies of the Republic of Kazakhstan.

He was resigned from the Board of Directors of Samruk-Kazyna JSC by Decree of the Government of the Republic of Kazakhstan #1493 dated January 08, 2014.



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DOSSAYEV Yerbolat Askarbekovich



Member of the Board of Directors since October 4, 2012.

Born on May 21, 1970, in Almaty, a citizen of the Republic of Kazakhstan.

He graduated from the Almaty Institute of Energy, and Moscow State Technical University named after Bauman.

1997 – Deputy Chief Executive of the Bank TuranAlem JSC, Chief Executive of the ATF Bank JSC.

1998 – Adviser to the Prime Minister of the Republic of Kazakhstan.

1998 – Vice-Minister of Energy, Industry and Trade of the Republic of Kazakhstan.

2000 – Vice-Minister of Finance of the Republic of Kazakhstan.

2001 – Chairman of the Board of Directors of the Development Bank of Kazakhstan.

2001–2003 – Chairman of the Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies, Competition Protection and Small Business Support.

2003–2004 – Minister of Finance of the Republic of Kazakhstan; Manager of the European Bank for Reconstruction and Development (EBRD) in Kazakhstan; Member of the Management Board of the National Bank of the Republic of Kazakhstan.

2004–2006 – Minister of Health of the Republic of Kazakhstan.

2006–2012 – Chairman of the Board of Directors of the KazInvestBank JSC.

Since September 25, 2012 – Minister of Economic Development and Trade of the Republic of Kazakhstan.

He was elected to the Board of Directors of Samruk-Kazyna JSC as the Minister of Economic Development and Trade of

the Republic of Kazakhstan by Decree of the Government of the Republic of Kazakhstan #1256 dated October 4, 2012.

Since January 16, 2013 – Minister of Economy and Budget Planning of the Republic of Kazakhstan and re-elected to the Board of Directors of Samruk-Kazyna JSC in the new capacity.

Sir Richard EVANS



Independent Director, Member of the Board of Directors since October 17, 2008.

Born in 1942, in Blackpool (England), a citizen of the

United Kingdom. In 1960, he graduated from the Royal Masonic School (Hertfordshire, London). He started his career in 1960, in the Department of Contracts of the Ministry for Transport and Technology of the United Kingdom of Great Britain and Northern Ireland. Later, he worked in the State Treaty Department of the Ferranti Ltd; he was a Commercial Manager of the Military Aircraft Division of the British Aircraft Corporation (BAC), and a Commercial Director, Assistant Managing Director of the British Aerospace plc., and a Deputy Managing Director and Director of Aircraft Division,

Director for Marketing of the British Aerospace plc., and Chairman of British Aerospace Defence Company, and Executive Director of the British Aerospace plc., and Chairman of BAE Systems company, and led the United Utilities plc. company; and was a Rector of the University of Central Lancashire.

2006–2008 – Chairman of the Board of Directors of “Samruk” Kazakhstan Holding for Management of State Assets JSC.

Under the Decree of the Government of the Republic of

Kazakhstan #962, dated October 17, 2008, he was elected to the Board of Directors of Samruk-Kazyna JSC.



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MIRCHEV Alexandr



Independent Director, Member of the Board of Directors since October 17, 2008.

He was born on April 28, 1957, in Sofia (Bulgaria), a citizen of the USA. Master of Laws, National Law Center of George Washington University, Washington, D.C., USA.

Doctor of Science, St. Kliment Okhridski University, Sofia, Bulgaria.

He commenced and majored in International Economics and Finance in the London School of Economics and Political Science, in the Institute of World Politics in Washington, D.C., in Boston University, and Harvard Business School. He is a Member of the Board of Trustees of the Kissinger Institute on China and the United States under the Woodrow Wilson International Center for Scholars (USA). He is a citizen of USA. He is the President of the Krull Corp (Washington, D.C., United States), a company providing global strategic solutions in the

area of economic growth and modernization.

He was a member of the Academic Council and a Senior Fellow of the National Center under the Academy of Sciences and the Parliament of Bulgaria, and a lecturer of Sofia University, and a Leading International Expert of the Institute of Europe under the Russian Academy of Sciences; he is a full member of the Russian Academy of Natural Sciences and a Doctor Emeritus of the University of Foreign Trade and Finance, Ukraine.

He is the author of four monographs and a number of articles; he was an editor and publisher of academic and professional magazines.

Since 2007 – Senior Economic Adviser to the Prime-Minister of the Republic of Kazakhstan.

2007 – October 2008 – Chairman of the Board of Directors, Independent Director of “Kazyna” Sustainable Development Fund” JSC.

Under the Decree of the Government of the Republic of Kazakhstan #962, dated October 17, 2008, he was elected to the Board of Directors of the Samruk-Kazyna JSC as an Independent Director.

SHUKEYEV Umirzak Yestayevich



Chief Executive, Member of the Board of Directors since December 26, 2011.

He was born on March 12, 1964, in Turkestan Town, citizen of the Republic of Kazakhstan.

In 1986, he graduated from the Moscow Economic and

Statistical Institute (MESI). Economist-Mathematician, Doctor of Economics.

1986–1988 – Junior Research Fellow in the Scientific Research Institute for Automation of Management and Organization Improvement Processes (ASPU) under the State Planning Commission of the KazSSR.

1988–1991 – post-graduate student of the MESI.

1991–1992 – Leading Researcher of the Scientific Research Institute for ASPU.

1992–1993 – Adviser of the Supreme Economic Council under the President of the Republic of Kazakhstan.

1993 – Deputy Head of the Finance and Labor Division in the Office of the President and the Cabinet Council of the Republic of Kazakhstan.

1993–1995 – Deputy Head of Administration of the Akim of the South Kazakhstan Region.

November 1995 – March 1997 – Minister of Economy of the Republic of Kazakhstan.

March – October 1997 – Minister of Economy and Trade of the Republic of Kazakhstan.

July – October 1997 – Deputy Prime-Minister of the Republic of Kazakhstan (in charge of macroeconomics, operational performance of industry, trade,

transport, energy, science, and relations with the CIS countries).

October 1997 – April 1998 – Chief Executive of the Bank TuranAlem JSC (BTA Bank).

April – August 1998 – Deputy Head of the Administration of the President of the Republic of Kazakhstan.

August 1998 – March 2004 – Akim of Kostanay Region.

February – November 1997 – Member of the Supreme Economic Council under the President of the Republic of Kazakhstan.

November 1997 – August 1998 – Member of the National Council



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on Sustainable Development of the Republic of Kazakhstan.

March – December 1997 – Chairman of the Supervisory Board of the NOC KazakhOil CJSC.

Since March. 2004 – Akim of Astana City.

September 2006, he was appointed an Akim of the South Kazakhstan Region.

August 2007 – Deputy Prime-Minister of the Republic of Kazakhstan.

On March 3, 2009, he was appointed First Deputy Prime-Minister of the Republic of

Kazakhstan by the Decree of the Head of State.

Under the Decree of the President of the Republic of Kazakhstan dated April 11, 2011, he was re-appointed the First Deputy Prime-Minister of the Republic of Kazakhstan.

He was appointed the Chief Executive of Samruk-Kazyna JSC and elected to the Board of Directors of Samruk-Kazyna JSC as the Chief Executive of Samruk-Kazyna JSC by Decree of the Government of the Republic of Kazakhstan #1600 dated December 26, 2011.





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5.2.2. Report on the Work of the Board of Directors of Samruk-Kazyna JSC for 2013

In 2013 17 meetings of the Board of Directors of Samruk-Kazyna JSC were held (from 87th to 103rd meeting), 6 of which are in-present meeting and 11 of which are in-absent meetings. In total 119 issues were considered, on which 156 decisions were taken, 49 instructions were given.

Also 6 meeting of the Audit Committee of the Board of Directors of Samruk-Kazyna JSC were held during the reporting period (1 in-present, 5 in-absent), 4 meetings of the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC (2 in-present, 2 in-absent) and 3 meetings of the Special Committee under the Board of Directors of Samruk-Kazyna JSC (2 in-present, 1 in-absent). At that, at the in-present meeting of the Board of Directors of Samruk-Kazyna JSC (hereinafter – the Board of Directors) #91 dated April 24, 2013 it was taken the decision on termination of the Committee for monitoring, control and analysis of the Board of Directors of Samruk-Kazyna JSC due to the change of the budget legislation.

Participation of members of the Board of Directors of Samruk-Kazyna JSC in meetings of the Board of Directors of Samruk-Kazyna JSC in 2013

No. in sequence	Name, position	Participation (%)
1	Akhmetov S.N. – Prime-Minister of the Republic of Kazakhstan, Chairman of the Board of Directors	100
2	Sultanov B.T. – Member of the Board of Directors, Deputy Prime-Minister – Minister of Finance of the Republic of Kazakhstan	100
3	Kelimbetov K.N. – Member of the Board of Directors, Deputy Prime-Minister of the Republic of Kazakhstan* (since October 1, 2013 he was appointed to the position of the Chairman of the National Bank of the Republic of Kazakhstan).	100
4	Issekeshov A.O. – Member of the Board of Directors, Deputy Prime-Minister of the Republic of Kazakhstan – Minister of Industry and New Technologies of the Republic of Kazakhstan	94
5	Zhamishev B.B. – Member of the Board of Directors, Minister of Finance of the Republic of Kazakhstan* (since November 06, 2013 he was appointed to the position of the Minister of the regional development of the Republic of Kazakhstan)	93
6	Mynbayev S.M. – Member of the Board of Directors, Minister of Oil and Gas of the Republic of Kazakhstan* (since July 3, 2013 he was appointed to the position of CEO of JSC NC KazMunayGas).	100
7	Dossaev Ye.A. – Member of the Board of Directors, Minister of Economy and Budget Planning	94
8	Sir R. Evans – Independent Director	100
9	Mirchev A.V. – Independent Director	88
10	Moldazhanova, G.T. – Independent Director* (since June 3, 2013 she resigned from the composition of the Board of Directors)	100
11	Shukeyev U. Ye. – Member of the Board of Directors, the Chief Executive of Samruk-Kazyna JSC	100

Authorities of the Member of the Management Board of Samruk-Kazyna JSC, Deputy CEO of Samruk-Kazyna JSC Bishimbayev K.V. as well as labor relations with him were early terminated due to the transfer to another job by the decision of the Board of Directors #93 dated June 7, 2013 under HR issues. In compliance with the same decision the Board of Directors elected Yerdebai D.I. to the Deputy CEO of Samruk-Kazyna JSC, Member of the Management Board of Samruk-Kazyna JSC.

In compliance with item 4 of the National Action Plan to implement the Message of the Head of the State to the people

of Kazakhstan dated December 14, 2012 “Kazakhstan-2050 Strategy”: new political course of the established state”, it is necessary to develop a set of measures on attraction of the best expats to implement new economic policy with mandatory training of local staff.

Pursuant to the Instruction and in order to ensure implementation of the Development Strategy of Samruk-Kazyna JSC for 2012 – 2022, approved by the Decree of the Government of the Republic of Kazakhstan #1202 dated September 14, 2012, Samruk-Kazyna JSC determined key directions and problem zones of



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Samruk-Kazyna JSC to be strengthened by attracting of highly qualified expats.

Therefore, the Board of Directors at in-present meeting #88 dated February 22, 2013 approved increase of total headcount of the employees of Samruk-Kazyna JSC by 5 items and approved a headcount of Samruk-Kazyna JSC in the amount of 155 (one hundred and fifty-five) items.

In order to evaluate performance and to establish objective groundings for remuneration of the managing staff for their contributions to achievement of the strategic goals of Samruk-Kazyna JSC, the Board of Directors approved the maps of key performance indicators of the managerial staff of Samruk-Kazyna JSC and the Head of the Internal Audit Service of Samruk-Kazyna JSC with actual values for 2013. In addition, the Board of Director approved long-term key performance indicators of the CEO and Members of the Management Board of Samruk-Kazyna JSC for 2013–2015.

In compliance with the Labor Code of the Republic of Kazakhstan the supplements introduced in the term of labor payment of the CEO and Member of the Management Board of Samruk-Kazyna JSC in part of establishing of compensating payment in early termination of the labor contract in the amount of four official salaries. Therefore, the Board of Directors determined the terms of labor payment remuneration of the CEO and Members of the Management Board of Samruk-Kazyna JSC.

In compliance with the decision of the Board of Directors the loans to JSC NC Kazakhstan Temir Zholy and JSC NC KazMunayGas were provided in 2013 at the expense of the funds allocated for implementation of the measures to stabilize economy and financial system of the Republic of Kazakhstan.

Also the Board of Directors took the decision to alienate 100% stocks of shares of Development Bank of Kazakhstan JSC, Kazyna Capital Management JSC, KazExportGarant Export and Credit Insurance Corporation JSC, Investment Fund of Kazakhstan JSC, Damu Entrepreneurship Development Fund JSC, Kazgeology National Geologic and Exploration Company” JSC, as well as 100% equity interest in “SK-Pharmaceuticals” LLP to the republican property under implementation of the Decree of the President of the Republic of Kazakhstan #571 dated May 22, 2013 On some measures to optimize the system of management of the development institutes, financial organizations and develop the national economy, Resolution of the Government of the Republic of Kazakhstan On measures to implement the Decree of the President of the Republic of Kazakhstan #571 dated May 22, 2013 On some measures to optimize the system of management of the development institutes, financial organizations and develop the national economy #516 dated May 25, 2013, in compliance with item 3 of Article 2 of the Law of the Republic of Kazakhstan On Sovereign Wealth Fund, item 5 of Article 181 of the Law of the

Republic of Kazakhstan On State Property and subitem 15) of item 2 of Article 53 of the Law of the Republic of Kazakhstan On Joint Stock Companies.

The Subsidiaries of KGF Management, KGF SLP and KGF IM, the Sole Shareholder of which was Samruk-Kazyna JSC were liquidated in compliance with the decision of the Board of Directors #91 dated April 24, 2013.

In compliance with item 3 of Article 2 of the Law of the Republic of Kazakhstan On Sovereign Wealth Fund, subitem 15) of item 2 of Article 53 of the Law of the Republic of Kazakhstan On Joint Stock Companies, item 2 of the Rules of procurement of the right of property on the deed of gift by the state approved by Resolution of the Government of the Republic of Kazakhstan #1103 dated September 28, 2011, the Board of Directors took the decision to alienate the shares of Kazakhmys plc, owned by Samruk-Kazyna JSC, in the amount of 58 876 793 (fifty-eight million eight hundred seventy-six thousand seven hundred and ninety-three) items through a gratuitous transfer (gift) to the state property in the prescribed order.

On June 26, 2013 the Board of Directors at in-present meeting #94 preliminarily approved the annual financial statement (consolidated and separate) Samruk-Kazyna JSC for 2012 and approved the size of the dividend for 2012 in the amount of KZT2 (two) and 61 (sixty-one) tiyin as per one common share of Samruk-Kazyna JSC.

At the in-absent meeting of the Board of Directors #96 dated July 1, 2013 it was considered information of JSC NC KazMunayGas on intention of KMG Kashagan B.V. to alienate 8.33% of the equity interest in PSA, 8.33% of shares in North Caspian Operating Company B.V., and 8.33% of shares in North Caspian Transportation Manager Company B.V. in favor of CNPC Kazakhstan B.V.

During the year the Board of Directors took note of the following information: on restructuring of non-core assets and objects of the Companies of Samruk-Kazyna JSC, following independent evaluation of the activities of the Boards of Directors in the Companies of Samruk-Kazyna JSC, on course of implementation of the Instruction of the Head of the State on withdrawal of Samruk-Kazyna JSC from the capitals of the second-tier banks, on current status of implementation of Green Quarter project, on implementation of the Development Plan of Samruk-Kazyna JSC for 2011–2015, on course of implementation of the Development Strategy of Samruk-Kazyna JSC for 2012–2022, on course of implementation of the Program of entry of the stocks of shares of the Subsidiary and Dependent Organizations of JSC Sovereign Wealth Fund Samruk-Kazyna to the security market, the report on rendering sponsor and charity support by Samruk-Kazyna JSC and organizations entering the group of Samruk-Kazyna JSC for 2012, on development and financing of the Concept of the industrial and innovative development



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of Kazakhstan up to 2020, the main approaches to the IT Strategy for the group of Companies of Samruk-Kazyna JSC, on optimization of the costs of the Companies of Samruk-Kazyna JSC, on results of the corporate governance diagnostics in Samruk-Kazyna JSC and its Subsidiaries, on alienation of the shares of Joint Stock Company Alliance Bank and Temirbank, on establishing of Samruk Air JSC.

In 2013 the Board of Directors approved the following documents:

- Investment Policy of Samruk-Kazyna JSC.
- HR Policy of Samruk-Kazyna JSC for 2013–2022.
- Policy in area of corporate social responsibility of Samruk-Kazyna JSC.
- Risk Management Policy of Samruk-Kazyna JSC in new edition.
- Rules of identification and evaluation of the risks of Samruk-Kazyna JSC in new edition.
- Rules of setting of country limits of Samruk-Kazyna JSC in new edition.
- Amendments and supplements in the Regulations on the Board of Directors of Joint Stock Company Sovereign Wealth Fund Samruk-Kazyna.
- Amendments and supplements in the Rules of development, approval, implementation and monitoring of the annual budget of Samruk-Kazyna JSC.
- Policy of notifying on proposed violations of Samruk-Kazyna JSC.
- Principles of evaluation of the value of the Companies of Samruk-Kazyna JSC.
- Amendments and supplements in the Code of Business conduct of Joint Stock Company Sovereign Wealth Fund Samruk-Kazyna.
- Amendments and supplements in the Internal Credit Policy of the group of Joint Stock Company Sovereign Wealth Fund Samruk-Kazyna.
- Amendments in the Rules of development, approval, monitoring and evaluation of the implementation, submission of the reports on implementation of the Development Plan of Joint Stock Company Sovereign Wealth Fund Samruk-Kazyna.
- Amendments and supplements in the Rules on business trips of the employees of Joint Stock Company Sovereign Wealth Fund Samruk-Kazyna.

The Board of Directors deemed:

- The concept of risk management corporate system of Samruk-Kazyna JSC, approved by decision of the Board of Directors of Samruk-Kazyna JSC dated April 21, 2009 (Minutes #17).

- Rules of evaluation and management of the operating risks of Samruk-Kazyna JSC, approved by decision of the Board of Directors of the Fund dated April 21, 2009 (Minutes #17) to have lost force.

In compliance with decision of the Board of Directors #98 dated September 10 the conditions of the 10th issue of the obligations of Samruk-Kazyna JSC to procure by Samruk-Energy JSC of 50% of the equity interest in “Ekibastuz GRES-1” LLP and 100% equity interest in Kazgidrotechenergo LLP were determined.

The Board of Directors considered the report on the Internal Audit Service of Samruk-Kazyna JSC, Risk report on quarter basis.

Kurmangazyev Zh. Ye., Deputy Corporate Secretary – Head of the Corporate Secretary Office of Samruk-Kazyna JSC was re-appointed to the position of the Ombudsmen of Samruk-Kazyna JSC for the next 2-year term in compliance with the decision of the Board of Directors #98 dated September 10.

Changes in the composition of the Special Committee under the Board of Directors of Samruk-Kazyna JSC and International Advisory Council of Samruk-Kazyna JSC were introduced in compliance with the decisions of the Board of Directors.

The Board of Directors considered the issue On candidate to the Independent Directors of the Board of Directors of Samruk-Kazyna JSC, and the Sole Shareholder of Samruk-Kazyna JSC was recommended select Stapleton Nigel John to the composition of the Board of Directors of Samruk-Kazyna JSC as Independent Director of the Fund.

The Board of Directors approved the following documents for 2014: Annual Audit Plan of the Internal Audit Service of Samruk-Kazyna JSC, annual budget of Samruk-Kazyna JSC, matrix of risks and controls of Samruk-Kazyna JSC, risk appetite, risk register, risk map, key performance indicators, Action Plan on key risk management, Development Plan of Samruk-Kazyna JSC for 2014–2018, Work Plan of the Board of Directors of Samruk-Kazyna JSC.

In general, the meetings of the Board of Directors of the Fund were held on regular basis in compliance with Work Plan of the Board of Directors for 2013 approved by Minutes decision of the Board of Directors #86 dated December 11, 2013.

COMMITTEES OF THE BOARD OF DIRECTORS

Committee of the Board of Directors	Date of establishment	Number of meetings during 2013
Audit Committee	December 13, 2008	6 (1 in-present, 5 in-absent)
Nomination and Remuneration Committee	January 15, 2010	4 (2 in-present, 2 in-absent)
Committee for Monitoring, Control and Analysis	April 27, 2009	Abrogated on April, 2013
Special Committee	May 26, 2012	3 (2 in-present, 1 in-absent)



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Audit Committee, as the Committee of the Board of Directors of Samruk-Kazyna JSC control policies and procedures for risk identification, assessment and reporting. It also monitors integrity of the separate and consolidated financial statements of the Fund, holds in check liaison with the external auditors, including in terms of volume, level and costs of non-audit services performed by them, as well as controls the role and effectiveness of the Internal Audit Service.

In 2013 the Audit Committee held 6 meetings in all, including 1 in-present, as compared to 10 meetings, including 2 in-present held in 2012. Decrease of number of the meeting of the Audit Committee, including, in-presentia, is due to the resigning of the Independent Director – Moldazhanova G.T. from the composition of the Audit Committee.

During the year, Audit Committee considered a number of issues related to internal audit, as well as reviewed 14 audit reports, including audits conducted with regard to:

- Evaluation of the internal control systems of the Fund and IT structure;
- Financial risk management;
- Activities of various structural units of the Fund;
- Fund's HR management systems;
- IT security and results of SAP and MIS introduction.

The issues of preliminary approval of the financial statement of the Fund for the year ended on December 31, 2012, and results of the work of the external auditor were considered at the meeting of the Audit Committee. In course of the meeting with the external auditor the Audit Committee thoroughly considered the report of the external auditor concerning the environment referred to the internal control systems across the group of the Fund.

Additionally 1 in-present meeting was held by the Chairman of the Audit Committee on the issues within the competence of the Audit Committee, outside of the framework of the meetings of the Audit Committee. The meeting was held with participation of KPMG consulting company in order to discuss the results of the risk management corporate system audit of the Fund. In addition, during the year the Audit Committee considered the documents of the Risk Management System of the Fund prior to the further submission of the documents for consideration of the Board of Directors of the Fund.

Under improving of corporate governance of the Fund, the Audit Committee examined and preliminarily approved the Policy of notifying on proposed violations of the Fund.

Nomination and Remuneration Committee

4 meetings of the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC (hereinafter – the Committee) were held in 2013, two of them were in-present meetings and 2 – in-absent.

At that we note that Independent Director Moldazhanova G.T. submitted a petition on resignation from the Board of Directors of Samruk-Kazyna JSC since June 3, 2013, which was satisfied.

In general, the meetings of the Committee were held on a regular basis in compliance with Working Plan of the Committee for 2013 approved by Minutes decision of the Committee#5 dated February 22, 2013.

At the meetings of the Committee the following issues were considered:

1. Report on the activities of the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC for 2013 (**Reporter – Raissova G.B.**).
2. On qualification requirements for candidates to the position of the Independent Directors of the Board of Directors of Samruk-Kazyna JSC (**Reporter – Shukejev U.Ye.**).
3. On motivational system of the executives of the group of Samruk-Kazyna JSC (**Reporter – Raissova G.B.**).
4. On approval of the key performance indicators (KPI) with target values for:
 - 4.1. executives of Samruk-Kazyna JSC for 2013 (**Reporter – Rakhmetov N.K.**);
 - 4.2. Head of the Internal Audit Service of Samruk-Kazyna JSC for 2013 (**Reporter – Evans R.**).
5. On approval of the Working Plan Of the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC for 2013 (**Reporter – Raissova G.B.**).
6. On Members of the Management Board of Samruk-Kazyna JSC (**in-absent meeting**).
7. On approval of the Chart of KPI of the executives of Samruk-Kazyna JSC with actual values for 2012 and payment of the remuneration to the executives based on the results of work for 2012 (**Reporter – Rakhmetov N.K.**).
8. On approval of the Chart of KPI of the Deputy CEO Yerdebai D.I. for 2013 (**Reporter – Rakhmetov N.K.**).
9. On adjustment of the Chart of KPI of the Managing Director – Member of the Management Board Rakhmetov N.K. 2013 (**Reporter – Rakhmetov N.K.**).
10. On approval of long-term KPI of the executives of Samruk-Kazyna JSC for 2013–2015 (**Reporter – Evans R.**).
11. On candidate to the Independent Directors of the Board of Directors of Samruk-Kazyna JSC (**in-absent meeting**).

Relevant Minutes decisions were taken by the Board of Directors of Samruk-Kazyna JSC on all issues; there were no rejections of proposals and / or recommendations of the Committee. In 2013 the Committee gave 10 recommendations to the Board of Directors, which were supported by the Board of Directors of Samruk-Kazyna JSC.

Special Committee

3 meetings of the Special Committee under the Board of Directors of Samruk-Kazyna JSC (hereinafter – the Committee) were held in 2013, 2 of which were in-present and 1 – in-absent. 8 issues were considered in all.



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The activities of the Committee implemented in compliance with Working Plan of the Committee for 2013, approved by decision of the Board of Directors dated March 06, 2013 (Minutes #90). Under the Working Plan of the Committee the following issues were considered at the meetings of the Committee:

1. On approval of the Working Plan of the Special Committee under the Board of Directors of Samruk-Kazyna JSC (**Reporter – Kurmangazyev Zh. Ye.**).
2. On agreement of the qualification requirements for the Audit organization in rendering services on complex analysis (**Reporter – Mynsharipova S.N.**).
3. On agreement of the list of organizations subject to the analysis of the effect of the activities of the organizations entering the group of Samruk-Kazyna JSC, on development of the economy or separately taken sector of the economy and terms of its holding (**Reporters – Rakhmetov N.K., Zeinelgabdin A.B.**).
4. On agreement of the Term of Reference to the consulting services for Audit Company on analysis by organizations determined in the list of item 2 (**Reporter – Rakhmetov N.K.**).
5. On agreement of the list of issues subject to analysis and terms of its holding for Audit group by organizations determined in the list of item 2 (**Reporter – Zeinelgabdin A.B.**).
6. On forming of the composition of the audit group to analyze effect of the activities of the organizations entering the group of Samruk-Kazyna JSC, on development of the economy or separately taken sector of the economy of the Republic of Kazakhstan (**Reporter – Zeinelgabdin A.B.**).
7. Concerning further work of the Committee for monitoring, control and analysis under the Board of Directors of Samruk-Kazyna JSC (**Reporter – Kurmangazyev Zh. Ye.**).
8. On approval of the technical specification on procurement of the consulting services on complex analysis of the activity of the Companies of the group of Samruk-Kazyna JSC as amended (**in-present voting**).

Relevant Minutes decisions were taken on all issues.

In compliance with Working Plan of the Committee a complex analysis of the activity of three Companies of the Fund (JSC NC Kazakhstan Temir Zholy, KEGOC JSC and Samruk-Energy JSC) for the period from 2011– 9 months of 2013 was held in 2013 with attraction of the external consultants.

The Board of Directors of Samruk-Kazyna JSC (hereinafter – the Fund) introduced amendments in the composition of the Committee in 2013:

1. the authorities of the Member of the Committee Zeinelgabdin A.B. were terminated in compliance with the decision of the Board of Directors dated October 26, 2013 (Minutes #99) (due to the termination of his authorities as the Member of the Accounts Committee for Control over Execution of the Republican Budget (hereinafter – The Accounts Committee)). **Sarsenkulov Zh.S.** was appointed to the position of **the Member of the Committee** – the representative of the Accounts Committee.
2. The authorities of the Chairman of the Committee Zhamishev B.B. and the Member of the Committee Tashenov B.Kh. were early terminated in compliance with the decision of the Board of Directors of the Fund dated December 25, 2013 (Minutes #103). Member of the Board of Directors of the Fund, Deputy Prime-Minister of the Republic of Kazakhstan, Minister of Finance of the Republic of Kazakhstan **Sultanov B.T.** was elected as the **Chairman of the Committee**. Director of the Department of Budget Planning of the National Fund of the Republic of Kazakhstan and interaction with financial sector of the Ministry of Finance of the Republic of Kazakhstan **Issenov A.S.** was elected as the **Member of the Committee**.



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Participation of the Members of the Board of Directors of Samruk-Kazyna JSC in the meetings of the Committees in 2013

No. in sequence	Name of the Committee, full name of the Member of the Board of Directors	Participation (in %)
	AUDIT COMMITTEE (6 MEETINGS IN 2013: 1 IN-PRESENT AND 5 IN-ABSENT)	
1	Sir Richard Evans – Independent Director	100
2	Mirchev A.V. – Independent Director	83
3	Moldazhanova G.T. – Independent Director	100
	NOMINATION AND REMUNERATION COMMITTEE (4 meetings in 2013: 2 in-present and 2 in-absent)	
1	Akhmetov S.N. – Prime-Minister of the Republic of Kazakhstan, Chairman of the Board of Directors of Samruk-Kazyna JSC, Chairman of the Committee	100
2	Sir Richard Evans – Independent Director, Member of the Committee	100
3	Mirchev A.V. – Independent Director, Member of the Committee	50
4	Moldazhanova G.T. – Independent Director, Member of the Committee (since June 3, 2013 she resigned from the composition of the Board of Directors)	100
	SPECIAL COMMITTEE (3 meetings in 2013: 2 in-present and 1 in-absent)	
	Zhamishev B.B. – Minister of Finance of the Republic of Kazakhstan, Member of the Board of Directors of Samruk-Kazyna JSC, Chairman of the Committee	100
	Zeinelgabdin A.B. – Member of the Accounts Committee for Control over Implementation of the Republican Budget, voting expert	100
	Rakhmetov N.K. – Managing Director – Member of the Management Board of Samruk-Kazyna JSC, voting expert	100
	Burangaliyeva M.M. – Director of the Budget Planning Department of Samruk-Kazyna JSC, voting expert	100
	Mynsharipova S.N. – Director of the Audit and Control Department of Samruk-Kazyna JSC, voting expert	100
	Moldashev A.T. – Deputy Chairman of the Committee of financial control of the Ministry of Finance of the Republic of Kazakhstan, voting expert	100
	Tashenov B.Kh. – Director of the Department of methodology for disposal of the state property and procedures of rehabilitation and bankruptcy of the Ministry of Finance of the Republic of Kazakhstan, voting expert	100
	Fisher I.Ya. – Head of the Department on work with non-public legal entities with public participations of the Committee of the State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan, voting expert	100
	COMMITTEE FOR MONITORING, CONTROL AND ANALYSIS (THE MEETINGS WERE NOT HELD IN 2013, IT WAS ABROGATED IN COMPLIANCE WITH THE DECISION OF THE BOARD OF DIRECTORS #91 DATED APRIL 24)	



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SHUKEYEV Umirzak Yestayevich (citizen of RK)



CEO, Member of the Board of Directors since December 26, 2011.

He implements a general management of the activities of Samruk-Kazyna JSC, performs the functions as determined by the legislation, Charter of the Fund, as well as internal acts of the Fund.

BAKHMUTOVA Yelena Leonidovna (citizen of RK)



Deputy CEO (since January, 2012)

Higher economic education. She graduated from Almaty Institute of National.

She started a professional experience since 1983 and up to 1993 she took different positions in the enterprises of the real sector of the economy.

1993 – Central Apparatus of the Ministry of Finance of the Republic of Kazakhstan, she managed the Budget Department of the Ministry of Finance of the Republic of Kazakhstan.

April, 2001 – Vice-Minister of Labor and Social Protection of the Republic of Kazakhstan.

August, 2002 – Director of the Department of regulating of activities of the saving pension funds of the National Bank of the Republic of Kazakhstan.

September, 2002 – Director of the Department of Financial Supervision of the National Bank of the Republic of Kazakhstan.

January, 2004 – Deputy CEO of the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations.

January 2008 – CEO of the Agency of the Republic of Kazakhstan on regulation and supervision of financial market and financial organizations.

Prior to appointment to Deputy CEO of Samruk-Kazyna JSC she chaired the Subsidiary of the Fund, which managed by state stock of shares in BTA bank, Alliance Bank and Temirbank.

She coordinates the activity of the Fund on the issues of improving performance of the financial assets of the Fund, implementation of the financial strategy and effective management of the financial resources of the Fund and Companies.

She organizes development and implementation of the accounting policy, policy of borrowing as well as dividend policy of the Fund.

She arranges interaction of the structural units of the Fund and Companies with financial institutions, authorized body regulating and supervising of financial market and financial organizations.

Member of the Board of Directors of “Damu” Entrepreneurship Development Fund” JSC.



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YERDEBAI Dauren Imanzhanuly (citizen of RK)



Deputy CEO (since May, 2013).

Education: higher economic. He graduated from Kazakh State Academy.

He took the position of the specialist, Deputy Head of Department of the Ministry of Economy and Trade of the Republic of Kazakhstan (08.1998–08.2001), Advisor to the Deputy Prime-Minister of the Republic of Kazakhstan (08.2001–02.2002), Consultant

of the Asian Development Bank (02.2002–09.2002); Deputy Director of the Department of the Ministry of Finance of the Republic of Kazakhstan (09.2002–01.2003); Consultant of the Executive Office of the President of the Republic of Kazakhstan (01.2003–07.2003), Deputy Chairman of the Investment Committee of the Ministry of Industry and Trade of the Republic of Kazakhstan (07.2003–10.2004), First deputy of the General Director of “SAT&Company” LLP (2004–2007), President of “Kazakhstan Petrochemical Industries Inc.” JSC, General Director of “Kazakhstan Petrochemical Industries Inc.” LLP (2007–2009), Chief Executive of United Chemical Company LLP (02.2009–05.2013).

He coordinates the work on the Fund’s assets management, determines and coordinates implementation of a long-term Development Strategy of the Fund, Innovative Policy, Policy of the Fund in area of investment activities, activities on development of the Kazakhstani content in procurement, on implementation of special sectorial programs, as well as coordinates the activity of the Fund on issues of information and analytical support to the activity of the Fund.

SARSENBAYEV Talgat Yesenaliyevich (citizen of RK)



Managing Director – Member of the Management Board (since May, 2012)

Education – higher. He graduated from Karaganda Higher School of the Ministry of Internal Affairs of the USSR. Doctor of Law, Professor.

He worked in the investigating authorities, and in the Karaganda Institute of Law named after B. Beysenov, in the Executive Office of the President of the Republic of Kazakhstan, took position of the Senior Assistant Prosecutor General at-large, Advisor to the Embassy of the Republic of Kazakhstan in the Russian Federation, and Chief of Staff of the Senate of the Parliament of the Republic of Kazakhstan.

He coordinates the Fund’s activities on legal support, including development of normative legal drafts, the development of which is in charge to the Fund or implemented with its participation.

On behalf of the Chief Executive of the Fund, he arranges the interaction with the Parliament of the Republic of Kazakhstan, Executive Office of the President of the Republic of Kazakhstan, Executive Office of the Prime-Minister of the Republic of Kazakhstan, central government agencies and other authorities and organizations on the issues under his competency, including approval, consideration and adoption of normative acts developed by the Fund or related to its activities.



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RAKHMETOV Nurlan Khussainovich (citizen of RK)



Managing Director – Member of the Management Board (since May, 2011).

He was born on September 24, 1965, in the West-Kazakhstan Oblast.

In 1987, he graduated from Moscow State University named after M.V. Lomonosov PhD in Physics and Mathematics.

1990–1991 – Junior Researcher in the Institute of Mathematics and Mechanics of the Academy of Science of the KazSSR.

1991–1996 – Senior Lecturer of the Department for Mathematical Analysis in the Almaty State University named after Abay.

1997–1998 – Economist, Head of Financial Planning Unit, Financial Officer, CFO of the BUTYA JSC.

1998 – Deputy Director General of the Kazakhstan Temir Zholy RPE.

1998–2001 – Director of the Department for Analysis and Forecasting of the Ministry of State Revenues of the Republic of Kazakhstan.

5.3.2. REPORT ON WORK OF THE MANAGEMENT BOARD OF SAMRUK-KAZYNA JSC

In 2013 69 meetings of the Management Board of Samruk-Kazyna JSC (hereinafter – the Fund) were held, 30 of which were in-present meetings and 39 –in-absent meetings, including 29 meetings with submission of 77 issues of the agenda for consideration of the Board of Directors of the Fund.

Totally, which the reporting period the Management Board of the Fund considered 428 issues, concerning different aspects of the Fund's and its Subsidiaries' activities.

Among the decisions taken by the Management Board of the Fund for the considered period the following decision can be distinguished:

1. Group of the Fund:

- On approval of the Action Plan of the Fund on implementation of the National Action Plan on implementation of the Message of the Head of the state to the people of Kazakhstan

2001–2002 – Vice-Minister of the State Revenues of the Republic of Kazakhstan.

2002–2003 – Vice-Minister of Finance of the Republic of Kazakhstan.

2003–2004 – Deputy General Director of the KazTransGas JSC and the Intergas Central Asia JSC.

2004–2006 – Managing Director for Economy and Finances of JSC NC KazMunayGas.

2006–2008 – Chairman of Tax Committee of the Ministry of Finance of the Republic of Kazakhstan.

Since November 2008 – Managing Director of the Samruk-Kazyna JSC.

In May, 2011 he was appointed Managing Director, Member of the Management Board of Samruk-Kazyna JSC.

He coordinates the Fund's activities on planning and monitoring of the performance of the Fund's and Companies' development plans, Fund's budget, and optimizing of structure of the Fund's assets.

He provides organization of the business accounting and tax accounting of the Fund, process of independent auditing of the consolidated financial statements in compliance with the requirements of the legislation of the Republic of Kazakhstan.

He is the Member of the Board of Directors of JSC NC KazMunayGas and the Supervisory Board of the Samruk Kazyna Finance LLP.

dated December 14, 2012 “Kazakhstan-2050 Strategy”: new political course of the established state”;

- pursuant to the Instruction of the Head of the State on withdrawal of Samruk-Kazyna JSC from the shareholder capital of the second-tier banks before December 31, 2013 and Decree of the Government of the Republic of Kazakhstan “On some issues of the Joint Stock Company Samruk-Kazyna” #206 dated March 04, 2013 in part of alienation of the shares of Alliance Bank JSC, Temirbank JSC and BTA Bank JSC to the strategic investors.
- pursuant to the Decree of the Government of the Republic of Kazakhstan #516 dated May 25, 2013 “On measures on implementation of the Order of the President of the Republic of Kazakhstan # 571 dated May 22, 2013 “On some measures on optimization of the management system of development institutes, financial organizations and national economy development”, conclusion of the contracts on transfer of the stock of shares of the development institutes



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- in the trust management of Joint Stock company Baiterek National Managing Holding;
- on participation in establishing of Managing Company of Taraz Chemical Park special economic zone within the framework of implementation of the investment project Establishing of Taraz Chemical Park special economic zone;
- on establishing of the Secretariat of international cooperation.

2. Preliminary approval of the documents and submission of the issues for consideration of the Board of Directors:

- on submission of the issue On attraction of the expats to the group of the Fund for consideration of the Board of Directors of the Fund;
- on submission of the issue On approval of the headcount of the Fund for consideration of the Board of Directors of the Fund;
- on submission of the Investment Policy of the Fund for consideration of the Board of Directors of the Fund;
- on submission of the issue On alienation of the shares of Temirbank JSC and Alliance Bank JSC for consideration of the Board of Directors;
- on submission of the issue on introduction of the amendments and supplements in the Rules on safety of official and commercial secret in the Fund for consideration of the Board of Directors of the Fund.

3. Lawmaking activity of the Fund:

- On introduction of the amendments and supplements in some legislative acts of RK on the issues of improving of the corporate governance and activity of the organizations entering the group of the Sovereign Wealth Fund;
- On introduction of the amendments and supplements in the Labor Code of the Republic of Kazakhstan.

4. Forming of regulating legal basis of the Fund, approval:

- on approval of basic parameters of the Treasury portfolio of the Fund;
- on approval of the Methodological recommendations on revealing, accounting and monitoring of conflict of interests of the legal consultants of the organizations entering the group of the Fund;
- on approval of Image and Communication Policy of the Fund;
- on approval of the Order on selection of the audit organization for the Fund and organizations at least fifty percent of voting shares (equity interest) of which is directly or indirectly owned by the Fund on the right or property or trust management as amended;
- on approval of regulating documents in sphere of information security of the Fund;
- on approval of the Rules on holding electronic procurement of goods, works and services by the Fund and organizations at least fifty percent of voting shares (equity interest) of which is directly or indirectly owned by the Fund on the right or property or trust management;
- on approval of the principles of evaluation of the value of the Fund's Companies;

- on approval of main approaches to the Information Technologies Strategy for the group of Companies of Samruk-Kazyna JSC;
- on approval of the principles of development and introduction of the key risk indicators of the Fund;
- on approval of the Risk Management Policy of the Fund as amended;
- on approval of Risk Identification and Evaluation Rules of the Fund as amended;
- on approval of the Tax Accounting Policy of the Fund as amended;
- on approval of Rules of setting country limits of the Fund as amended;
- on approval of the Development Plan of the Fund for 2014-2018;
- on approval of the Information Technologies Policy of the Fund;
- on approval of the methodological recommendations and corporate standards in area of internal control for the Companies at least fifty percent of voting shares (equity interest) of which is directly or indirectly owned by the Fund.

5. Rendering of sponsor and charity support (SCS) in compliance with the Instructions of the President, Prime-Minister and within General Plan on SCS:

- “Eurasian Media Forum” International Fund” Corporate Fund;
- “Bolashak” Corporate Fund;
- “Association of Business women of Kazakhstan” Public Association;
- “Eurasian Media Forum” International Fund” Corporate Fund;
- “Association of the national kinds of sport of RK” ALE;
- “Kazakhstan Federation of target shooting” PA;
- “Khasiyetti Zhol” Private Charity Fund” Private Fund;
- “Association of veterans” RPA Central Board;
- “Mercy” Voluntary Association” PF
- “SK-Astana” Corporate Fund to support some kinds of sport.

Composition of the Management Board of the Fund:

In H1 2013 the composition of the Management Board of Samruk-Kazyna JSC consisted of 5 Members: **Shukeyev U.Ye.** – Chief Executive of Samruk-Kazyna JSC, **Bakhmutova Ye.L.** – Deputy CEO of Samruk-Kazyna JSC; **Bishimbayev K.V.** – Deputy CEO of Samruk-Kazyna JSC; **Rakhmetov N.K.** – Managing Director – Member of the Management Board of Samruk-Kazyna JSC; **Sarsenbayev T. Ye.** – Managing Director – Member of the Management Board of Samruk-Kazyna JSC.

In addition, Authorities of the Member of the Management Board of Samruk-Kazyna JSC, Deputy CEO of Samruk-Kazyna JSC Bishimbayev as well as labor relations with him were early terminated due to the transfer to another job by the decision of the Board of Directors #93 dated June 7, 2013.

In compliance with the abovementioned decision of the Board of Directors Yerdebai D.I. was elected to the Deputy CEO of Samruk-



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Kazyna JSC, Member of the Management Board of Samruk-Kazyna JSC.

As of December 31, 2013 the following composition of the Management Board of Samruk-Kazyna JSC was effective:

5.4. SUMMARY ON REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS OF SAMRUK-KAZYNA JSC

The remuneration for the Members of the Management Board of the Fund is subject to the Terms of Remuneration and Bonus Award to the Chief Executive and Members of the Management Board of Samruk-Kazyna JSC adopted by the Fund's Board of Directors and includes a base salary, a non-recurrent bonus for the Independence Day of the Republic of Kazakhstan, as well as remuneration for the annual performance.

Remuneration for the annual performance shall be paid subject to the results of performance evaluation in order to reward for business achievements and efficiency increase.

Performance evaluation of the Chief Executive and the Members of the Fund's Management Board is carried out by the Board of Directors of the Fund through application of the motivational key performance indicators (KPI).

Motivational KPI for the Chief Executive and Members of the Management Board of the Fund shall be developed by the Nomination and Remuneration Committee (NRC) of the Fund's Board of Directors through cascading of the Fund's strategic goals

5.5. INTERNAL CONTROL AND AUDIT

Organization of the internal control system of the Fund provides implementation of the control procedures and event aimed at building up of effective ICS as within the Fund as the managing holding as at the level of the Subsidiaries.

Internal Audit Services organizationally subordinated to and functionally accountable to the Boards of Directors of the Companies were established and are functioning in all Subsidiaries of the Fund, at least fifty percent of voting shares of which is owned by the Fund. The activity of AIS of the Companies is performed based on the regulations and rules developed on the basis of the corporate standards, approved by the Fund and aimed at provision of the objective and independent guarantees and consultancies on condition of the internal control system, risk management system and corporate governance system to the Board of Directors of the Companies.

Shukeyev U. Ye. – CEO of Samruk-Kazyna JSC; **Bakhmutova Ye. L.** – Deputy CEO of Samruk-Kazyna JSC; **Yerdebai D.I.** – Deputy CEO of Samruk-Kazyna JSC; **Rakhmetov N.K.** – Managing Director – Member of the Management Board of Samruk-Kazyna JSC; **Sarsenbayev T. Ye.** – Managing Director – Member of the Management Board of Samruk-Kazyna JSC.

into specific indicators of business processes / directions of the activities, and shall be approved by the Board of Directors of the Fund.

The basic condition for remuneration is an availability of total consolidated profits in the reporting year.

Remuneration of the Chief Executive and Members of the Management Board of the Fund shall be paid with consideration to the recommendations of the NRC based on the annual audited financial statement under the framework of remuneration limits established by the Fund' Board of Directors, based on the decision of the Board of Directors of the Fund.

Remuneration payment and refund of expenses to the Fund's Independent Directors shall be executed under the Regulation of Remuneration and Refund to the Fund's Independent Directors, adopted by the decision of the Board of Directors of the Fund, dated April 27, 2009 (minutes #18) and contracts concluded with the Independent Directors.

As of December 31, 2013 the Fund approved 8 regulatory documents regulating issues of the internal audit and internal control in the Subsidiaries, including:

1. Standard Regulations on internal audit system of the Joint Stock Companies at least fifty percent of voting shares (equity interest) of which is directly or indirectly owned by Samruk-Kazyna JSC;
2. Methodological recommendations on organization of the internal audit in the Joint Stock Companies at least fifty percent of voting shares (equity interest) of which is directly or indirectly owned by Samruk-Kazyna JSC;
3. Standard Regulations on the internal control system of the organizations at least fifty percent of voting shares (equity interest) of which is directly or indirectly owned by Samruk-Kazyna JSC;
4. Standard Regulations on the Audit Committee of the Board of Directors the Joint Stock Companies at least



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- fifty percent of voting shares (equity interest) of which is directly or indirectly owned by Samruk-Kazyna JSC;
- 5. Internal Control System Performance Evaluation Method;
- 6. Risk Management Corporate System Performance Evaluation Method;
- 7. Information System Audit Method;
- 8. IAS and its Head's Performance Evaluation Method.

In addition, to ensure compliance of the activity of IAS of the Companies with international standards of the internal audit, the Fund recommended applying a number of documents on issues of development of the strategy and IAS budget.

Evaluation of the internal control system and risk management system performance was held in the reporting period Companies of the Fund by efforts of their IAS based on the methods approved by the Fund, the results of which and recommendations on improving of these processes are submitted to the Boards of Directors of the Companies.

In the Corporate Center of the Fund, as well as in the Subsidiaries of the Fund there is the IAS, which in its activity is governed by internal regulating documents approved by the decision of the Board of Directors of the Fund, and stipulating the principles and order of organization of the internal audit, complying with the requirements of the International Standards for the Professional Practice of Internal Auditing.

IAS of the Fund also takes measures on improving its work on regular basis. In particular, IAS of the Fund developed the Method Internal Audit, IAS Development Strategy, and Policy of notifying on proposed violations of the Fund. IAS of the Fund applies the principles of risk-oriented approach to the organization of the internal audit in its activity, and evaluates the performance of the internal control system and risk management system of the Fund based on the relevant principles. The results of the Fund's corporate governance system diagnostics performed by independent consultants in Q4 2012 in compliance with which an internal audit system in the Corporate Center of the Fund was evaluated at the level of 89% speak well for the progress of the internal audit process.

The Audit and Control Department of the Fund conducts a constant work on improving of internal audit and internal control in the Subsidiaries taking into account the modern trends and best practices of the internal audit and control. In the reporting

5.6. RISK MANAGEMENT

In order to ensure sustainable development of Companies of the Fund's group, the risk-oriented approach is applied to carry out corporate decision making.

period 3 regulative documents (decision of the Management Board of the Fund dated December 13, 2013 (Minutes #67/13), including the Standard Regulations on IAS, Standard Regulations on ICS and methodological recommendations on organization of the internal audit were approved in new edition.

The objectives and tasks of the activities of the Fund, aimed at enhancing value of the Companies entering the group of the Fund, implementation of the economic strategy of the State require an analysis and control over the effective use of state, own and attracted funds, with which the Fund and its Subsidiaries operate.

Due diligence of the activity of the Companies of the Fund's group, their impact on development of the national economy and its individual sectors is performed in the Fund within the framework of the activity of the Special Committee under the Board of Directors of the Fund (hereinafter – the Committee). In 2013 the analysis of the activities of three Companies of the Fund: JSC NC Kazakhstan Temir Zholy, Samruk-Energy JSC and KEGOC JSC were held with involvement of the external consultants. The reports on the results of the analysis were submitted to the Board of Directors of the Fund and Account Committee for Control over the Implementation of the Republican Budget.

Internal Control System of the Fund includes control and audit events in relation to the subsidiaries, implemented by the Audit and Control Department based on the orders of the Chief Executive of the Fund in compliance with the Law of the Republic of Kazakhstan On Sovereign Wealth Fund. In the reporting year the Audit and Control Department of the Fund audited some issues of the financial and economic activities of Kazpost JSC and Atyrau International Airport JSC, as well as the audit of the financial and economic activity of SK-Astana Corporate Fund and Center for Social Partnership Corporate Fund for 2012, where the Fund is the founder. The acts and conclusions with recommendations on elimination of the deficiencies and violations were submitted following the audit and revisions.

Organization of the internal control system provides for building up of management system, able to quick response on risks, control over the main and support business processes and daily operations of the Company, as well as immediately informing of the management of relevant level about any and all significant deficiencies and areas to be improved.

Basic principles of the risk management in the Fund are the following:

integrity – consideration of the elements of the Fund group's overall risk from the aspect of the risk management corporate system;



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openness – prohibition for corporate risk management to be considered as stand – alone or separated;
structuredness – integrated risk management has a well-defined structure;
awareness – risk management to be accompanied by availability of objective, reliable and up-to-date information;
continuity – risk management to be carried out on continuing basis;
cyclicity – risk management is continually repetitive cycling of its main components.

The Fund annually updates the “Risk and Control Matrix”, key risk indicators, and Fund’s critical risk register and map on the consolidated basis. To manage critical risks, a plan for their management is adopted. In the course of activities, the Fund’s management permanently considers risks and makes decisions to avoid irreversible effects. In order to improve RMCS the Risk Management Policy, Rules of risk identification and evaluation, Regulation of accounting and analysis of implemented risks, Rules of setting country limits were updated, the Principles of development and introduction of the key risk indicators was developed. In order to introduce a common approach to the risk management in the Companies of the Fund’s group, minimum requirements to RMCS of the Subsidiaries were established by the documents.

Quarterly reports on risks, risk maps and significant risk management plans are submitted for consideration of the Board of Directors/ Supervisory Boards of the Subsidiary Companies. The Board of Directors and the Management Board of the Fund appreciate risk management to ensure sustainable growth. To manage risks effectively, the risk management system is integrated with other management systems: strategic planning, budgeting, and investment activities. The Subsidiaries submit the quarterly reports on observation of the financial sustainability ratios under the Policy of the Debt and Financial Sustainability Management in order to determine violations of the limit capacity of the borrowings and financial risk management.

In order to improve a risk culture the training and testing of risk coordinators is held on annual basis, the meetings of the Risk Board, which includes risk managers of the Subsidiaries, are called, if necessary.

Strategic planning

When determining the overall Development Strategy of the Fund for a decennial period, actions shall be undertaken to identify and assess the risks that may affect the achievement of the long-term objectives of the Fund.

Budgeting and investment activities

Under the framework of budget planning, risks that could affect the implementation of KPI shall be taken into account in the development plans of the Subsidiaries.

Under the framework of Investment Policy approved by the Fund’s Board of Directors, mapping of risks and mitigation measures shall be defined for each investment project.

In the Fund group, events on raising awareness of the staff regarding the risk management system, training courses and seminars are conducted on continuing basis.

There is a non-exhaustive list of risks below.

Financial losses in consequence of accidents (fire, explosion, flooding, damage and related interruptions of production, environmental damage, work-related injuries, etc.)

Actions undertaken:

- Development of the integrated effective measures to reduce occupational injuries and accidents, harmful effects on the environment, the establishment of controls and procedures to prevent accidents, ensuring safe labor environment.

Unauthorized stop – work meetings and strikes, worsening of social instability in the regions

Actions undertaken:

- It is held the work to address corporate social responsibility issues, including: annual meetings of the top managers with the production teams, feedback between management and personnel, awareness-raising actions at factories, meetings between management and work collective of manufacturing entities.
- Center for Social Partnership operates to improve best practices in regulation of social and labor relations. In compliance with the instruction of the Fund the Center conducted a wide-scaled research in order to determine a Social Stability Rating of the Companies of the Fund’s group within the framework of the forecasting and preventing of social and labor disputes and conflicts. Social Stability Rating in the Subsidiaries of the Fund for 2013 made 58% (more than THRESHOLD – 50% in compliance with the Principles – the situation is stable).

The risk of non-achievement of targets of the People’s IPO Program

Companies participating in the People’s IPO Program carried out the preparatory measures under the adopted plan, including cooperation with independent consultants to adapt internal documents and processes pursuant to international requirements.

Insufficient liquidity to carry out operational, investment, and financial activities

The activity of the several Companies of the Fund’s group is subject to risk of adverse conjuncture in the raw-material market. Thus, decisions on expediency of hedging from price risks are made based on forecasts of world commodity prices and analysis of financial indicator sensitivity to prices.



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Adverse changes in the global economy lead to a shortage of funds for the businesses of Companies of the Fund's group that, in turn, may jeopardize implementation of investment projects, to impossibility of operations, and to some Companies default. The Fund provides supervision of compliance with the established liquidity ratios. If required, the Management Board and the Board of Directors of the Fund consider the issues of financial sustainability of the major Companies of the Fund's group, as well as possible ways to respond to adverse development scenarios. Elaboration of mechanisms commenced to foresight liquidities for providing of "airbag" from the risk of liquidity shortage, and actuating of the Fund's guarantees, as well as concept of centralized treasury for more effective cash management in the Fund group. For the Fund group the liquidity loss risk is correlated with risk of decline of the oil prices.

Current events:

- Implementation of the cost cutting program of the Fund and Subsidiaries of the Fund.
- Observation of the financial covenants.
- Implementation of the Treasury management target model introduction.

Investment project risks

This risk is a potential threat of non-achieving of planned result from investments.

The concept of acceptable risk is the basis of the ability to manage this type of risk, it corresponds to a certain balance between the expected benefit and the risk of loss, which provides a set of procedures – assessment of the project risk and project risk management.

Current events on risk management may refer to:

- Qualitative analysis of the current portfolio of the investment projects.
- Coordination and consistency of actions of the public bodies, the Fund, Subsidiaries of the Fund, the strategic partners.
- Selection of reliable contractors.
- Updating of investment and innovative policies of the Fund.

- Quarterly monitoring of the ratings of innovative development and investment projects of the Subsidiaries of the Fund.

Credit risk

Credit risk – is the risk of non-implementation or improper implementation of the liabilities of the counterparty to the group of the Fund in time and in full.

In order to enhance the effectiveness of mechanisms aimed at early detection, regular monitoring and effective risk management, the Fund:

- strengthens procedures on credit risk management through mainstreaming of internal Policies and Rules of the Fund. As part of this work the approaches are greatly updated and supplemented to improve the credit risk greatly updated and supplemented;
- establishes the limits on external counterparts on a regular basis and monitors them on a quarterly basis.

Unfavorable currency fluctuations

The Group is subject to risk of unfavorable exchange rates. The Group attracts borrowings from both external and domestic markets, which allows reducing of currency risk. In order to avoid undesirable consequences, regular analysis of exposure is carried out and the corresponding measures are undertaken.

Fluctuations of floating interest rates

Generally, exposure to interest rate relates to the long-term liabilities of Companies of the Fund's group with floating interest rates. Rising expenditures related to servicing of loans, may have a negative impact on the solvency. Management of this risk is carried out mainly by use of combination of fixed and floating interest rates on loans.

Taking into account that the main operating risks of the group of the Fund are concentrated in the Subsidiaries, the management of these risks is implemented directly by risk owners under a regular control of the Fund.



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6. ACTIVITY OF SUBSIDIARIES AND AFFILIATE COMPANIES

6.1. Oil and gas segment

www.kmg.kz

JSC NATIONAL COMPANY KAZMUNAYGAS



JSC NC KazMunayGas (hereinafter – KMG, KazMunayGas) – is a national company for exploration, production, refining and transportation of hydrocarbons, which represents state interest in oil and gas industry of Kazakhstan; 100% of the company's shares belong to Samruk-Kazyna JSC.

Joint Stock Company National Company KazMunayGas was established by merger of KazakhOil National Oil & Gas Company and Oil & Gas Transport National Company under the Decree of the President of the Republic of Kazakhstan #811, dated February 20, 2002.

Pursuant to the Development Strategy of KMG for 2012–2022, the main strategic goal of the Company is to maximize shareholder value by appreciation of long-term value of assets and support to modernization and diversification of the national economy.

Mission – to ensure maximum benefits for the Republic of Kazakhstan from participation in the development of the national oil and gas industry.

Vision – KMG is a highly efficient and competitive, integrated oil and gas company complying with the highest safety standards.

Ambitions of KazMunayGas – enter the world top thirty oil and gas companies by increasing to 2022 its reserves of liquid hydrocarbons (oil and condensate) up to 1413 mln tons, and oil production – up to 35.4 mln tons per year.

The basic activities of KazMunayGas are: participation in government policy with regard to oil and gas industry, representation of government interests in subsoil use agreements through equity participation in contracts, corporate management and issues related to exploration, production, refining and transportation of hydrocarbons, design, construction and operation of oil and gas pipelines as well as oil and gas infrastructure.

Key financial indicators of the KMG are presented in Table 1 and are indicative of the positive dynamics.

TABLE 1. Key Financial Indicators, mln KZT

	2012	2013
Total Income	3 498 327	3 809 704
Total Expenditures	3 084 904	3 321 062
Annual Profit/(loss)	413 423	488 642

At year-end 2013 KazMunayGas holds leading position by production activity in the oil and gas industry of the country (table 2).

TABLE 2. Key Production Indicators *

	2010	2011	2012	2013
Production of Oil and Gas Condensate, <i>thousand tons</i>	21 969	21 105	21 390	22 630
Gas Production, <i>mln m³</i> ¹	4 912	4 850	5 528	6 924
Oil Transportation by Main Pipelines, <i>mln tons</i> ²	65,83	66,87	65,79	67,22
Sea Transportation of Oil, <i>thousand tons</i>	7 082	9 234	11 355	8 878
Gas Transportation by Main Pipelines, <i>bln m³</i>	101,65	110,55	109,19	110,14
Refining of Raw Hydrocarbons, <i>thousand tons</i>	14 766	15 326	15 884	16 050

* – may vary slightly from rounded data of production blocks.

Basic running and planned investment projects:

- reconstruction and modernization of Atyrau ORP;
- production of road bitumen;
- reconstruction and modernization of Shymkent ORP;
- modernization of Pavlodar PCP;
- construction of beinau – Bozoi – Shymkent gas pipeline;

¹Natural and associated gas. Including gas production of Karachaganak Petroleum Operating B.V. during 6 months of 2012.

²Including oil transportation by main pipelines of KazTransOil JSC and transportation companies MunayTas North-West Pipeline Company JSC (51%) and Kazakhstan – China Pipeline LLP (50%).



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- construction of Kazakhstan – China gas pipeline;
- construction of high pressure gas leadaway pipeline to the integrated gas and chemical plant (IGCP) in Atyrau region;
- construction of ORS #8 and ORS #10 of Atasu – Alashankou oil pipeline under The second turn of the second stage of the construction of Kazakhstan – China gas pipeline project, enhancing performance up to 20 million tons of oil per year”;

- Reconstruction of the main oil pipeline Kalamkas – Karazhanbas – Aktau and Uzen – Zhetybay – Aktau, construction / acquisition and operation of 2 universal ferryboat;
- Gas turbine power station in the West Kazakhstan Oblast, shipbuilding / ship repair yard in Kuryk village.

6.2. Mining segment

6.2.1. NATIONAL ATOMIC COMPANY KAZATOMPROM

www.kazatomprom.kz



The basic activities of JSC NAC Kazatomprom (hereinafter – KAP) are:

- uranium mining, processing and sale of uranium production;
- manufacture and sale of products made of beryllium, tantalum, as well as scientific researches and development;
- production and sale of electricity, heat energy and water.

KAP is the largest uranium mining company in the world.

Key Performance Indicators of the KAP for 2013 are presented in Table 1.

TABLE 1. Key performance indicators

	2012	2013
Uranium production of the KAP as of stockholdings in all Subsidiaries and Affiliated Companies, tons	11 931	12 568
Stated Dividends, KZT mln	23 501	7 637
Total number of staff in all businesses, persons	25 101	27 342

Main Consolidated Financial Results for 2013 and 2012 are presented in Table 2.

TABLE 2. Key financial indicators, KZT million

	2012	2013
Total Income	321 746	288 283
Annual Profit/(loss) for the year before deduction of the minority share	51 997	36 532
Cost of Sales	243 907	229 905

In 2013 Consolidated Financial Results of JSC NAC Kazatomprom were lower than the same in 2012. First of all, this dynamics was influenced by decrease of income from sale of U_3O_8 due the decrease of spot quotation on natural uranium in world market in 2013.

Net profit of JSC NAC Kazatomprom before deduction of the minority share in 2013 made KZT36 532 million that is lower than the indicator for 2012 by 29.8%.

Major Investment Projects

Project on establishment of pilot production of the compound carbonates and individual compounds of rare-earth metals

Project on establishment of pilot production of the compound carbonates and individual compounds of rare-earth metals is implemented by Joint Venture SARECO LLP (51% – JSC NAC Kazatomprom, 49% – Sumitomo Corporation), established in May 2010. The project presupposes construction and operation of ore – dressing and processing enterprise and hydrometallurgical production of rare-earth concentrates (hereinafter – REC) in Stepnogorsk.

in 2013 the following actions were undertaken:

- integrated testing of process equipment was completed;
- pilot part of production produced in integrated testing were delivered to the potential consumers;
- positive conclusion of State External Examination of the Projects RSE was obtained;
- direct negotiations with MINT RK were held under obtaining of the contract for subsoil use;
- Reserves of MMMF were certified in the Geology Committee of RK;
- Required level of the quality of technical concentrate of REC is ensured (the quality of technical KREC allows to produce ready production for any manufacturer);
- the plant is provided with the raw material and reagents;
- training is held in order of professional development;
- stable and accurate work of analytical laboratory is arranged.



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Project Establishment of the production of photovoltaic modules on the basis of the Kazakhstan silicon KAZ PV

The project is aimed at diversification of activities of JSC NAC Kazatomprom through the establishment of new productions for the RK – photovoltaic plates and modules – based on transfer of advanced world technologies and 100% use of Kazakhstan silicon as a main raw material.

The project consists of 4 parts:

- 1) quartz mining, Sarykul deposit, Ushtobe Town, Almaty Region (Quartz LLP);
- 2) establishment of metallurgical production based on Kazakhstan high-frequency quartz – metallurgical silicon production, Ushtobe Town, Almaty Region (KazSilicon MC LLP);
- 3) establishment of photovoltaic plate production with use of Kazakhstan silicon as main raw material – Photovoltaic

- Plate Factory in Ust-Kamenogorsk, East-Kazakhstan Region (Kazakhstan Solar Silicon LLP);
- 4) Photovoltaic Module Assembling Plant, Astana (Astana Solar LLP).

On 25 December 2012, the official opening of the Astana plant took place with participation of N.A. Nazarbayev, Head of State, and first modules were manufactured. Capacity of the plant in Astana on volume of issued production is 50 MW of installed capacity, or 230 thousand photovoltaic modules of European standard and quality. The plant uses only the domestic Kazakhstani metallurgical silicon to release its production.

On December, 2013 the plant for production of solar cells and grey plates was commissioned in Ust-Kamenogorsk.

www.tks.kz

6.2.2. JSC NATIONAL MINING COMPANY TAU-KEN SAMRUK



Joint Stock Company National Mining Company Tau-Ken Samruk (hereinafter – Tau-Ken Samruk JSC) was established for implementation of activities in the areas of exploration, development, extraction, processing and selling of solid minerals, as well as reproduction of the mineral resources of the Republic of Kazakhstan.

Mission – to ensure appreciation of value of the assets and provide competitiveness of the mining and smelting production. To ensure efficient exploration, production and processing of solid minerals, in partnership with the private sector and with care to the environment and future generations.

Main strategic businesses of Tau-Ken Samruk JSC are:

- Making available the high-quality and long-term resources of higher-priority solid minerals and providing their exploration.
- Compose of portfolio of assets in the areas of exploration, production and processing of solid minerals.
- Research and Development (innovation activity) of projects.

Key financial indicators of Tau-Ken Samruk JSC

At year-end 2013 return on capital employed (ROACE) has a positive dynamics as compared to the same period of 2012 that was caused by increase of average used capital due to the transfer of 29.82% of share in the authorized capital of Kazzinc JSC to Tau-Ken Samruk JSC (table 1).

TABLE 1. Financial KPI

	Name	2012	2013
ROACE*	%	(2.7)	1.2
EBITDA margin*	%	-	-
Net income (loss)	KZT million	(608)	1 670

* – the indicators are calculated by the procedure approved by the Sole Shareholder.

Total income in 2013 in the amount of KZT379 million is formed by financial income obtained as a result of disposal of idle in the second-tier banks (STB), and obtaining of income from recovery of previously incurred losses to obtain subsoil use right due to the transfer of the subsoil use to the Subsidiary.

Total loss in 2013 in the amount of KZT1 877 thousand includes general and administration costs of the corporate center of Tau-Ken Samruk JSC and Tau-Ken Altyn LLP Subsidiary.

Net income of Tau-Ken Samruk JSC in 2013 increased from -KZT608 million in 2012 up to KZT1 670 million, due to the transfer of 29.82% of the share in the authorized capital of Kazzinc LLP to the Company (table 2).

TABLE 2. Aggregate (total) income and loss, KZT million

Name	2012	2013
Total income	176	379



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Name	2012	2013
Total loss	776	1 877
Gross income	-	-
Share in income / (loss) of the organization at equity	-	3 167
Income tax loss	8	-
Net income / (loss)	-608	1 670

Equity capital of Tau-Ken Samruk JSC as of December 31, 2013 made KZT214 176 million. Increase of the equity capital by KZT208 556 million as compared to 2012 was due to the transfer of 29.82% of shares in Kazzinc LLP to Tau-Ken Samruk JSC and increase of the authorized capital of Tau-Ken Samruk JSC by Samruk-Kazyna JSC contributions to the authorized capital of Tau-Ken Samruk JSC, including to finance the project Construction of refining plant in Astana and projects in sphere of subsoil use on solid minerals (SM).

Information about liquidity indicators

The Company has no liabilities on loans from financial instituted, hereupon, Debt / EBITDA financial stability indicator is not calculated.

6.3. Industrial segment

6.3.1. JSC NATIONAL COMPANY KAZAKHSTAN ENGINEERING



JSC National Company Kazakhstan Engineering (hereinafter – the Company) is a holding entity that provides common financial, industrial and technology policy in the major machine building enterprises of the Republic. The Sole Shareholder of the Company is Samruk-Kazyna JSC.

The Company's enterprises are specialized in products and services for customers from oil and gas, rail-road, agro-industrial and heat power industries, as well as in manufacture and repair of weapons and military equipment.

Mission of the Company is the implementation of the strategic interests of the State in the areas of development of machine building through effective assets management and enhance of long-term value of the organizations, entering the group of the Company.

Target – to enter the world top fifty the most effective machine building corporation according to the “Performance” indicator.

Financial leverage and current liquidity ratio indicators positively speaks for current financial condition of the Company, due to the lack of loans of the financial institutes and other financial liabilities conditioned by initial stage of implementation of the investment projects.

In order to implement a strategic direction on forming of high-quality and long-term resource base of higher-priority solid minerals and providing their exploration, “Tau-Ken Samruk” JSC in 2013 concluded the contracts on subsoil use with the competent body on four subsoil objects:

- extraction of polymetallic ores in Alaigyr field in the Karaganda region (signed on February 20, 2013);
- exploration of copper, gold and associated components in Spassk copper zone in the Karaganda region (signed on February 20, 2013);
- exploration of copper, lead, barite in Tuyuk-Temirlik ore district in Almaty region (signed on March 27, 2013);
- exploration of gold in Gagarin field in Zhambyl oblast (signed on December 27, 2013).

www.ke.kz

In 2013 a consolidated volume of product sale made KZT44.7 billion under the plan KZT50.3 billion (implementation of the plan – 89%, as compared to the fact of 2012 – 86%, table 1). Main factor of non-implementation of the plan is a decrease of volumes of orders on special production and products of double destination by 45% (fact – KZT13.5 billion, plan – KZT24.8 billion), namely:

- by introduced changes to the Decree of the Government of the Republic of Kazakhstan “On State Defense Order” and the decrease of needs of law enforcement agencies in the production of the Company (KazinzhElektroniks JSC, SMBP JSC, Gidropribor SRI JSC, UZ Zenith JSC, Plant named after S.M. Kirov JSC, 811st ARZ KE JSC, Petropavl plant of heavy machine building JSC, Omega” PSY JSC, Semipalatinsk machine-building plant JSC);
- late receipt of the letter of credit from the customer, which lead to delay of the shipment of batch (Plant of heavy machine building named after S.M. Kirov JSC).



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TABLE 1. Main indicators of FEA, KZT billion

	Indicators	2012	2013			
			Plan	Fact	% of impl.	in % to 2012
1	Volume of sold production	42,37	42,60	32,2	75%	75%
1.1	special production and products of double destination	28,13	24,83	13,5	55%	48%
1.2	Civil production	14,24	17,77	18,7	105	131%
2	Volume of services (engineering)	9,78	7,71	12,5	163%	128%
3	Income from sale of the production and services rendered (engineering)	52,15	50,32	44,7	89%	86%

In addition, over-implementation of the planned indicator of the production of civil destination by 5% (against fact of 2012 by 31%) was due to the increase of orders of production for oil and gas, energy and other sectors.

In 2013 it is observed the growth of the volume of services than amounted to KZT12.5 billion (163% of the plan, against the plan of 2012 – 128%). It is related to the increase of volume of rendered services under the State Defense Order.

In the reporting period income made KZT46 491 million. Loss made KZT 43 408 million.

Net consolidated income for 2013 made KZT3 083 million or 119% against the plan and 84% against the indicator of 2012 (Table 2).

TABLE 2. Main consolidated financial indicators of JSC NC Kazakhstan Engineering, KZT million

Indicators	2012	2013
Income, total	54 162	46 491
Loss, total	49 603	43 408
Total income	4 558	3 083

Implemented and running investment projects of the Company:

1. Establishing of the enterprises on EC145 helicopter production, delivery and maintenance with Eurocopter company.
2. Modernization machining production of products of oil industry at "Munaimash" JSC.
3. Modernization of the production of "Semei Engineering" JSC to ensure modernization and capital repair of armoured vehicles.
4. Development of foundry on gasified models at Tynyss JSC.
5. Production of nonwoven fabrics (geotextile) at Tynyss JSC.
6. Establishing of production on energy boiler at PPHMB JSC.
7. Establishing of center for production of electrooptical devices at the territory of the Republic of Kazakhstan.
8. Assembly of EW and radiolocation station with Indra Systemas S.A.
9. Establishing of Aviation Technical Center in Astana.



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6.3.2. United Chemical Company LLP



United Chemical Company Limited Liability Partnership (hereinafter – UCC) was established on 22 January 2009 under the decision of the Board of Directors of Samruk-Kazyna JSC dated November 28, 2008.

The Sole Participant of UCC is Samruk-Kazyna JSC.

Paid-in authorized capital of UCC – makes KZT62.4 billion (as of December 31, 2013).

Development Strategy of UCC for 2012–2022 in new edition was approved in compliance with the decision of the Supervisory Board of UCC on March 20, 2013, in order to bring it in line with the Development Strategy of Samruk-Kazyna JSC for 2012–2022.

Mission of UCC – is development of the chemical industry to turn it into one of the most advanced industries of Kazakhstan economy.

Strategic directions of the development:

- Enhancing of long-term value of UCC.
- Facilitating in diversification and modernization of the national economy.
- Social responsibility.

Main target prescriptions by 2022:

- Gross volume of production is KZT464 billion.
- Operating profitability EBITDA margin – 35%.
- Performance – KZT150 million/person.

Main tasks of UCC:

- Modernization of existing and establishing of new industrial capacities for the organization;
- Engineering activity;
- Innovative activity;
- Forming of chemical clusters.

Target segments of chemical sector:

- Basic inorganic chemicals, including fertilizers (base mixed materials);
- Basic organic chemical products and polymers (basic organics);
- Some kinds of special chemicals.

At year-end 2013 a net loss of UCC made KZT2444.4 million and increase by KZT1 051.8 million. The cause of the increased loss is a consolidation of the losses of newly established companies (Table 1).

TABLE 1. Main consolidated financial results for 2012–2013, KZT million

	2012	2013
Income, total	361,7	997,0
Loss, total	1 754,4	3 441,4
Income/loss for the year	-1 392,6	-2 444,4

Income of UCC is presented mainly in sale of lump sulfur for “SKZ-U” LLP. Loss of the group of Companies is presented mainly by general and administration losses. As at the moment the group of Companies is at the investment stage, 76% of all losses in 2013 fall to the general and administrative loss and 17% – on net.

Growth of loss in 2013 amounted to KZT1 687 million and caused by consolidation of the losses of newly established companies. Consolidation for 2013 also includes indicators of the following Subsidiaries: “Polymer production” LLP, “CHIM Plus” LLP and Taraz Chemical Park FEZ MC JSC.

In 2013 the main kind was an investment activity, under which UCC managed the following projects:

- 1) Reconstruction of sulfuric acid plant with a capacity of 180 thousand tons per year in Akmola region;
- 2) Construction integrated gas chemical complex in Atyrau oblast, the first phase (polypropylene);
- 3) Construction integrated gas chemical complex in Atyrau oblast, the second phase (polyethylene);
- 4) manufacture of polymer products in Atyrau oblast;
- 5) creation of Taraz Chemical Park FEZ;
- 6) production of glyphosate, phosphorus trichloride, caustic soda and chlorine;
- 7) production of sodium cyanide;
- 8) production of potassium sulfate;
- 9) organization of petrochemical production on the basis of raw materials with deposits of Karachaganak and Kashagan (third phase);
- 10) manufacture of synthetic rubber and butadiene;
- 11) provision of engineering services.



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6.4. Transportation segment

www.railways.kz

6.4.1. JSC NATIONAL COMPNAY KAZAKHSTAN TEMIR ZHOLY



Joint Stock Company National Company Kazakhstan Temir Zholy is the biggest holding in the Republic of Kazakhstan with the volume of managed assets in the amount of more than \$3.5 billion.

The Company operates the country's backbone railway network with length of 14.8 thousand km, electrified sections – 4.2 thousand km. About 2000 km of which the Company has built for the period from 2010 to 2013, significantly strengthening the transit advantages of Kazakhstan.

The scope of interests of the Company includes freight and passenger transportation, logistics, telecommunications, infrastructure, and investment projects. 100% of JSC NC KTZh, shares belongs to the Joint Stock Company Sovereign Wealth Fund Samruk-Kazyna.

Key objectives in development of the Company are:

- enhancing performance;
- development and arrangement of high-speed passenger traffic;
- ensuring the leading positions in freight transportation;
- establishing the domestic railroad engineering industry;
- new infrastructure projects.

As of today, the Company is rated by three most reputable rating agencies:

1. Standard & Poor's – BBB – /stable;
2. Fitch Ratings – BBB – /positive;
3. Moody's Investors Service – Baa3/stable.

Financial and Economic Activity of JSC NC KTZh, in 2013

The total income for 2013 as compared to 2012 has increased by 8.4%. Total loss of the current activity as compared to the level of the last year has increased by 9.9% (table 1). Main reason of increased loss was the growth of administrative costs by 18.2%, financial costs on credits by 25%, net cost of sold production by 5% and etc.

TABLE 1. Key financial indicators, KZT million

	2012	2013
Income, total	814 963	883 517
Loss, total	696 100	765 081
Income/(loss) for the year	118 863	118 436

Freight rate turnover in 2013 made 231 248 mln ton-km, which is below the fact of 2012 by 1.9% and is due to the decrease of transportation on all kinds of freight, except for construction freight, iron and nonferrous ores, ferrous metals.

Amount of **goods transported** in 2013 has reached 293 602 thousand tons, which is lower than in 2012 by 0.4%.

Loading cargo in 2012 made 255 232 thousand tons, which is lower than the fact of 2012 by 1%.

Conveyance of passengers by the carriers consolidated with "Passenger Transportation" JSC in 2013 has reached 20 450 thousand persons that exceeds the fact of 2012 by 4.9%.

Major Investment Projects

Investment activity JSC NC KTZh, is aimed at the realization of complex of measures aimed at ensuring the sustainable operation of rail transport, improve the quality and safety of transport services.

Plan of capital investment of the group of Companies of JSC NC KTZh, for 2013 has been approved by the decision of the Management Board of JSC NC KTZh, in volume of KZT467 858 thousand, the performance amounted to KZT469 849 thousand or 100.4%.

The following major projects were implemented during the reporting period:

- Work on construction of new Beyneu – Zhezkazgan and Arkalyk – Shubarkol railway lines, has completed laying the main path along the lines. Disbursed volume of investments during the reporting year amounted to KZT180 329 million.
- Considerable sum of money was directed to update a rolling stock, including:
 - 97 loco were purchased, capital repair of 38 loco was conducted in the total amount of KZT72 984 million;
 - 1704 freight cars were acquired and 1450 freight cars were repaired in the total amount of KZT27 942 million;
 - 237 passenger cars were acquired and it was conducted a capital repair of 51 passenger cars totaling KZT37 785 million;
 - 89 containers were purchased totaling KZT114 million.
- a capital repair of superstructure in the amount of 631 km was conducted totaling KZT39 866 million.
- Implementation of "Construction of the plant on manufacture of the loco in Astana" project is in progress. On October, 2013 the plant was commissioned (it was signed the Certificate of the State Acceptance Commission).



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6.4.2. AIR ASTANA JSC



Joint-stock company Air Astana (hereinafter – the Airline) is a joint venture of the Samruk-Kazyna JSC (51%) and the British company of BAE Systems (49%).

Currently, the Airline operates 20 domestic and 43 international flights. The Airline's fleet consists of 30 western – made aircraft. The Company plans to expand its fleet with up to 43 aircraft to 2020.

Mission – to render air transportation services on the international and domestic air routes pursuant to the highest standards of safety and service, which meet the customer expectations, the Company's interests and the needs of the Republic of Kazakhstan.

Key performance indicators in 2013

Key financial indicators of the Company are presented in Table 1.

TABLE 1. Key financial indicators, KZT million

	2012	2013
Income, total	131 284	147 352
Loss, total	122 177	139 538
Income/(loss) for the year	9 107	7 814

The income of the Airline in 2013 made KZT147 352 million that is higher than in 2012 by 12.2%. In addition, the income of Airline in 2013 has decreased as compared to 2012 by 14.2% and made KZT7 814 billion. Decrease of income is due to the increase of loss in 2013 as compared to 2012 by 14.2%.

Amount of transported passengers in 2013 made 3 675 155 passengers. It is more than in 2012 by 13.26%. Increase of the amount of transported passengers was due to the increase of transportation on domestic routes by 6.6% (2 117 868), and due to the increase of transportation on international routes by 23.7% (1 557 287).

Fleet Renewal

The fleet of the Airline consists of 30 modern Western aircraft and is one of the youngest in the world. As of the end of 2013, the average age of the fleet was 6.4 years and will be decreased to 5.6 years by the end of 2014. Starting from 2011, the Airline launched a program for renovation and expansion of the fleet with new aircraft engaged in a combination of financial and operational leasing: 3 new aircraft were delivered in 2011, 6 – in 2012, 7 – in 2013 and 5 – in 2014, in total 21 new aircraft were delivered directly from factories-manufacturers.

Aircraft Purchasing Funds

As planned, six aircraft delivered in 2013 directly from factories-manufacturers under the purchase contracts, were funded under the guarantees of the export credit agencies.

Route Network Development

In 2013 the Airline continued to develop the route network by launching new routes and increasing flight frequency on the existing ones. Thus, new routes on destination from Astana to London, Kiev, Orenburg, Bishkek, from Almaty to Ho Chi Minh, Kiev, Kostanay, from Atyrau to Moscow were launched.

Achievements in services in 2013

On June, 2013 at the awarding ceremony of the winners of “World Airline 2013” Skytrax, held within the framework of the 50 Jubilee of Paris Airshow in Le Bourget, “Air Astana” has once again been awarded a 4-star rating of Skytrax agency, and called as the “Best Airline in Central Asia and India”. In addition, the national air carrier was awarded with the “Best Service in Central Asia and India”. Thus, “Air Astana” the first and only Airline among the airlines of CIS and Eastern Europe was awarded a 4-star rating of Skytrax agency.

Engineering Technical Support

In compliance with the Strategy stipulating development of own maintenance center on production of basic technical maintenance and repair of aircrafts, in 2013 the Airline continued to expand technical opportunities on the base in airport of Almaty city, where there are workshops approved in compliance with EASA Part 145 Standards.

In 2013 the Airline launched the project on construction of own maintenance center in Astana to conduct a line maintenance of the aircrafts.

Pilot initial training program

The program of initial pilot training ab-initio this is a long-term project for the preparation of highly skilled pilots of Kazakhstan according to the highest international standards. Training is conducted in three of the world's leading aviation training centers: AeroSim based in Miami (Florida, United States), Atlantic flight training Academy (a Atlantic Flight Training) in Cork (Ireland) and the flight school in Jerez (Spain). After graduating the cadets receive a license of the EASA. During 2013 59 new pilots were trained; it is planned training of 54 new pilots in 2014.



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6.5. Energy

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6.5.1. KEGOC JSC



is a company managing the National Electric Network of the Republic of Kazakhstan and is a system operator of the Unified Electric Power System of the Republic of Kazakhstan (hereinafter – the KEGOC JSC).

Mission – to ensure reliable operation and efficient development of the United Electric Power System of the Republic of Kazakhstan pursuant to the modern technical, economic and environmental requirements as well as safety and health standards.

Vision: in 2025, the KEGOC JSC will become a world-class company and turn into regional-scale center of competencies in the electric power industry.

Main strategic target: to ensure the Company’s competitiveness in the global economy.

Financial and economic indicators

In 2013 total income of the Company has amounted to KZT79 178 million, which exceeds the same in 2012 by 17.1%. Operating income of the Company in 2013 made KZT7 596 million, which exceed the same in 2012 by 9.4% (table 1). Considerable increase of total value of assets was observed in 2013. As compared to 2012 it has increased by 58%, having achieved the level of KZT367 322 million.

TABLE 1. Key financial indicators, KZT million

	2012	2013
Income, total	67 599	79 178
Loss, total	60 658	93 678
Income/(loss) for the year	6 941	-14 500 (7 596) ¹

Investment activity

Taking into account the prospects for the development of an interregional network and power distribution, planned for commissioning of new generating capacity, the Company conducts an active investment policy aimed at upgrading the national power grid, construction of new facilities of electric power to meet the energy needs of consumers, the creation of export and transit capacity.

In 2013 the Company continued implementation of the following projects:

Project on Modernization of Kazakhstan National Electric Network, phase II

The project is aimed at ensuring effective sustainable operation of electrical equipment in the market conditions, improving the reliability and quality of electricity supply to consumers, increasing technical and ecological safety of high-voltage equipment, reduction of operating costs for the maintenance and repair of equipment, improvement of technical level and ensure the reliability of Kazakhstan NEN.

Project on Construction of 500/220 kV Alma Substation with Linking – Up to the Kazakhstan NEN by 500, 220 kV lines

The aim of the project is to ensure security of supply the Almaty region, the issuance of the capacity of the first stage of Balkhash HPP (1320 MW), the creation of the technical possibilities for the development of the satellite towns of Almaty, the construction of the industrial park in Almaty.

Project on Construction 500kV Ekibastuz – Shulba HEP (Semei) – Ust-Kamenogorsk line

The project is aimed at increasing the capacity of networks in the North-East section, covering deficits of the East Kazakhstan region.

Project on Reconstruction of 220 kV high-tension lines at the MSDS – Osakarovka

The aim of the project is to improve the reliability of power supply of consumers in Astana, as well as the meeting of growing energy needs of the city and facilities planned for construction in the industrial zone of Astana city.

Project on Strengthening of connection of Pavlodar power center with UES of Kazakhstan

The project is aimed at ensuring the reliability of electricity supply for the consumers in Pavlodar and issue of the capacity of the power plants in UES of Kazakhstan.

In 2013, more than KZT42646 million were disbursed, including for major strategic projects – KZT31537 million, for renovation and replacement of existing assets – KZT2927 million.

¹values on indicators obtained on financial results in 2013 except for fixed assets revaluation made by class "Facilities" are shown brackets.



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6.5.2. SAMRUK-ENERGY JSC



The Shareholder of Samruk-Energy JSC (hereinafter – the Company) is Samruk-Kazyna JSC, which owns 100% of the Company's shares. The structure of Samruk-Energy's assets consists of 36 companies on 4 levels.

The authorized capital of Samruk-Energy JSC is KZT222.946 million. Number of the authorized shares of the Company made: 5,602,187 – common shares, the number of issued shares of the Company made 5,463 437 common shares.

Mission of the Company

In order to support rapid growth of the country's economy and raise of living standards of Kazakhstan people, provide the safe and efficient production and delivery of electric and thermal energy, as well as coal, under the framework of global energy – related environmental initiatives and through sustainable development.

Vision of the Company

Competitive power – supply holding of the Eurasian importance.

Targets of the Company

Main objective is to ensure reliable supply of electricity and coal, as well as to provide the stability of the UEPS of the Republic of Kazakhstan.

This objective will be achieved by the Company through implementation of the following:

- 1) establishing control over the stations of national importance,
- 2) providing optimization of the generation pattern,
- 3) ensuring spare capacities.
- 4) centralizing the sales of exported/imported electricity and expanding the export potential.

Financial and economic activity

Income of the Company in 2013 made KZT171 993 million, which exceeds the same indicator in 2012 by 54.3%. At year-

end 2013 a net income made KZT41 876 million. As compared to 2012 income increased by KZT23 245 million or by 124.7% (table 1).

TABLE 1. Key financial indicators, KZT million

	2012	2013
Income, total	111 441	171 993
Loss, total	92 810	130 117
Income/(loss) for the year	18 632	41 876

Key performance indicators

Electric power production in 2013 totaled to 33 billion 497 million kWh, as compared to 2012 – 192.3 %.

Heat energy production was – 6 million 786 thousand Gcal, 90,8% to 2012.

41.7 million tons of coal was extracted, which is more than in 2012 by 5%.

Investment activity

The Company's investment activity is a capital-intensive business. Financing of the projects is carried out and planned for future as well on own expense of the Company, Subsidiaries, funds of the republican budget and the National Fund, as well as borrowings from Kazakh and international financial institutions. Because of large investments and longer term of implementation of the projects, Kazakh and foreign banks pay special attention to economic efficiency and environmental compliance indicators of the projects.

The Company's portfolio of investment projects includes 13 projects, which implementation will allow covering the shortage of electric energy supply and power capacity in Kazakhstan through increasing of installed capacities of the available power plants and building of new ones. Four of these projects are implemented under the framework of the State Program for Forced Industrial and Innovative Development of Kazakhstan (SPFIID), and 4 – under the Industrialization Map.



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6.6. Telecommunication and postal services

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6.6.1. JOINT STOCK COMPANY KAZAKHTELECOM



Joint Stock Company Kazakhtelecom (hereinafter – the Company) is the largest communication operator in the Republic of Kazakhstan, which provides a wide range of information and communication services. The Company acts on the base of the General License #11000766 dated May 06, 2011 issued by Ministry of Communication and Information of the Republic of Kazakhstan.

Kazakhtelecom JSC is a legal entity with centralized management, which is composed of 23 branch offices as well as representatives in the Russian Federation and the People's Republic of China.

The Company's headquarters is located in Astana – the capital city of Kazakhstan. About 30 thousand persons are employed by the Company. Kazakhtelecom JSC has regional branch offices in each oblast of the country and ensures services on all territory of the country.

At year-end 2013, the Company has rendered services to more than 4 mln fixed-line subscribers. Telephone density in the Republic of Kazakhstan averages 23.8 fixed telephone lines per 100 people.

Number of users of the Internet access provided by Kazakhtelecom JSC exceeded 3.9 mln to the end of 2013, including 3.8 mln users of the broadband Internet.

The networks of more than 120 communication operators of the Republic of Kazakhstan are connected to the Company's telecommunications network. Besides, Kazakhtelecom JSC closely co-operates with more than 40 operators from near and far abroad.

Key financial indicators

Planned modernization and continuous development of telecommunication networks that was carried out by the Company in order to increase the quality of rendered services, had stimulated an increase of demand and consumption of telecommunicating services and put an impact on the Company's incomes (table 1).

TABLE 1. Key financial indicators, KZT million

Name	2012	2013
Income, total	384 153	198 233
Loss, total	162 010	178 672
Total income	222 143	19 561

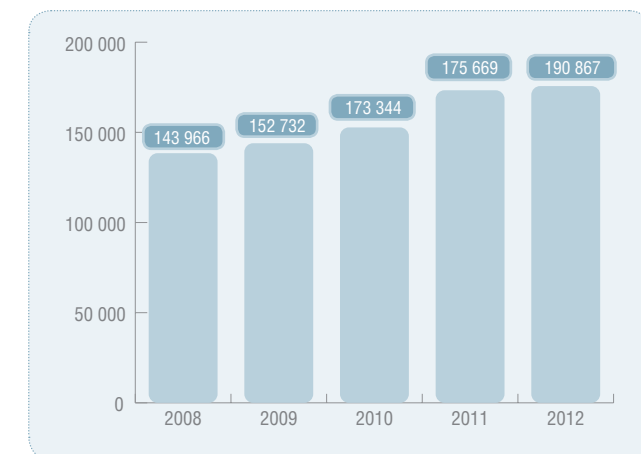
Total income in 2013 has amounted to KZT 198 233 million, that is less than the level of 2012 by 48.4% related to accrual of the income from discontinue activity of GSM Kazakhstan LLP in 2012.

Total loss has amounted to KZT178 672 million that exceeds the level of 2012 by 10.3%.

Total income was obtained in the amount of KZT19 561 million that is less than the level of 2012 in 11.3 times related to accrual of the income from discontinue activity of GSM Kazakhstan LLP in 2012.

In 2013 the income from core activity of the group of Companies of Kazakhtelecom JSC made KZT190 867 million that is more than the level of 2012 by 8.7% (diagram 1).

DIAGRAM 1. Dynamics of income from core activity, KZT million



Maximum gravity in 2013 is presented by income:

- From services of data transmission network, the share in general structure of the income of Kazakhtelecom JSC has amounted to 43.6%;
- From rendering services of local telecommunication, the share in general structure of the income has amounted to 25.1%;
- From rendering services of intercity and international telecommunication, the share in general structure of the income has amounted to 7.2% (diagram 2).



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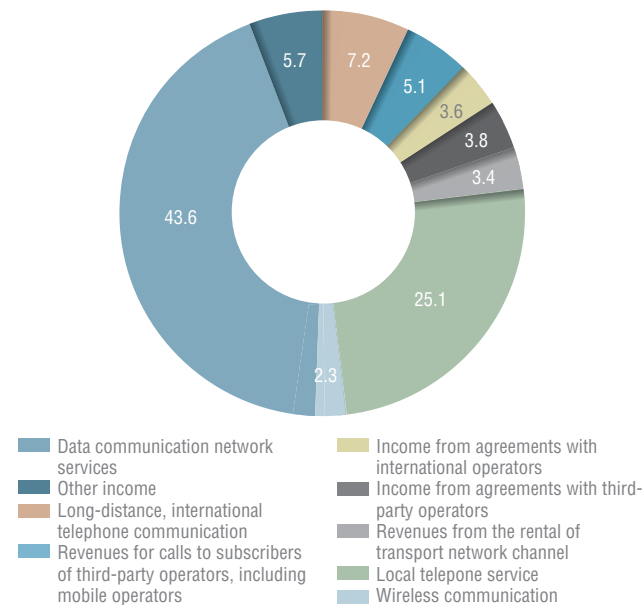
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DIAGRAM 2. Structure of income from core activity in 2013, %

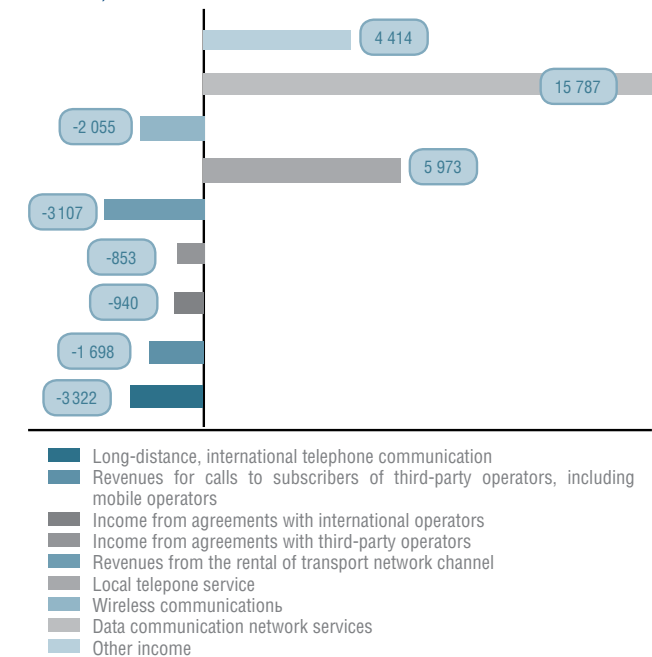


The trends of considerable decrease of amount of income from the lease of channels of transport network due to the completion of the construction of own fiber-optic communication lines by KarTel company and, consequently, the decrease of leased channels is observed in the structure of income from core activity. Voice telephony services lose their grounds due to the replacement by mobile communication services and the development of alternative types of dial up. For the same reason, decrease of income from subscribers of third-parties operators is observed. Positive dynamics was achieved on data transmission services and local telephony services (diagram 3).

TABLE 2. Main indicators of the activity

Financial indicators (consolidated)*	Unit of measure	2012	2013
Income from service implementation	KZT million	175 669	190 867
Net income	KZT million	222 130**	19 614
EBITDA	KZT million	69 068	65 829
EBITDA margin,	%	39	34
Capital investment	KZT million	63 270	61 503
Performance indicators			
ROACE	%	62,5**	8,2
Average return per unit (ARPU)	KZT/month	2 823	3 086
ARPU per mobile subscriber	thousand KZT/month	0,72	0,67
Number of employees	person	29 237	29 847
Income, total, per 1 employee	KZT thousand	6 008,4	6 394,9
The number of fixed lines per employee	line/person	143,7	146,4
Information on assets			
Assets, total	KZT million	419 259	416 135

DIAGRAM 3. Changes in the income structure in 2013 as compared to 2012, in KZT million



Income per one employee of the Company has a positive trend of growth over a number of years. In 2013 the income per one employee has amounted to KZT6392 million that exceeds the same in 2012 by 6.4% and in 2008 – by 40%.

Main indicators of the activity of the Company are presented in Table 2.



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Financial indicators (consolidated)*	Unit of measure	2012	2013
Long-term credits	KZT million	63 786	36 029
Equity capital	KZT million	276 748	265 503
Technical indicators			
Number of fixed lines	lines	4 047 566	4 085 811
The level of digitalization of the local network	%	97,2	98,2
The number of fixed BBA subscribers	subscribers	1 204 957	
The number of mobile subscribers	subscribers	1 467 520	
The number of mobile BBA subscribers (EVDO, LTE, UMTS)	subscribers	1 125 991	628 521
The number of pay TV subscribers	subscribers	75 966	112 373
Sectorial indicators			
Telephone density	Lines per 100 persons	26	26,1
The number of BBA Internet subscribers	thousand subscribers	1 607,2	1 928,7
The number of mobile subscribers	thousand subscribers	25 980	29 675,6
The penetration on active mobile communication users	%	180,1	177
The number of pay TV subscribers	thousand subscribers	1 043,3	
Macroeconomic indicators			
Population of Kazakhstan, total	Thousand person	16 911,91	17 165,2
GDP growth	%	105,0	106,0
The consumer price index	%	106,0	104,8
Rate of KZT to US\$, on average for the year	KZT	149,11	152,13

6.6.2. Kazpost JSC

www.kazpost.kz



Kazpost JSC is the national operator of postal communication, rendering a wide variety of postal-saving services to business entities and the population on the territory of the Republic of Kazakhstan.

In the postal sector "Kazpost" JSC provides services of sending letters and parcels, express and courier mail, postal remittances, distribution of printed books. In the field of financial and banking services, the Company provides services such as currency exchange transactions, deposits, payments, cash management, collection and transportation of money and valuables, brokerage services in the stock market, the electronic money transfers, transfer-agency activity, etc. in sphere of agent services. The servicing of consumer loans granted by the second-tier banks has been actively developed.

Kazpost JSC has a wide branch network in the oblasts, regions and population centers; the structure of assets consists of 3 Companies at 2 levels.

Key financial indicators of Kazpost JSC are presented in Table 1.

TABLE 1. Key financial indicators, KZT million

	2012	2013
Income, total	25 910	29 350
Loss, total	24 964	29 185
Total income / loss	946	165

Aggregate income at year-end 2013 made KZT29350 million that exceeds the same in 2012 by 13.3%.

As a results it was obtained a net income in the amount of KZT165 million that in 5.75 times less that the level of 2012.



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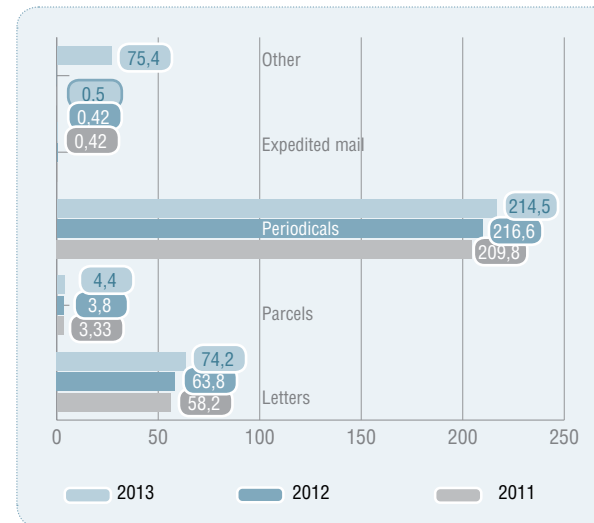
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Postal Services

The volume of written correspondence has amounted to 74.2 million pcs with growth by 16.3% in 2013 or by 10.4 million pcs (diagram 1).

Diagram 1. Amounts of Basic Postal Services, million pcs



The volume of parcels has amounted to 4.4 million parcels that exceeds the same in 2012 by 17% or by 0.7 million pcs.

The volume of delivered periodicals has amounted to 214.5 million psc with the decrease by 1.7% as compared to 2012 or by 2.1 million pcs.

The volume of speed mail has accounted to 0.5 million pcs that is higher by 20% as compared to 2012 or by 0.1 million pcs.

Financial Services

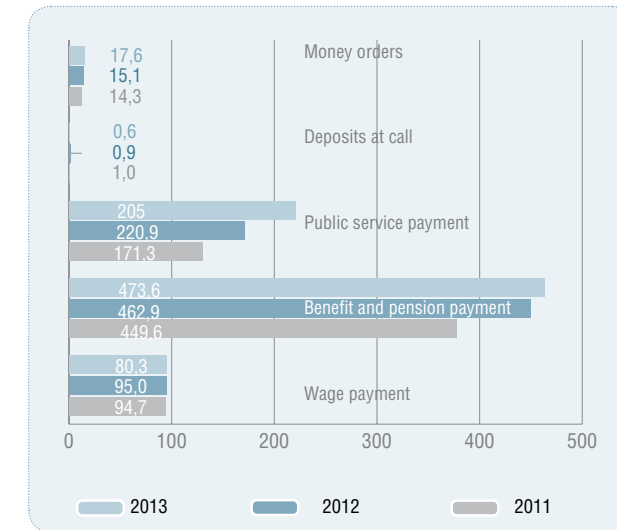
Total amount of paid salary to the budget and other organizations in 2013 is lower by 15% or by KZT14.5 billion as compared to 2012 and amounted to KZT80 billion (diagram 2).

The volume of paid pension and subsidies in 2013 has amounted to KZT473.6 billion, exceeding the level of 2012 by 2.3% or by KZT10.7 billion.

The volume of utility and other payments accepted in the reporting period in 2013 has achieved the level of KZT250 billion that exceeds the level of 2012 by 13% or by KZT29 billion.

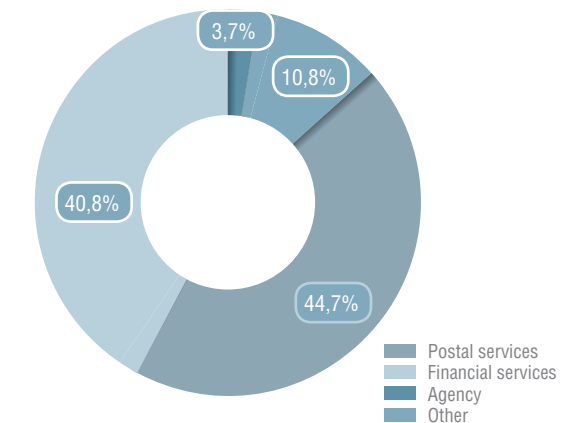
The volume of cash has amounted to KZT17.6 billion that is higher than the level of 2012 by 17.1% or by KZT2.5 billion.

Diagram 2. Volume of financial services, KZT billion



Income from rendering postal and financial services in general structure of assets of the Company for 2013 has amounted to 44.7% and 40.8% accordingly (diagram 3). Increase of agent services up to 3.7% is observed (in 2012 – 2.6%). Net cost of sold production in 2013 has amounted KZT23.9 billion that is higher than the level of 2012 by 18.5%. The performance on postal services in 2013 has amounted to 21.4 thousand psc/person that exceeded the indicator of 2012 by 21.5%. The performance on financial services in 2013 made KZT47.7 million/person, the growth as compared to 2012 has amounted to 6.1%.

Diagram 3. Loss structure





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In 2013 Kazpost JSC funded KZT4469 million to modernize and update the industrial funds in order to improve the quality of the services (table 2).

TABLE 2. Modernization and update of industrial funds, KZT million

Name	2012	2013
Construction, capital repair of the buildings, registration of the real estate	305	536
Computer, telecommunications equipment and server	741	620
Bank equipment (POS terminals, ATM and cash register equipment)	192	62
Postal and production equipment, furniture (postal, handling equipment and furniture)	159	191
Motor transport and mail cars	671	802
Technical means of security	127	76
Intangible assets	588	117
Other projects (MFD on IPO project)	91	275
Other projects (transfer of real estate)	0	165
Other projects (Program of gradual increase of the authorized capital of Kazpost JSC)	0	1 508
Investment projects:	0	0
Establishing of the branch of courier post “EMS Kazpost”	280	27
Establishing of a network of POS terminals	0	90
Total:	3 392	4 469

6.7. Samruk-Kazyna Real Estate Fund JSC

<http://fnsk.kz/rus/index.php>



Samruk-Kazyna Real Estate Fund JSC (hereinafter – the Estate Fund) was established under the Decree of the Government of the Republic of Kazakhstan “On Certain Measures to Resolve Issues on the Real Estate Market” #265, dated March 6, 2009.

Mission: to enhance housing affordability for the people by making investments in the housing construction.

vision: the leading financial institution of the country that makes investments in the housing construction and provides efficient management of the real estate.

Major strategic objectives of the Estate Fund are:

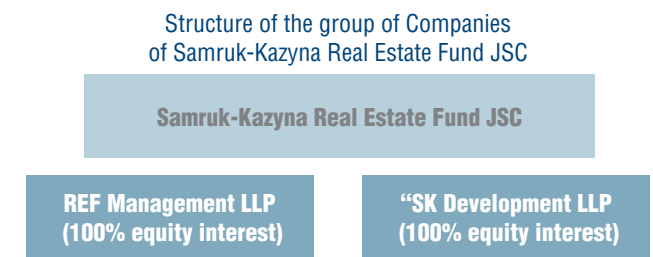
1. to assist the government in stabilizing of the real estate market,
2. to make investment in the housing construction,
3. to improve performance.

The Estate Fund aims at the promotion of housing development in the Republic of Kazakhstan.

In compliance with to the Charter, the Estate Fund:

- creates new assets in the form of residential and business premises;
- provides funding for the construction projects, acquires residential and non – residential (commercial) premises in the completed or current – construction buildings;
- arranges the real estate management (leasing, hire – purchase, sale, operation, maintenance, repair, etc.)

The Estate Fund was registered in the Register of the Ministry of Justice of the Republic of Kazakhstan on March 19, 2009.



100% of the shares are owned by the Sovereign Wealth Fund Samruk-Kazyna JSC (the Sole Shareholder).



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The REF Management LLP was established in 2010. Its sole founder is the Estate Fund. Main activity of the REF Management LLP is leasing of residential and commercial premises, supervision of maintenance and operation of the realties.

SK Development LLP was established in 2013. The sole founder is the Estate Fund. Main activity of the activity of SK Development LLP is the development of new investment developer projects.

As a result of activities aimed at facilitating the state in stabilizing of the real estate market in 2013, the Estate Fund has almost completed the implementation of anti-crisis program, under which it assumed the liabilities to complete 21 construction projects (regardless the terminated contracts as of the reporting date) in Astana, Almaty and Almaty region on a total amount of KZT83.5 billion. Actually, KZT82.9 billion were invested.

As of reporting date, the construction was completed under the 20 projects, 18 projects were commissioned, including 1 object in the reporting period. Problems of 1765 co-investors of the commissioned objects of real estate were resolved.

In 2013 under implementation of “Affordable Housing-2020” Program, the Estate Fund has concluded 5 contracts of the housing construction in total amount of KZT41.9 billion.

Total residential area under the projects is 315.5 thousand sq. m, including the Estate Fund’s share – 412 thousand sq. m. Share of the private investments involved in the housing construction under the “Affordable Housing-2020” Program is 25.6%. On December, 2013 DC Yuniss City in Aktobe (20.2 thousand sq.m.) and DC in 24, Mayakovski street in Taraz city (3.7 thousand sq.m.) have been commissioned.

TABLE 1. Key financial indicators of the Real Estate Fund, KZT million

Name	2011	2012	2013			
	fact	fact	plan	fact	in % to the plan	in % to the fact of 2012
Total income	8 432	7 047	5 280	6 078	115%	86%
Total loss	4 057	2 875,5	4 706	4 059	86%	141%
Corporate income tax loss	1 102	792	155	463	299%	58%
Net income (loss)	3 273	3 379	419	1 556	371%	46%

At the meeting on January 23, 2013 the Head of the State has instructed the Estate Fund and Akimat of Astana to implement Green Quarter construction project in Astana.

At the territory of Green Quarter it is planned to to locate the administrative and business center, residential areas, parks and objects of cultural and everyday aspects of social life using the latest developments in the field of energy efficiency on the system of voluntary certification of buildings on green construction: LEED (Leadership in Energy and Environmental Design).

Operator of this project is the Estate Fund in the persons of SK Development LLP.

On August 13, 2013 within the framework of the International Architectural Competition for the design of architectural design Exhibition Complex EXPO-2017, it has been organized the presentation of the pilot project Green quarter, where the Head of State has approved the concept of the project of AEDAS in cooperation with the group of companies of BI-Group Holding with location just north of Syganak street, west of Turan avenue, south of Komsomolsk village, east of Zhagalau DC (just behind of Khan-Shatyr cultural-entertainment centre).

Aggregate income of the Estate Fund has amounted to during the reporting period KZT6 078 million, 86% as compared to 2012. Decrease of income from core activity has occurred as a result of disposal of the most part of real estate under the Anti-crisis program in 2010-2012. Disposal of real estate under Affordable Housing-2020 program is scheduled to be launched in 2014. (table 1).



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6.8. Financial institutes and development institutes

In compliance with Decree of the President of the Republic of Kazakhstan #571 dated May 22, 2013 On some measures to optimize the system of management of the development institutes, financial organizations and develop the national economy, Resolution of the Government of the Republic of Kazakhstan On measures to implement the Decree of the President of the Republic of Kazakhstan #571 dated May 22, 2013 On some measures to optimize the system of management of the development institutes, financial organizations and develop the national economy #516 dated May 25, 2013, 100% of the stock of shares of Kazyna

Capital Management JSC (hereinafter – KCM), Export credit insurance corporation Kazexportgarant (hereinafter – KEG), Investment Fund of Kazakhstan JSC (hereinafter – IFK), Damu Entrepreneurship Development Fund (hereinafter – Damu), as well as the Development Bank of Kazakhstan JSC (hereinafter – DBK) belonging to Samruk-Kazyna JSC have been transferred on August 27, 2013 (KCM, KEG, IFK, Damu) and on October 25, 2013 (DBK) to the Republican property with the subsequent transfer in return to the authorized capital of JSC NMH Baiterek.

SECOND-TIER BANKS

ALLIANCE BANK JSC



Restructuring

Restructuring of liabilities of Alliance Bank JSC (hereinafter – the AB) was completed on March 26, 2010, as a result of which the external debt was reduced from \$4.43 billion to \$1.08 billion, and term of financing was prolonged from 7 to 20 years with 4–10 – year grace period.

Structure

As of December 31, 2013 the structure of AB's shareholder is as follows:

- Samruk-Kazyna JSC: 67% (hereinafter – the Fund);
- Creditors: 33%.

AB has an extensive branch network, which has 19 branches and 105 offices with a total number of employees – 3 201 people.

Vision of development prospects of AB:

At the extended meeting of the Government of the Republic of Kazakhstan on January 23, 2013 the Head of the State has instructed the Fund to withdraw from the composition of the shareholders of Kazakhstani second-tier banks.

On December 12, 2013 the Fund and Mr. Utemuratov B.D. have signed the document on sale and purchase of 16% of common shares and 16% of privileged shares of Alliance Bank owned by the Fund.

The transaction is to be completed in 2014. AB together with the Fund carry out the events to implement the terms of signed documents on sale and purchase of the shares of AB.

Financial indicators*

www.alb.kz

Assets

Assets of AB as of December 31, 2013 has amounted to KZT475.768 billion. Decrease of assets was due to the decrease of Loan Portfolio by KZT81.112 billion due to the increase of the allowance for impairment on the credits.

Liabilities

Liabilities of AB as of December 31, 2013 has amounted to KZT550.853 billion. Decrease of liabilities was mainly due to the decrease of the volume of the Deposit Portfolio and balance on the current accounts in the amount of KZT29.694 billion.

Capital

Capital of AB as of December 31, 2013 made a negative value KZT75.085 billion. Negative value of the capital is related to the obtaining of the negative financial result.

Financial result

At year-end 2013 AB had an aggregate loss in the amount of KZT86.232 million. In 2013 AB recognized additional loss in the amount of KZT84.731 billion related to the additional accrual of the provision of the credit following the results of the annual audit.

Ratings

Standard&Poor's: CCC/ (October 28, 2013)/Negative, kzCCC+
Fitch Ratings: CCC/CCC (May 24, 2013).

current:

Standard and Poor's (February 11, 2014):

D/D

On national scale D

Fitch Ratings: RD/RD (March 31, 2013.)

*Financial indicators are presented in compliance with audited consolidated financial statement of AB for 2013.



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BTA BANK JSC



Restructuring

Restructuring of the liabilities of BTA Bank JSC (hereinafter – BTA) was completed in 2010, following which the amount of the BTA's debt dropped from \$12.2 to \$4.2 billion with simultaneous prolongation of the repayment period for 8 to 20 years. The second restructuring of the financial debt of BTA in the amount of \$11.1 billion was completed in December 2012, following the results of which the Bank's debt subject to restructuring was reduced from about \$11.1 billion to \$3.3 billion.

Structure

BTA Shareholder structure after competing of the second restructuring is as follows:

- Fund: 97.3%;
- Creditors: 2.5%.
- Others: 0.2%.

Currently, the BTA possesses an extensive branch network that counts 19 branches and 174 branch offices throughout of Kazakhstan, with a total number of personnel 4 567 employees.

In addition, BTA has:

- International representative offices in Russia, China and London;
- BTA Banking network covers Russia, Ukraine, Belarus, Armenia, Georgia, Kazakhstan and Turkey.

Vision of development prospects of the Bank:

On January 23, 2013 at the expanded meeting of the Government of the Republic of Kazakhstan, the Head of State instructed the Fund to withdraw from the composition of the shareholders of Kazakhstani second-tier banks, including BTA through the disposal of the BTA's shares owned by the Fund to the strategic investor.

On December 27, 2013 the Fund and the consortium of investors consisting of Kazkommertsbank JSC and Mr. K. Rakishev had reached a provisional, but not obligatory agreement to initiate the purchase and sale of Fund's shares in BTA.

At the moment the Bank together with the Fund carry out the activities on the harmonization of the conditions of the purchase and sale of the shares of BTA to complete the transaction in 2014.

www.bta.kz

Financial indicators*

Assets

Assets as of December 31, 2013 according to IFRS has amounted to KZT1 603 billion, having decreased by KZT7.6 billion as compared to December 31, 2012 mainly due to the decrease of the BTA's credit portfolio.

Liabilities

Liabilities as of December 31, 2013 according to IFRS has amounted to KZT1 323 billion, having decreased by KZT19 billion as compared to December 31, 2012 due to the decrease of liabilities to the credit enterprises due to the prepayment of the BTA's liabilities on RCTFF by KZT18.4 billion.

Capital

Capital as of December 31, 2013 according to IFRS has amounted to KZT280 billion having increased by KZT11 billion as compared to December 31, 2012 due to the net income following 2013 in the amount of KZT7.5 billion and increase of the minority share due to the growth of the share of BTA in SK Leasing JSC and Temirleasing JSC.

Financial result

At year-end 2013 a net income according to IFRS has amounted to KZT7.5 billion mainly due to the decrease of interest loss due to the considerable reduction of the liabilities on issued debt securities, decrease of the rate on deposit of the Fund from 11% to 7%, partial conversion of the deposits of the Fund into the capital of the Bank following the restructuring of 2012, as well as recognition of the deferred tax in the amount of KZT8.8 billion by BTA in 2013.

Ratings

Moody's Investors Service: Caa1/developing/ (2013);
Standard & Poor's: revoked (November 10, 2011);
Fitch Ratings: CCC/positive/ (2013);
Expert RA Kazakhstan: revoked (December 22, 2011).

Current:

Moody's: B3/positive/ (2014);
Fitch Ratings: CCC/positive/ (2013).

*Financial indicators are presented in compliance with audited consolidated financial statement of BTA for 2013



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TEMIRBANK JSC



www.temirbank.kz

Financial indicators*

Assets

Assets of TB as of December 31, 2013 have amounted to KZT301.3 billion; at year-end 2013 aggregate assets have increased by 4.9% as compared to 2012. As compared to 2012 the customer loans have increased by KZT19.5 billion or by 9.2%, loan portfolio except for allowance for depreciation has amounted to KZT230.7 billion as of December 31, 2013.

Liabilities

Liabilities TB as of December 31, 2013 have amounted to KZT246.4 billion. Total increase of liabilities of TB by 8.7% occurred in 2013 as compared to 2012, including the funds of the clients have increased by 19.7%.

Capital

Capital of TB as of December 31, 2013 has amounted to KZT54.9 billion. Decrease has amounted to 9.1% as compared to 2012 due to the obtaining of the Bank's negative financial results in the amount of KZT5.5 billion.

Financial result

At year-end 2013 TB has a loss in the amount of KZT5.5 billion. Negative financial result was due to the considerable increase of loss of TB to create provisions for loans in the amount of KZT7.7 billion.

Ratings

Standard & Poor's (October 28, 2013):
B/Stable/B,

kzBB/-/-

Restructuring

Temirbank JSC (hereinafter – TB) has completed restructuring of its liabilities on June 30, 2010, the main outcomes of which were decrease of the liabilities of TB from KZT277.0 to KZT180.9 billion as of 30 June 2010 and increase of TB's equity capital to KZT51.2 billion as of June 30, 2010. Income received by TB as a result of the restructuring, has amounted to KZT 93.8 billion.

Structure

In 2013 TB carried out its activities through 21 subsidiaries and 86 branch offices located throughout the territory of the Republic of Kazakhstan, and provided TB presence in all regional centers and cities of republican significance. Total number of employees of TB is 2 501 employees.

Shareholder structure is as follows:

- Fund: 79.88%
- Creditor: 20.05%
- BTA Bank JSC: 0.07%.

Vision of development prospects of TB

On January 23, 2013 at the expanded meeting of the Government of the Republic of Kazakhstan, the Head of State instructed the Fund to withdraw from the composition of the shareholders of Kazakhstani second-tier banks through the disposal in favor of the strategic investor.

On December 12, 2013 the Fund and Mr. Utemuratov B.D. have signed the documents for the purchase and sale of 79.88% of common shares of TB owned by the Fund (full stock).

To date, TB together with the Fund carry out the activities to implement the conditions of signed documents for the purchase of common shares of TB.

*Financial indicators are presented in compliance with audited financial statement of TB for 2013.



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7. THE PRIORITY ACTIVITIES OF SAMRUK-KAZYNA JSC IN 2014

IN 2014 THE PRIORITY DIRECTIONS IN THE FUND'S ACTIVITIES ARE:

1. Transformation is the transition of the Fund from operating holding to the strategic one with focus on the model of active shareholder.
2. Strengthening the composition of the Boards of Directors in the Subsidiaries and Affiliated Companies, enhancement of their efficiency.
3. Improving of KPI system.
4. Restructuring of assets.
5. Reorganization of business processes.
6. Strengthening of sectorial groups.
7. Transition of Samruk-Kazyna JSC and Subsidiaries to electronic document flow.
8. Introduction of the Automated System "Bank of ideas" for the Companies of the Fund's group.
9. Organization and holding synergetic IT audits in the Companies of the Fund's group.
10. Implementation of the strategic IT initiatives in the Companies of the Fund's group
11. Improving of qualification of the managers of innovative group of the Fund's Companies.
12. Gradual transition of the Fund's Subsidiaries to an active innovative activity.
13. Forming a unified organization of the investment activity across the group of the Fund's Companies.
14. Diagnostics of the corporate governance systems in the Subsidiary and Affiliated Organizations of the Fund.
15. Further implementation of the Program on placement of the stock of shares of the Subsidiaries of Samruk-Kazyna JSC in security market.
16. Works on withdrawal of Samruk-Kazyna JSC from the capital of BTA Bank, Alliance Bank and Temirbank in compliance with the Instruction of the Head of the State given at the extended meeting of the Government of the Republic of Kazakhstan on January 23, 2013.
17. Completion of five projects of Samruk-Kazyna JSC implemented within the framework of the Industrialization Map in the total amount of \$1.2 billion:
 - Construction of FTTH networks (Fiber to the Home). The projects is aimed at the creation of universal fiber optic FTTH access network with 100% coverage of apartment buildings, mobile operators and corporate clients, including educational institutions, Akimats, ministries and departments, health care facilities in Astana, Almaty, and regional centers;
 - Reconstruction of the sulphuric acid plant with annual production capacity of 180 thousand tons. This project is aimed at meeting the demand for sulphuric acid of the uranium mining enterprises;
 - construction of a wind electric power plant with capacity of 45 MW. The projects is aimed at ensuring of power supply for EXPO-2017 International exhibition;
 - construction 12 transformer substations (10 SS have been already commissioned, 2 SS should be completed in Q2 2014), that will provide electricity to the objects of housing and communal services, Metro, PIT FEZ in Almaty and Almaty region;
 - Construction of 500/220 kV Alma substation with connection to the Kazakhstan National Electrical Grid by the lines with voltage of 500 and 220 kV to ensure the security of electric power supply of Almaty region;
 - Commissioning of the first stage of the project on Reconstruction and modernization of Atyrau ORP (Construction of aromatics hydrocarbon producing complex) that will allow producing 133 thousand tons of benzene and 496 thousand tons of paraxylene per year.
18. Development of new procurement rules based on international best practice.
19. Preparations for EXPO-2017.
20. Continued work in the field of regulation of social and labor relations and training of the staff within the dual training system.



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8. GLOSSARY

GLOSSARY

The following definitions and abbreviation were used in the Annual Report:

The Fund, Samruk-Kazyna JSC	JSC Sovereign Wealth Fund Samruk-Kazyna
AB	Alliance Bank JSC
STB	second tier bank
DBK	Development Bank of Kazakhstan JSC
BTA	BTA Bank JSC
Companies of the Fund's group, the Group	The Fund, the companies, and their subsidiaries, more than 50% of voting shares (stock) of which are owned by the companies, as well as legal entities, more than 50% of voting shares (stock) of which is owned by the mentioned subsidiaries
Subsidiary and affiliated companies	Legal entities, more than 20% of voting shares of which are owned by the Fund, or dominant part of authorized capital of which is generated by the Fund, or whose decisions may be determined by the Fund pursuant to the concluded agreement (or otherwise)
IFK	Investment Fund of Kazakhstan JSC
KAP	JSC NAC Kazatomprom
Fund's Companies	National institutions of development, national companies and other legal entities, more than 50% of voting shares (stock) of which are owned by the Fund or under the trust management of the Fund
KCM	Kazyna Capital Management JSC
KMG	JSC NC KazMunayGas
JSC NC KTZh	JSC NC Kazakhstan Temir Zholy
KISC	Kazakhstan Interbank Settlement Center of the National Bank of the Republic of Kazakhstan
IFRS	International Financial Reporting Standards
UCC	United Chemical Company LLP
RK	Republic of Kazakhstan
SCS	Sponsor and Charity Support
IAS	internal audit service
BD	Board of Directors
CIS	The Commonwealth of Independent States
TB	Temirbank JSC



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