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Dear friends!

Since its establishment the Company accumulates the efforts in attempt to be a reliable strategic partner for the agricultural producers. Thanks to the considered Country's Agribusiness Policy of the President of the Republic of Kazakhstan N.A. Nazarbayev the social-oriented services of "KazAgroFinance" JSC have always been available for the wide range of customers and the most optimum for the development of the agricultural production.

For all this years "KazAgroFinance" has been fulfilling the tasks assigned to it and contributing to the sector development. Annually we strive for implementing the prospective trends in the agriculture, the innovation technologies and up-to-date machinery by providing credits and leasing to our producers. This work aim is to create the new production, modernization of the operating facilities, improvement of the agricultural production keeping culture, increasing the volumes and quality improvement of the products being manufactured.

Year 2009 in the Company is marked with the implementation of the Investment Projects within the Plan of Cooperation on Stabilization of the Economy and Financial System. As of today the dynamic implementation of the set of measures on creation and development in the country of the network of the highly technological dairy farms, the greenhouses, the vegetable store houses, as well as organization of the agricultural machinery assembly factories and growing the fruits and vegetables applying the drip irrigation technologies is in progress.

"KazAgroFinance" as a part of the Group of Companies of the National Managing Holding "KazAgro" and under its direct governance is carrying out the scale work on implementation of these Projects and will make all efforts for the successful operation of the productions to be created. We are confident that they will have a positive multiple impacts both on the agribusiness and the national economy as a whole.

Not being satisfied with the achieved results, we are ready for the future grave and hard working on providing our countrymen with the state and own financial funds for the purpose of improvement of the labour conditions and welfare. We are sure that we are on the right track to the implementation of the State Policy on formation of the competitive and export-oriented agribusiness.

Dear friends and these are our partners, clients and all people, who participating in our activity! By addressing to you on behalf of the whole Company's team and on my behalf I would like to express our thanks to all of you jointly and individually for assistance and cooperation in our business and wish you success, health and stability.

Sincerely, Chairman of the Board
"KazAgroFinance" JSC
Dulat Aitzhanov

1. BUSINESS CARD

Name

- "KazAgroFinance" Joint Stock Company

Mission

- Implementation of the State Policy on forming of the competitive and export-oriented agribusiness by providing of the available financial services on its technical and technological renewal based on the high standards of business running, stability and reliability.

Kinds of activities

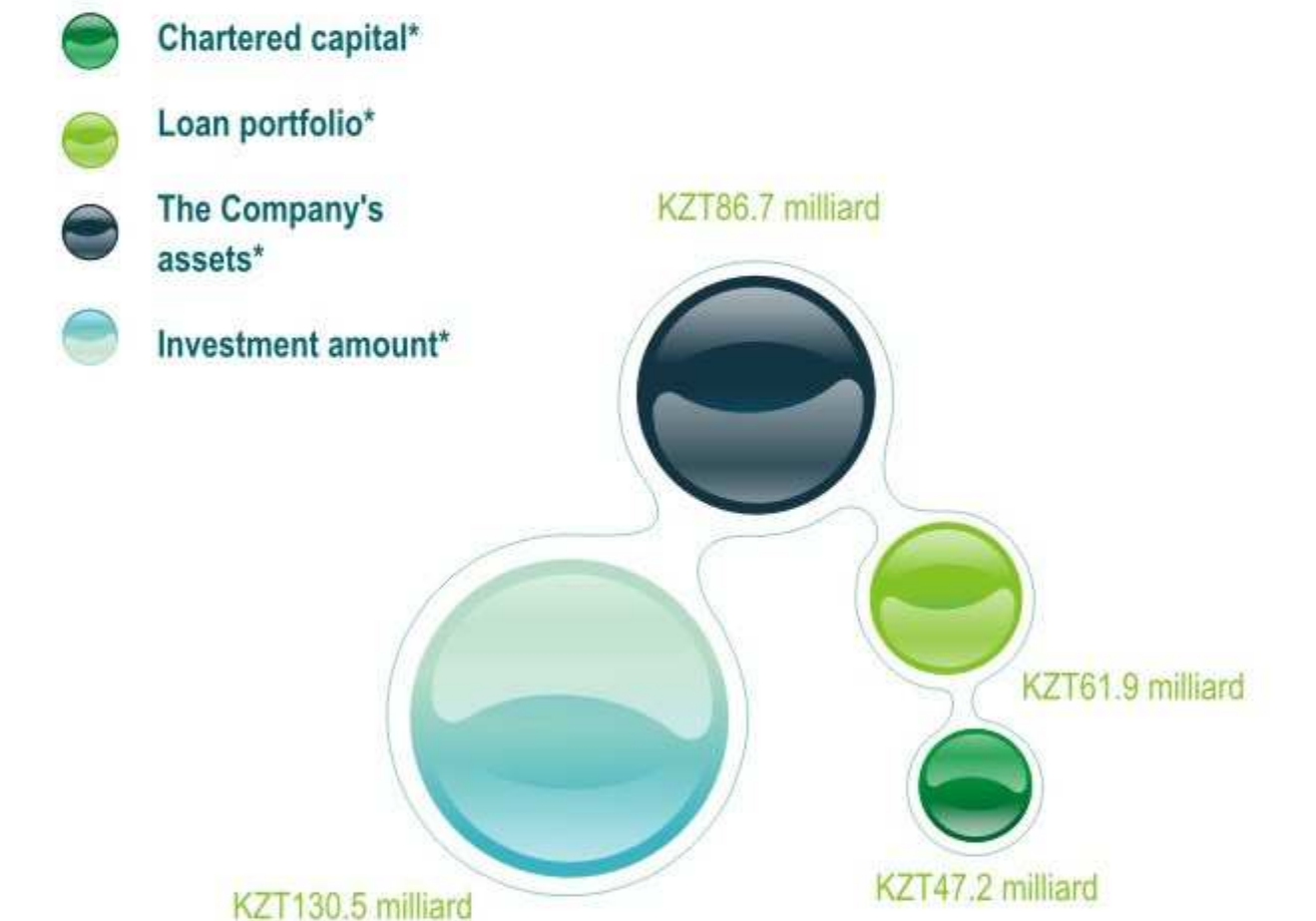
- providing the agribusiness entities with the technological equipment, agricultural machinery and special machinery on the lease basis;
- financing the purchase of the agricultural products processing equipment for the agribusiness entities.

Licenses

- License of the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Markets and Institutions for carrying out the transactions in the national currency of the Republic of Kazakhstan No.16 dated March 31, 2006;
- License of the National Security Committee of the Republic of Kazakhstan for the activity related to sale (use and storage) of the information ciphering devices CO No.212 dated July 29, 2005.

Participation in the Funds and Associations

- Member of the Association of Legal Entities "Association of the Financial Experts of Kazakhstan";
- Member of the Association of Legal Entities "Kazakhstan Leasing".



* As of January 1, 2009

2. ESTIMATION OF THE COMPANY'S COMPETITIVE POSITIONS

Over the recent years the State has been taken measures aimed at activation of the financial institutions and banks' activity on crediting the real sector of economy including the small business and the agriculture. The weighty part in solving these problems is assigned to using the financial leasing, thanks to which the enterprises have an opportunity to receive the financial and material support required for the technical reequipment of the plants, even without having the collateralized property.

Nowadays the financial leasing market in Kazakhstan has a great potential for development, it is characterized as one of the most dynamically developing financial markets. During the last five years under the data of "Expert Kazakhstan" the accumulated leasing portfolio has been increasing by about 1.5 times annually. Such a development of the market is stipulated by the high degree of depreciation of the fixed assets, development of the new productions, rapid construction, as well as the state support.

Under the various data the degree of depreciation of the fixed assets of the republican enterprises is from 40% to 80%. This index is very high and leasing acts as one of the most acceptable ways of renewal of the fixed assets.

Actually, leasing in our country began to take off since adopting the law "On Financial Leasing" in 2000. In 2004 the financial services market was offered a good incentive: the leasing companies were granted a remission of VAT payment when importing some kinds of the Goods under the Financial Leasing Contracts, and the limitations on the terms of depreciation were reduced at the same time. All this gave a dynamics to the leasing market. The membership of key players and the structure of leasing transactions began changing.

Till 2005 the bank subsidiaries and the public enterprises acted as the key operators of the leasing market. For the last two years the banks, the leasing companies being part of the commercial and financial and industrial groups, the financial institutions being established with the assistance of the Government of the Republic of Kazakhstan, as well as the foreign operators have entered the market. As of today totally 104 organizations having the licenses for the leasing activity are registered in the country. However, actually there are not more than 25% of the organizations operating at the market, while the other ones obtain licenses under the certain contracts or as an additional service for their clients.

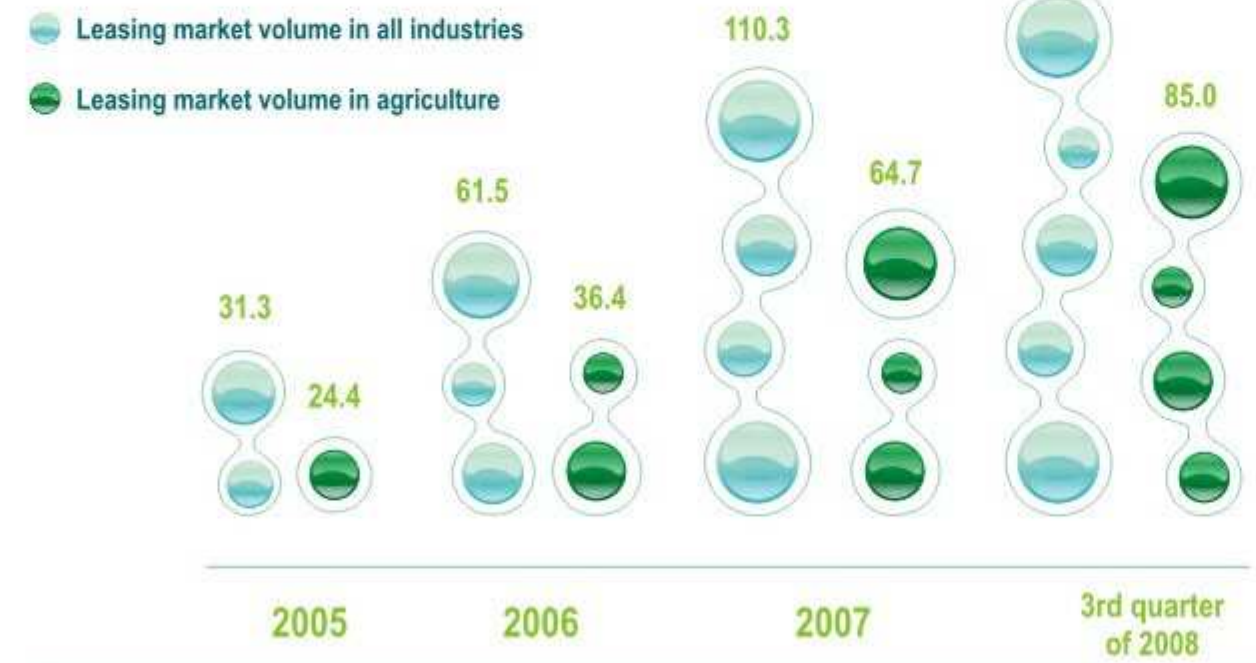
Entering the new players is stipulated by the market development, the possibility of tax privileges, as well as the necessity of development of the new trade channels (for the Sellers of the fixed assets).

The structure of the Lessees changed too. Primarily, the main consumers of the leasing services were the small business companies, which was caused by their impossibility to provide the loan security. The small and medium companies preferred using the bank credits or attracting the funds at the equity market. In 2006 over 60% of all leasing transactions were focused on the small business segment.

Nevertheless, the increasing interest in leasing has been observed on the part of the small and large business for the recent years.

However, the financial turmoil begun in September of 2007 affected the economies of many countries somehow, that in its turn impacted the change of the leasing relationship structure. The significant increase in the borrowing cost at the foreign markets led to increase in the

FIGURE 1. LEASING SERVICE MARKET VOLUME, KZT MILLIARD

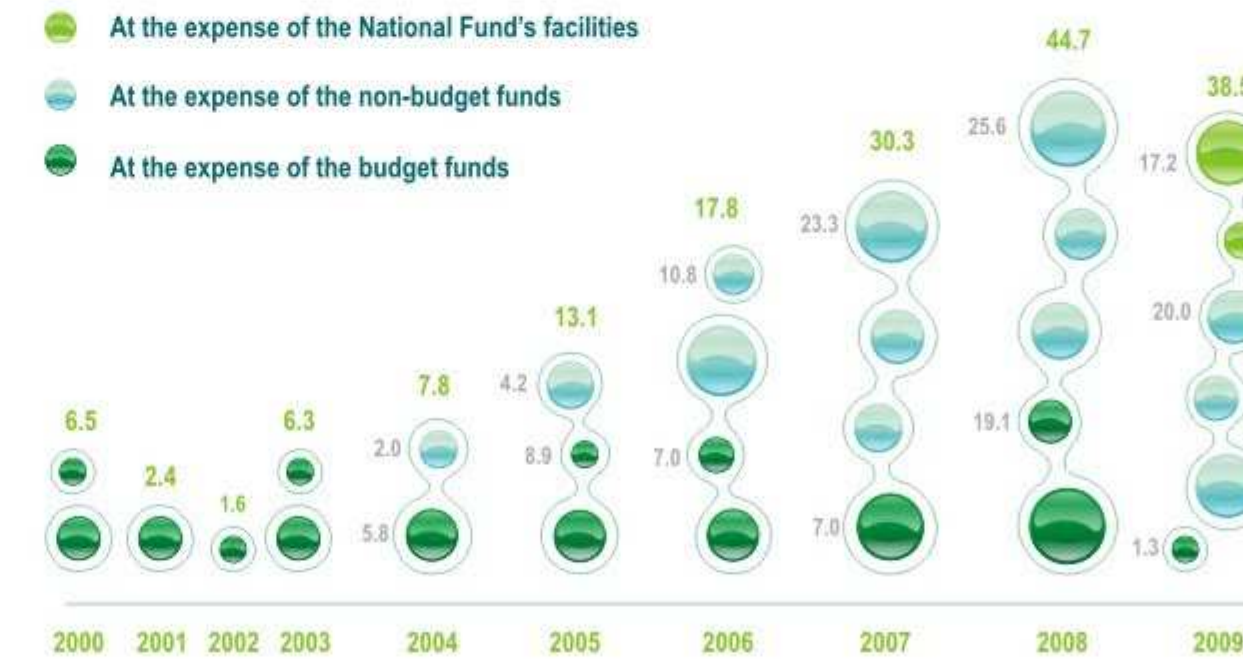


financing rates by the second-tier banks and the other financial institutions. If the Borrowers of the second-tier banks received the credits at the rate of 10-14% p.a. before, at the present time they do at the rate of 15-20% that made their credits unavailable for many receivers of the various industries of the national economy. First of all, it adversely affected the paces of construction development in the country. The outflow of the financial investments from this industry led to increase in interest in the agribusiness of the country, as one of the most attractive sectors of economy.

Since its establishment "KazAgroFinance" JSC entered into about 4000 leasing and loan agreements, under which the amount of investments was KZT130.5 milliard. In 2008 the financial support was provided to over 700 business entities of the country.

In figure 3 the dynamics of investments in the agricultural sector for three years is represented with breakdown into the types of the Company's financial activity (the data is stated taking into account the co-financing of 15%).

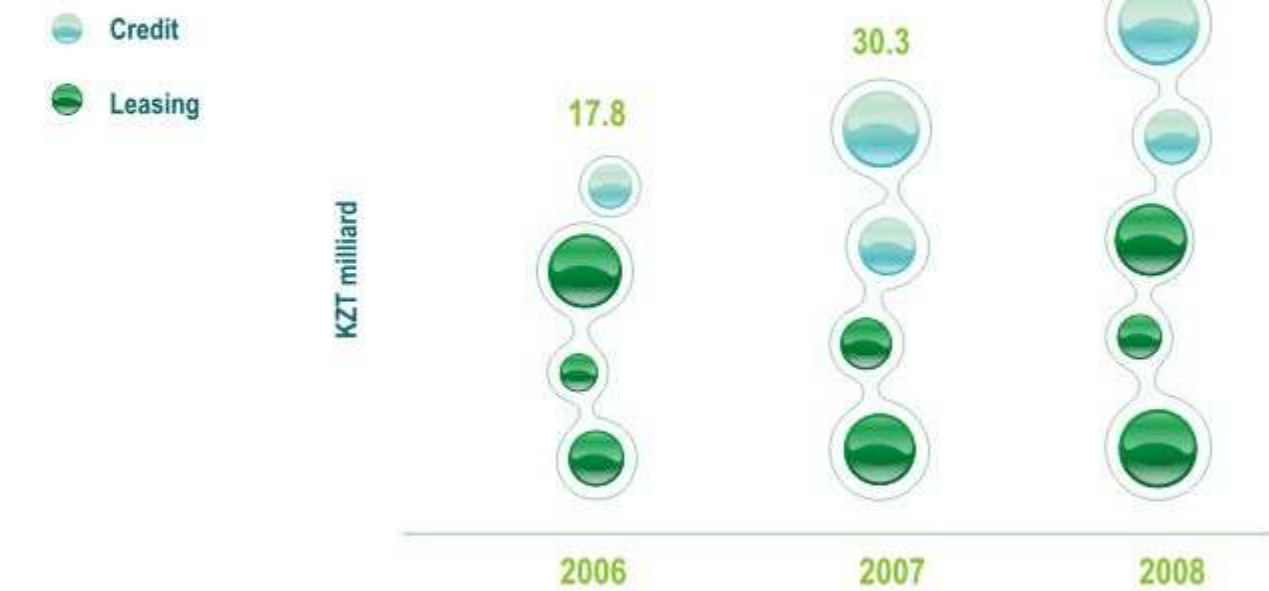
FIGURE 2. DYNAMICS OF THE COMPANY'S INVESTMENTS IN THE AGRICULTURAL SECTOR, KZT MILLIARD



Competitors.

As it was stated above, under the data of the Statistics Agency of the Republic of Kazakhstan as of the beginning of 2009 104 organizations having the licenses for the leasing activity are registered in the country. However, actually not more than 25% of organizations are operating at the market, while the other ones obtain the licenses for the certain contracts or as an additional service for their clients.

FIGURE 3. DYNAMICS OF THE COMPANY'S INVESTMENTS IN THE AGRICULTURAL SECTOR WITH BREAKING DOWN INTO THE TYPES OF FINANCIAL ACTIVITY



The comparison of the terms of leasing the agricultural machinery of the various leasing institutions being carried out by inquiring the employees of the companies shows that as of end of 2008 the minimum period of leasing in Kazakhstan is 3 years, while the maximum one is 7 years. The financing rate varies from 4 to 24%. The minimum financing rate is in "KazAgroFinance" JSC, while "Alliance-Leasing" JSC provides financing at the rate of 24%. The rate of the down payment is important, which minimum rate is 10% ("Leasing Group")

TABLE 1. TERMS OF FINANCING AS OF 31.12.2008

Leasing companies/banks	Period of leasing	Advance (down) payment rate	Interest rate
"KazAgroFinanc" JSC	From 5 to 7 years	15-28%	4-12,5%
"Temir leasing" JSC	Up to KZT120 000 – up to 3 years. Over up to 5 years	35%	21-24%
"Halyk Leasing" JSC	From 37 months up to 5 years	20%	20,5% KZT , 16,5% USD
"Centre Leasing" LLP	Up to 6 years	or 30%	19-22%
Leasing Company "Astana Finance" JSC	Up to 6 years	or 15%	10,2% + 6-month Labor
"BTA Orix Leasing" JSC	Moratorium on leasing of the agricultural machinery till April, 2009		
"Leasing Company "Nur-Leasing" LLP	From 3 to 5 years	30%	23%
"Leasing Group" JSC	From 3 to 5 years	10%	18%
"ATF Leasing" JSC	Moratorium		
"Alliance Leasing" JSC	The leasing offers are suspended		

As of the beginning of the year two companies have declared a moratorium on leasing the agricultural machinery. "Alliance Leasing" JSC has temporarily terminated the leasing activity.

Thus, terms of financing in "KazAgroFinance" JSC with the interest rate of 4-12.5% and term of financing of up to 8 years are the most optimum for the Borrowers at the leasing services market

FIGURE 4. SHARE OF "KAZAGROFINANCE" JSC AT THE LEASING SERVICES MARKET

As of the end of 3 quarter of 2008



The favourable terms of financing allowed the Company to occupy the considerable niche at its market. Thus, according to the data of "DAMU Research Group" the share of "KazAgroFinance" JSC under such index as the loan portfolio rate amounted to 45.4% as of the end of 2008. The closest competitor of the Company is still "Astana Finance" JSC with the market share of 27.4%. The share of the other market players does not exceed 27.2% in total.

JSC), the maximum advance payment is required for purchasing of the machinery manufactured in the Democratic People's Republic of Korea (35%) in "Temirleasing" JSC. "Centre Leasing" LLP and "Leasing Company "Nur Leasing" LLP require the 30-percent advance payment as well. At that, almost all companies require the additional collateral.

3. CORPORATE MANAGEMENT

The strategy of "KazAgroFinance" JSC emphasizes the importance of the corporate management as one of the key elements necessary for establishing the Kazakhstan company of the world level.

According to the instruction of "National Managing Holding "KazAgro" JSC, as well as the recommendations of "Deloitte", the Company carried out the work on improvement of the Corporate Management System. By the present time almost all necessary internal documents regulating the Company's activity including the Corporate Management Code of "KazAgroFinance" JSC, the Corporate Ethics Code of "KazAgroFinance" JSC, the Regulation on Settlement of the Corporate Conflicts of "KazAgroFinance" JSC, the Regulation on the Board of "KazAgroFinance" JSC, the Regulation on the Order of Disclosing and Storing the Information of "KazAgroFinance" JSC, the Regulation of "KazAgroFinance" JSC, the Regulation of the Work of the Board of Directors of "KazAgroFinance" JSC and others have been approved and are in force. The Internal Audit Service has been established and performs its functions; the Corporate Secretary has been elected; two Independent Directors are the members of the Board of Directors.

Board of Directors of "KazAgroFinance" JSC:

1. Asylzhan Sarybayevich Mamytbekov – Chairman of the Board of Directors of "KazAgroFinance" JSC, Chairman of the Board of "National Managing Holding "KazAgro" JSC;
2. Tobylbek Yesenzholovich Omarov – Member of the Board of Directors of "KazAgroFinance" JSC, Responsible Secretary of the Ministry of Agriculture of the Republic of Kazakhstan;
3. Zharkyn Begeshovich Nurpeissov – Member of the Board of Directors of "KazAgroFinance" JSC, Managing Director of "National Managing Holding "KazAgro" JSC;
4. Mukhamedzhan Dzhumabekovich Duisebayev – Member of the Board of Directors of "KazAgroFinance" JSC, Executive Director of Association of Legal Entities "Grain Union of Kazakhstan", Independent Director;
5. Adylkhan Aitkazynovich Kenzhebayev – Member of the Board of Directors of "KazAgroFinance" JSC, Director General of "Agrofim Kazexportastyk" LLP, Independent Director;
6. Dulat Nuliyevich Aitghanov – Member of the Board of Directors of "KazAgroFinance" JSC, Chairman of the Board of "KazAgroFinance" JSC.



Landscape gardening of Sahara. In the countries with the frigid climate greenhouses, hotbeds and hothouses are constructed to provide plants with the warm environment. In tropics it is quite the contrary. The greenhouses act as a safety shield protecting plants from heat and dry air. The evaporating moisture remains within the closed evaporation system of a greenhouse. At the present time under design stage there is an ambitious project of landscape gardening of Sahara. The founders of the project are going to get water, which is necessary for watering plants and humidifying of the air by distilling the sea-water. Distillation of the sea-water will be effected by generating the solar energy. The Similar projects are already functioning in Tenerife, Oman and the United Arab Emirates.

Members of the Board of "KazAgroFinance" JSC:

1. Dulat Nuliyevich Aitghanov - Chairman of the Board;
2. Yesmukhamet Barambayevich Spanov - Deputy Chairman of the Board;
3. Artyom Anatolyevich Vyugov - Deputy Chairman of the Board;
4. Zhumagali Saidenovich Atkeshev - Advisor to the Chairman of the Board;
5. Yermek Serikovich Baitemirov - Head of the Strategic Development, Marketing and Promotion Division.

4. ACHIEVEMENTS OF 2008

Large Projects

Within the framework of support of the agribusiness entities of the Republic of Kazakhstan the Company entered into the agreements to the amount of KZT44 739.6 million in 2008.

Purchasing of 1 651 units of various agricultural machinery totalling to KZT21 735.9 million including 167 units of seeding complexes, 389 units of tractors, 718 units of grain harvesters, 41 units of seeders and 336 units of the other machinery was financed within the limits of these funds.



Aurora Biofuels Company has declared about successful completion of testing of seaweed cultivation for biofuel manufacturing. Seaweed is not a food product and undemanding to cultivation conditions. Engineering decisions include the technology of seaweed gathering without necessity of their full drying, which was borrowed from the sewage treatment industry.

The considerable volume of the machinery delivered to the regions is evidenced by the fact that grain harvesters purchased by "KazAgroFinance" JSC will harvest 4.5 million ha being 29% of the total quantity of the areas sown to wheat of the Republic of Kazakhstan. And applying our seeding complexes they will sow 1.2 million ha of the areas amounting to 8% of the total quantity of the areas sown to wheat of the Republic of Kazakhstan. At the same time, the size of the ploughed land of all Borrowers of "KazAgroFinance" JSC amounted to 7.6 million ha being 32% of total quantity of the areas sown to wheat of the Republic of Kazakhstan.

At the same time, implementing the State Policy the Company placed a special emphasis on the priority trends such as financing of purchasing the greenhouse equipment and the drip irrigation systems, the vegetable store houses, the cooling units and the complete technological lines for growing, storing and processing the vegetables, as well as creation of the large dairy farms in 2008.

Financing of the Greenhouse Complexes and Drip Irrigation Systems. Within the framework of development of the fruits and vegetables cluster the Company has currently financed purchasing of two greenhouse complexes, as well as the drip irrigation systems in Aktyubinskaya and South-Kazakhstan oblasts.

In particular, the Project of "Izet Greenhouse" JSC on creation of the greenhouse complex of 3.1 ha for growing the tomatoes to be further enlarged to 10 ha was implemented in Chromtau city, Aktyubinskaya oblast. The complex is fully automated and supplied with the up-to-date equipment manufactured by "Dalsem" (the Netherlands) consisting of the drip irrigation system, microclimate, fertilizer system and etc. The total Project's value amounted to KZT970.3 million. In South-Kazakhstan oblast "Corporation Atameken" LLP was provided with a loan amounting to KZT72 million for purchasing the greenhouse complex of 1 ha.

Moreover, a number of Projects on purchase of drip irrigation system in the open soil was implemented in South-Kazakhstan oblast.

For growing the tomatoes in the area of 180 ha the drip irrigation system totalling to KZT53.8 million was financed for "YuzhAgroContract" LLP, as well as purchase of 3 drip irrigation systems of 1000 ha totalling to KZT510.4 million was financed for "Zhana Akdala" LLP. The drip irrigation system of 150 ha was leased to "Turan" LLP.

Extending the list of the objects of financing in 2008 the Company has started financing a number of new trends, one of which is financing of creation of the orchards applying the intensive technologies. In Almatinskaya oblast the Project of "Alma Prodex" LLP on establishing and industrial use of the orchards applying the highly productive free-of-virus planting stock was implemented. The Project provides for the installation of the drip irrigation system for growing the fruits such as apples, pears, apricots, peaches, plums and cherry as well. The total Project's value amounted to KZT1 794.8 million. In 2008 leasing of the orchards of 25 ha amounting to KZT158.7 million was financed, and in 2009 the Company is planning to further financing of the Project.

Commissioning of the up-to-date industrial greenhouse complexes will annually allow growing over 1500 tons of vegetables per year that, in its turn, will decrease the dependence of the regions from the vegetables and fruits import during the off-season, flatten the seasonal price fluctuations and increase the food safety in the regions.

Implementation of the technologies applying the drip irrigation will allow ensuring the optimum water and air balance of the soil, water saving, increasing the yield by 50-70% and the growing volumes of the vegetables, as well as the fruits and berries. For example, under the Project of "Alma Prodex" LLP the fruits growing will amount to up to 15 thousand tons by 2014.

Our Projects solve the social problems in the regions as well. Thus, construction and commissioning of the greenhouse in Aktyubinskaya oblast ensure the employment of 25 persons for the construction period and another 32 persons will be employed after commissioning of the greenhouse. Implementation of the Project on drip irrigation in Almatinskaya oblast will allow providing up to 168 persons with the working places.

Financing of the Vegetable Store Houses. In 2008 the Projects on creation of the up-to-date highly technological vegetable store houses with the considered logistics and storage system that will allow flattening the seasonal fluctuations in the volumes of supply and consumption of the fruits and vegetables in the course of year were implemented. Thus, the Project of "Company IceFoodAstana" LLP in the value of KZT164.4 million for purchase of the vegetable store house of 2400 tons was financed in Akmolinskaya oblast. At the present time the delivery and installation of the equipment are carried out. "Kazakh Cool" LLP in Almatinskaya oblast was provided with a loan of KZT200 million for purchase of the vegetable store house of 2200 tons. Moreover, purchase of two potato store houses with the



The company is going to build and maintain seaweed farms near to large pollutants, such as power stations and cement factories. The carbonic acid thrown out by these enterprises will be pumped down into in the seaweed pools to stimulate seaweed growth.

total capacity of 2000 tons to be further leased was financed for Farm "Terra" in Kostanaiskaya oblast and Farm "Sergey" in Pavlodarskaya oblast. The machinery has been delivered and started-up in 2008.

Totally, until 2011 the Company is planning to finance the construction of the vegetable store houses with the total areas of up to 75.0 thousand tons, that will allow increasing the food stability in the regions, decreasing the losses when storing, increasing the supply volumes to the market, decreasing the deficiency of the store houses throughout the republic by 23.3% on average, as well as arranging the additional 220 working places.

Financing of the Large Dairy Farms. This year within the framework of development of the dairy cluster KZT5 270.0 million were allocated from the republican budget for creation of the

dairy farms. These funds were aimed at financing the creation of five dairy farms:

- 1) "Taynsha-Astykh" LLP (North-Kazakhstan oblast). Construction of the dairy farm for 1200 heads, the Project's value amounted to KZT1 814.2 million;
- 2) The same number of heads are planned to be kept in "Yesil-Agro" LLP (Akmolinskaya oblast, Schuchinskiy region). The construction of the farm will cost KZT1 531.8 million;
- 3) Farm "Aidarbayev" (Almatinskaya oblast) is planning to construct the dairy farm for 350 heads to the amount of KZT269.7 million;
- 4) "Turar" LLP is planning to construct the large dairy farm in Kostanaiskaya oblast. The Project's value is KZT298.4 million;
- 5) "Agrofirma Akas" LLP (West-Kazakhstan oblast) is planning to keep 400 heads. The Project's value is KZT133.5 million.



On the exhibition in Turin, Italy, New Holland has presented the first-ever tractor powered by fuel elements. As the hydrogen, obviously, demands a serious source of electricity (for which manufacture the fossil fuel is frequently used), New Holland considers that the farms are the perfect place for hydrogen transport as many of them produce their own fuel or generate electricity by wind or solar energy.

Construction and commissioning of the described farms are planned to be completed in 2009. The implementation of the Projects will allow increasing the specific weight of the pedigree milking cows, milk production, providing the domestic demand for milk in the different regions, as well as decreasing the level of import dependence essentially. Moreover, the important factor is arrangement of the additional working places. Until 2011 it is planned to arrange up to 500 new working places, when constructing the dairy farms.

Financing of Creation of the Fish Husbandries and Fish-Processing Plants. This year the Project on the full-cycle industrial pond fish farm on the basis of "Chilikskoye Pond Fish Farm" LLP was financed in Almatinskaya oblast, which purpose is fish farming and further sale of the food sturgeon. Moreover, the Project includes arrangement of the own forage production for the sturgeon and the rainbow trout for meeting the farm's needs and sale the excess forage to other pond fish farms of Kazakhstan and Kyrgyzstan. The arrangement of this fish combined feed production may be considered as a partial solution of the problem of the product import substitution in Kazakhstan. The total Project's value amounted to KZT416.7 million. Moreover, the large Project on construction of the fish-processing plant in Aralsk city in the value of KZT834 million was implemented in Kyzylordinskaya oblast, within framework of which purchasing of the fish-processing equipment "BOGO E&I Co.", LTD (Korea) with the production capacity of 6000 tons per year was financed. The Project was implemented by "Atamekenrybprom" LLP.

Financing of the Rawhide Processing. The Project of "KazExportKozha" LLP totalling to KZT116.7 million was implemented in Pavlodarskaya oblast. The Project provides for purchasing of the rawhide processing equipment with the production capacity of 610 thousand square meters per year.

Financing of the Poultry Farm Creation. The Project on construction of the up-to-date poultry farm with the production capacity of up to 146 million eggs per year ("Kazger-Kus" LLP) amounting to KZT1 184.3 million was implemented in Akmolinskaya oblast. The poultry farm is planned to be commissioned in forth quarter of 2009. Over 130 working places will be arranged as a result of the Project's implementation.

Financing of Processing of the Sunflower Oil. This year the Company has financed the construction of the sunflower processing and storing plant of "Batys-Kunbagys" LLP totalling to KZT1 400.0 million in West-Kazakhstan oblast. The strategic aim of the Project is creation of the sunflower processing and storing plant for producing the green-labelled sunflower oil for the purpose of providing the country's market.

During the accounting period the Company has been participating in creation of the food zones around Almaty city and Astana city as well. The Project on creation of the food zone around Almaty city is implemented on the instructions of the President of the Republic of Kazakhstan. In 2008 in Taldykorgan city the extended session on creation of "Food Zone around Almaty city" was held, and the Memorandum of Cooperation was entered into between the Ministry of Agriculture of the Republic of Kazakhstan, Almaty city, Almatinskaya oblast and Joint Stock Company "National Holding "KazAgro". The Project's aim is to develop the agriculture, increase the incomes, arrange the additional working places and deliver the finished products from the near regions directly to the city, control the inflation both in the city and in Almatinskaya oblast, and decrease the import share at the domestic market.

In 2008 within framework of implementation of the Food Zone around Almaty city 34 farms submitted to "KazAgroFinance" JSC the applications to the total amount of KZT11.6 milliard and the Credit Committee approved the applications of 31 farms to the amount of KZT8.4 milliard. The funds are aimed at the following trends: financing creation of the pond fish farms, creation of the orchards and vegetable store houses, creation of the dairy farms, processing of the oil crops and sunflower oil production, and purchase of the agricultural machinery.

Within the framework of implementation of the food zone around Astana city Program 47 farms submitted to the Company the applications to the total amount of KZT16.6 milliard, the applications of 36 farms to the total amount of KZT9.9 milliard were approved by the Credit Committee, and the leasing/loan agreements to the amount of KZT6.2 milliard were entered into with 32 farms.

These funds are aimed at financing the purchase of 154 units of the various agricultural machinery, as well as for financing the purchase of the processing and technological equipment: construction of the up-to-date poultry farm was financed in Stepnyak town; the sausage production equipment was financed in Karaganda city; construction of the dairy farm; purchasing of the vegetable store house of 2.4 thousand tons was financed in Astana city; the loans for financing the working capital were issued.

The implementation of these Programs will allow providing the cities of Kazakhstan and its adjacent oblasts with the food products and the necessary food stuffs, reducing the sale prices and partially decreasing the import dependence of these regions.



Within the next 5 years USA will start manufacturing tiny nuclear power-stations that will be able to provide about 20 000 houses with the energy. Tiny nuclear reactors will be massive (they cannot be disassembled on compound components), they will be operated by the radioactive fuel which cannot be used for manufacturing of the mass distraction weapon. Moreover they will be encased into the strong case and will be driven into the earth directly near the power consumers.

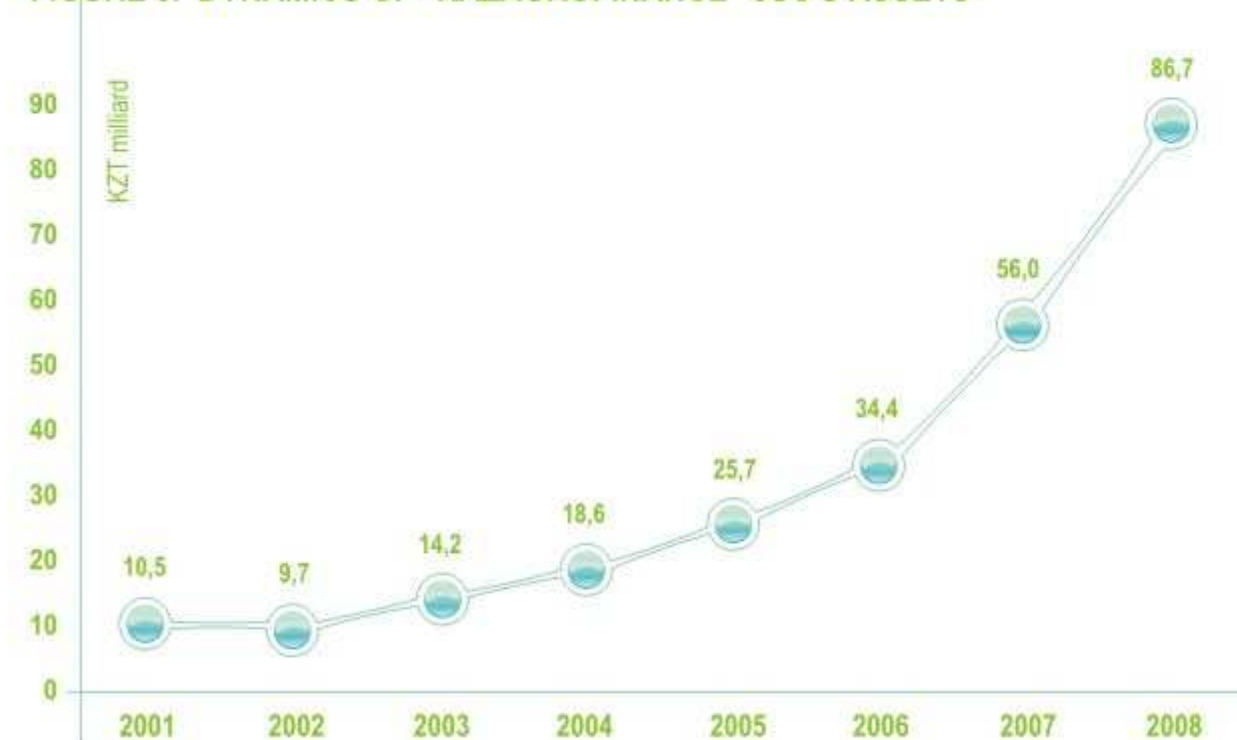
5. FINANCIAL INDEXATION

2008 year the Company has adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Committee (IASB) and the International Accounting Standards Interpretation Committee ("IASIC") of IASB related to its transactions and becoming effective when preparing the reporting for the periods ended December 31, 2008. The adoption of these revised and amended Standards has not resulted in the essential changes in the Company's Accounting Policy, which would affect the accounting amounts for the current and previous years.

5.1. Assets of the Company

Under the results of the Company's activity for 2008 the total assets amount increased by 54.8% as compared to the previous year and reached KZT86.7 milliard.

FIGURE 5. DYNAMICS OF "KAZAGROFINANCE" JSC'S ASSETS

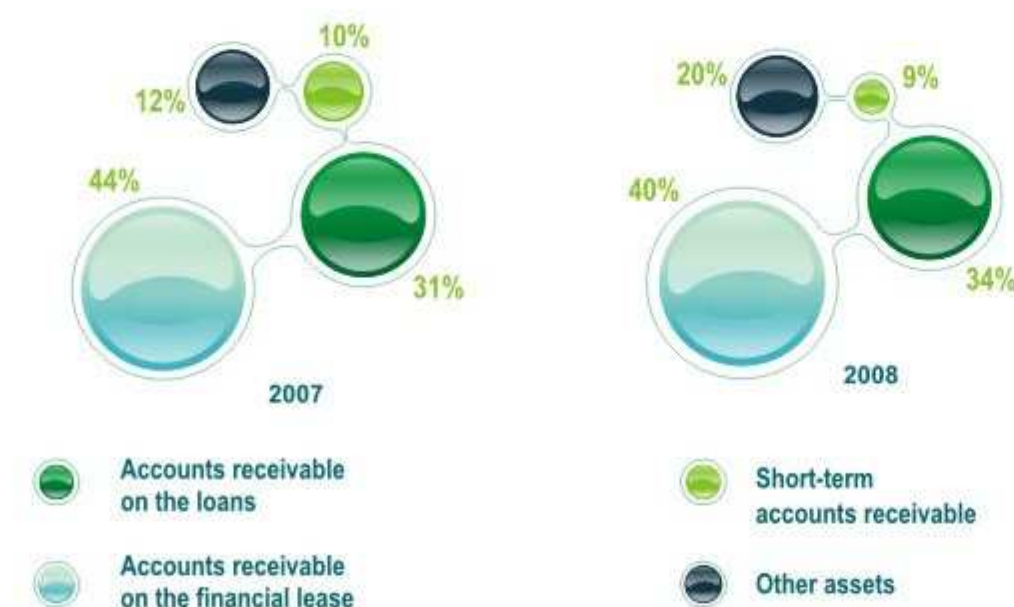


For achievement of the set goals the Company pays a special attention to the equilibrium of the assets and liabilities.

Generally, when placing the assets, the emphasis is placed on the increase in the share of the leasing transactions with the Company's clients – agricultural producers, since this type of activity is core for the Company and it yields the most return. As of 31st of December, 2008 the accounts receivable on the financial lease provided (less the reserves on the doubtful debts) amounted to KZT34 435 million or greater by 39.73 % as compared to the similar period of the previous year. In the structure of "KazAgroFinance" JSC' assets this type of assets is 39.7 %.

The Company's accounts receivable on the loans provided to the clients (less the reserves on the doubtful debts) amounted to KZT27 484 million or by 31.7 % in the structure of assets. The loans provided to the clients are shown by the Company at the fair value applying the market rates for the future cash flow discounting.

FIGURE 6. STRUCTURE OF "KAZAGROFINANCE" JSC'S ASSETS



5.2. Net Assets Structure

"KazAgroFinance" JSC' net assets are the chartered capital, the reserve capital, the retained profit, the additional paid-in capital and the conditional allocation reserve. In 2008 the Company's net assets reached KZT47 400 million as compared to 2007, there was an increase by 61.8 %.

The essential growth of the net assets was caused by the increase in the Company's Chartered Capital. As of 1st of January, 2008 the Company's Chartered Capital amounted to KZT28825.6 million, and as of 1st of January, 2009 has amounted to KZT47 150.2 million.

The difference, resulted from the recalculation of the fair value of the loans received from the republican budget, is stated in the additional paid-in capital. There were no flows of the additionally paid-up capital for 2008.

TABLE 2. NET ASSETS OF "KAZAGROFINANCE" JSC

	2007		2008	
	million, KZT	%	million, KZT	%
Chartered capital	28 825,59	98	47 150,19	99
Additional paid-in capital	968,90	3	968,90	2
Reserve capital	168,13	1	168,13	1
Conditional allocation reserve	-1 931,89	-6	-3 081,49	-7
Retained profit (uncovered loss)	1 265,75	4	2 194,42	5
Total	29 296,48	100	47 400,15	100

For 2008 the conditional allocation reserve has been formed to the amount of KZT1 149.6 million, at that, KZT192.7 million of them reflect the effect of change of the income tax rate.

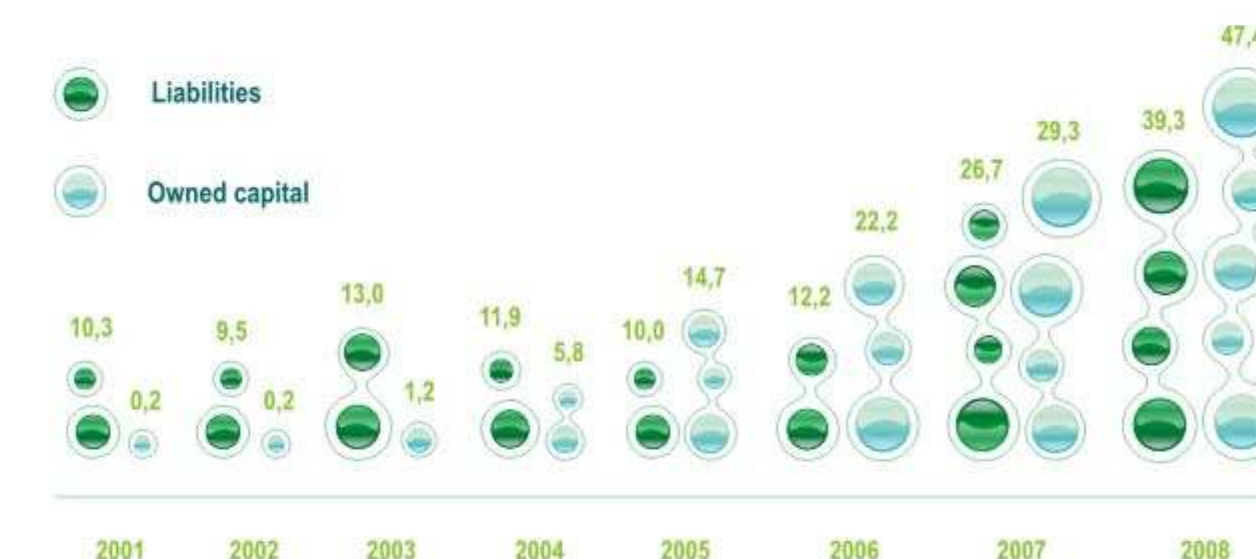
5.3. Liabilities

The balanced increase in "KazAgroFinance" JSC' liability was accompanied by the adequate growth of the Company's owned capital, which the Management of "KazAgroFinance" JSC pays a special attention to.

In 2008 the substantial advances in solving this problem were made: KZT18 324.6 milliard was allocated from the budget investments for increasing the Chartered Capital of the Company. The volume of "KazAgroFinance" JSC' owned capital has amounted to KZT47 400.2 million as of the end of 2008 (Figure 3).

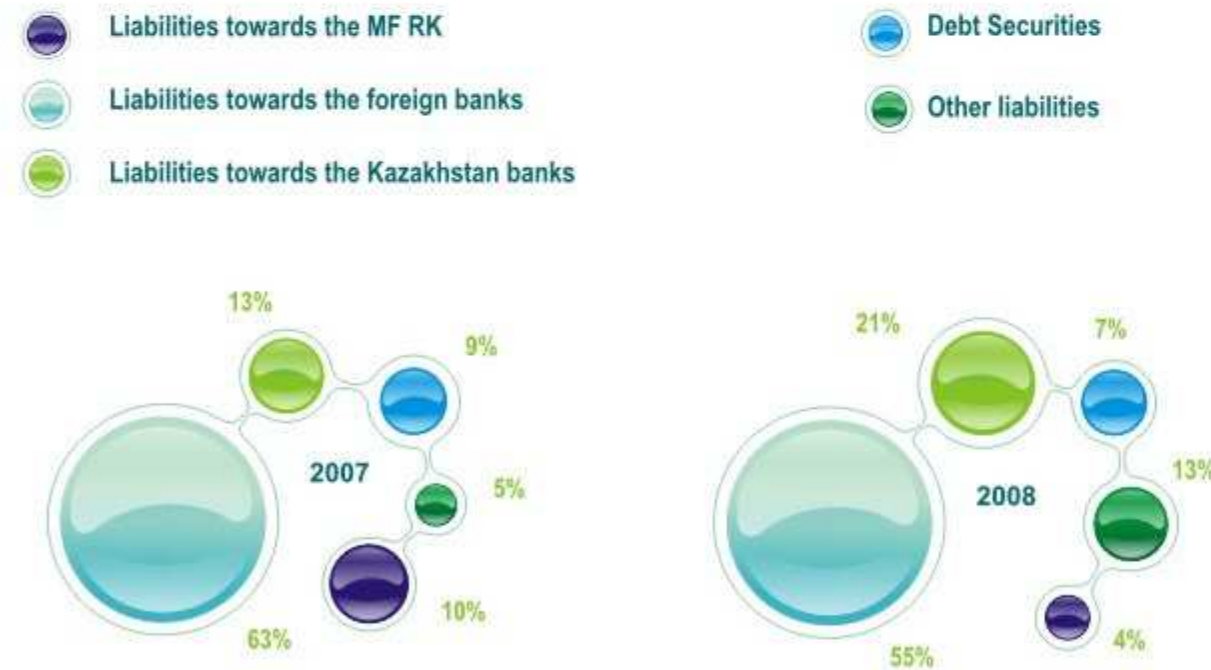
It should be noted that there were the changes in the structure of "KazAgroFinance" JSC's liabilities as well:

FIGURE 7. DYNAMICS OF "KAZAGROFINANCE" JSC'S LIABILITIES AND OWNED CAPITAL, KZT MILLIARD



- changing of mechanism of the republican budget financing stipulated the gradual decrease in the liabilities share towards the Ministry of Finance of the Republic of Kazakhstan on the previously received budget credits from 10 % in 2007 to 4 % in 2008 in the total volume of borrowings;
- implementation of the Export Finance Program proposing the attraction of the funds at the foreign borrowing markets led to increase in share of the Company's liabilities towards the foreign banks 25% as compared to 2007. At that, the cost of financing is comparatively lower than at the domestic market that is concerned with the growth of confidence in "KazAgroFinance" JSC on the part of the international financial institutions;
- in September, 2006 the Company issued the Bonds to the amount of KZT3 000 million with the Maturity Date of five years at the domestic market. In 2008 the cash earned from the Bonds' placement amounted to KZT496.4 million. The share of the issued Debt Securities was 7.4 % in the total volume of borrowings.

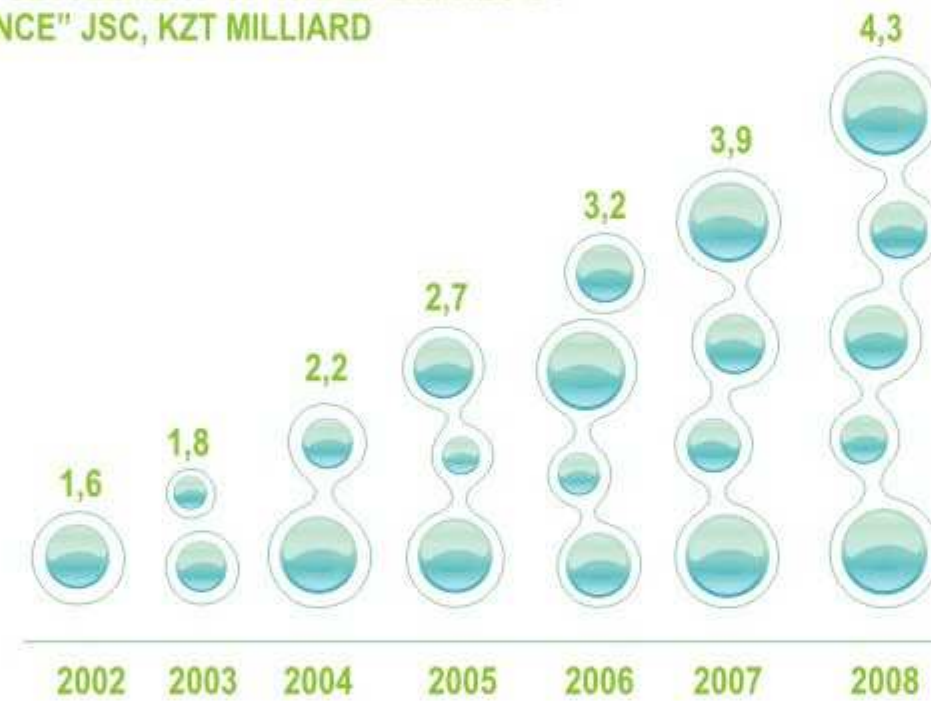
FIGURE 8. STRUCTURE OF "KAZAGROFINANCE" JSC'S LIABILITIES



5.4. Settlement of "KazAgroFinance" JSC's liabilities

The increase in the owned capital and attraction of the additional funds facilitated extending the active transactions of "KazAgroFinance" JSC. At that, the Company maintained the adequate liquidity level allowing the due settlement of its foreign liabilities under the loan agreements and the agreements entered into with the Ministry of Finance of the Republic of Kazakhstan and other Lenders (Figure 5).

9. DYNAMICS OF SETTLEMENT OF THE LIABILITIES BY "KAZAGROFINANCE" JSC, KZT MILLIARD



5.5. Dynamics and Structure of the Company's Incomes and Expenditures

Incomes
In 2008 the aggregate income of "KazAgroFinance" JSC amounted to KZT7 772.5 million, at that, the expenditures amounting KZT6 496.1 million were incurred. The proper planning of the financial activity and the optimization of expenditures being carried out during the year facilitated their structure improvement.

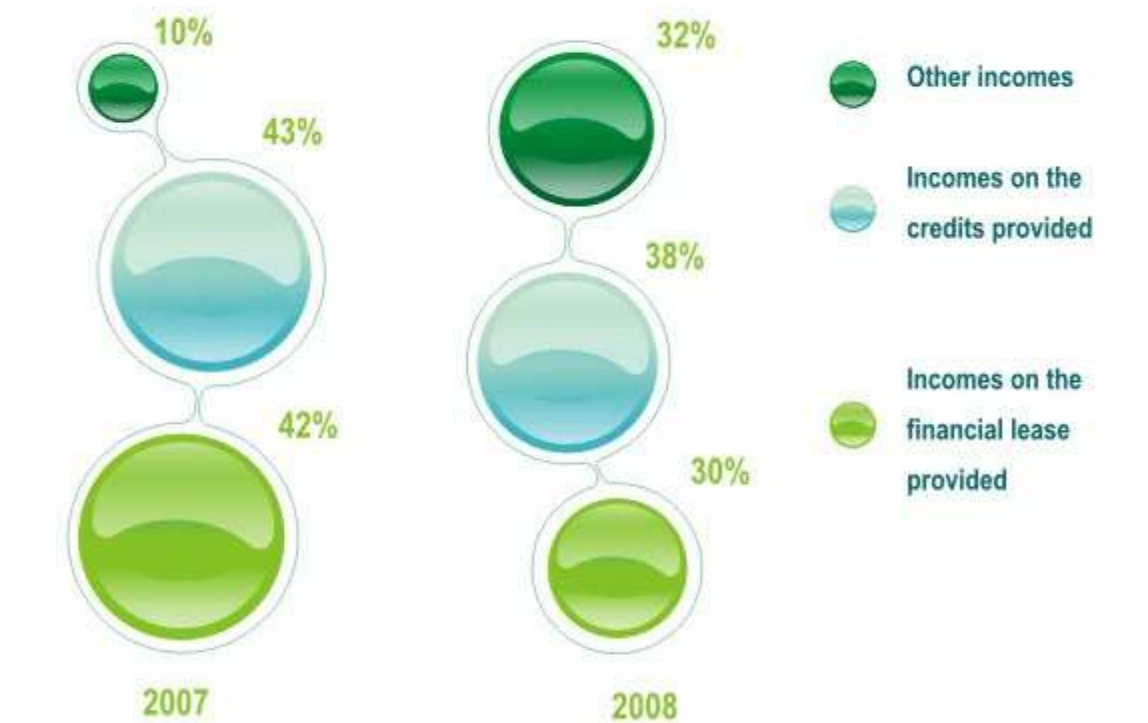
TABLE 3. DYNAMICS OF "KAZAGROFINANCE" JSC' INCOMES

Indices	2007		2008		2008 as compared to 2007, %
	Amount, KZT million	Specific weight, %	Amount, KZT million	Specific weight, %	
Incomes related to gaining the interests, including	3 183,47	91,2	6 042,54	77,74	89,81
on the financial lease (leasing) provided	1 464,28	41,9	2 334,20	30,03	59,41
on the loans provided	1 494,53	42,8	2 917,74	37,54	95,23
on the correspondent and current account	119,67	3,4	300,60	3,87	151,19
on Reverse REPO transactions	-	-	38,88	0,5	-
Other incomes related to gaining the interests	104,99	3,0	451,2	5,8	329,76
Incomes not related to gaining the interests, including	307,66	8,8	1 729,95	22,26	462,29
Income from the asset sales	4,15	0,1	7,95	0,1	-3,8
Other incomes	303,51	8,7	1 722,0	22,16	467,36
including the incomes from revaluation of the built-in derivative financial instruments	60,8	1,74	949,8	12,22	1 462,2
Total income	3 491,13	100	7 772,49	100	122,64

As the table data shows "KazAgroFinance" JSC has gained income amounting to KZT7 772.5 million in 2008 that is higher by 122.64 % than in 2007. At that, the Company's income on the main activity (related to gaining the interests) has increased by 89.81 %, which is stipulated by the growth of the investments attracted, at that, the incomes on the financial lease provided has increased by 59.41 %, and the incomes on the loans provided has increased by 95.23% in 2008 as compared to 2007.

In 2008 the Company's incomes not related to gaining the interests has amounted to 22.26 % of the total income and increased by 462.29 % as compared to the previous year, having reached KZT1 729.96 million. The most specific weight in these incomes is the incomes on the revaluation of the built-in derivative financial instruments.

FIGURE 10. STRUCTURE OF "KAZAGROFINANCE" JSC'S INCOMES



In 2008 in the structure of "KazAgroFinance" JSC's incomes the ones related to gaining the interests including on leasing of 30.03 % and on credits provided of 37.54 % take the most specific weight.

Expenditures

The dynamics of "KazAgroFinance" JSC's expenditures shows that the Company's expenditures in 2008 has amounted to KZT6 496.08 million and increased by 120.6% as compared to 2007.

In 2008 the expenditures related to payment of the interests has increased by 102.3% and amounted to KZT1 876.4 million. At that, their specific weight amounted to 28.9% in the total amount of expenditures.

The expenditures not related to payment of the interests in 2008 has decreased by 9.3% and amounted to KZT1 576.80 million. Decreasing of these expenditures is caused by reducing the expenditures from the foreign currency revaluation (net) by 56.4% as compared to 2007 and by reducing the other expenditures by 44.8%. The essential impact on reducing the other expenditures was made by the expenditures in the primary credit loss recognition; under the results of 2008 pursuant to this item there occurred the incomes. The incomes occurred due to the adjustment of change in the future cash flows on the loans issued to the clients.

The rate of the expenditures from the foreign currency revaluation has decreased by 56.4% as compared to 2007. The major impact on reducing the exchange rate losses was made by decrease in the EURO exchange rate, as well as by transfer of the advances issued to the nonmonetary items category, i.e. not subject to revaluation for each Reporting Date.

In 2008 the expenditures on the reserves (provisions) (recovery of the reserves (provisions)) for the possible losses have essentially increased by 1 603% as compared to 2007. This was caused by the deterioration in the loan portfolio quality and strengthening of the requirements of the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Markets and Institutions to the rate of the reserves (provisions) to be formed for the possible losses.

In structure of the expenditures in 2008 the expenditures on reserves (provisions) for the possible losses being 37.7%, the expenditures on the loans received being 28.9%, the expenditures on remuneration of labour and the travel expenses being 13.1% take the most specific weight.

TABLE 4. DYNAMICS OF "KAZAGROFINANCE" JSC'S EXPENDITURES

Indices	2007		2008		2008 as compared to 2007, %
	Amount, KZT million	Specific weight, %	Amount, KZT million	Specific weight, %	
Expenditures related to payment of the interests, including:	927,69	31,5	1 876,40	28,9	102,3
on the loans received	805,10	27,3	1 632,41	25,1	102,8
on securities	122,59	4,2	243,95	3,8	99
Expenditures not related to payment of the interests, including:	1 738,45	59,0	1 576,80	24,3	-9,3
operating expenditures, including	660,07	22,4	1 017,94	15,6	54,2
remuneration of labour and travel expenses	519,22	17,6	849,65	13,1	63,6
amortization	51,52	1,7	73,63	1,1	42,9
expenditures on materials	11,84	0,4	22,48	0,3	89,9
expenditures on repayment of taxes and other compulsory payments to the budget (except for the corporate income tax)	77,49	2,6	72,18	1,1	-6,8
expenditures from sale or transfer of the assets without charge	1,87	0,1	27,68	0,4	1 380
expenditures from the foreign currency revaluation (net)	540,41	18,4	235,50	3,6	-56,4
Other expenditures	536,1	18,2	295,68	4,5	-44,8
including the expenditures on the primary credit loss recognition	345,84	11,7	(179,32)	-2,7	-151,85
Expenditures on the reserves (provisions) (recovery of the reserves (provisions) for the possible losses)	143,96	4,9	2 451,71	37,7	1 603
Corporate income tax	134,9	4,6	591,17	9,1	338,2
including the expenditures on the deferred corporate income tax	134,9	4,6	433,17	6,7	221,1
including the expenditures on the corporate income tax	-	-	158,0	2,4	-
Total expenditures	2 945,01	100,0	6 496,08	100	120,6

Financial Result

Major Financial Indexation

The dynamics of the major financial indexation of "KazAgroFinance" JSC's activity has been stably tending to growth for the last years, that is evidenced by the results of the audit being carried out by the Audit Company "Deloitte" during the last four years.

The return (profitability) on assets (ROA) index is one of the most important indices for featuring the efficiency of the assets' use by any company. "KazAgroFinance" JSC has a low enough level of the return on assets index as compared to the other financial institutions, that is due to the specificity of the Company's activity, which charter purpose is not the high return on assets, but soft financing of the agricultural sector in the republic. In this regard the level of the Company's return on the main activity is predetermined by fixing the low (soft) interest rate on leasing for the agricultural producers.

Dynamics of the Net Income

Under the results of activity for 2008 "KazAgroFinance" JSC has achieved the positive financial result being the net income of KZT1 276.4 million.

The rate of "KazAgroFinance" JSC's net income has increased by 133.7% in 2008 as compared to 2007. The growth of the net income is stipulated by increase in the incomes related to gaining the interests: as compared to 2007 these incomes have increased by 89.8%. Moreover, there was an increase in the incomes due to the revaluation of the built-in derivative financial instruments by 1 462.2%.

As a whole, for the last four years the positive growth dynamics of the Company's assets has been observed, as a result of which "KazAgroFinance" JSC's net income in 2008 has increased by 2.3 times as compared to 2005.

FIGURE 11. STRUCTURE OF "KAZAGROFINANCE" JSC'S EXPENDITURES

Indexation	2005	2006	2007	2008
Assets	24 699,9	34 391,9	56 023,2	86 668,7
Owned capital, including	14 675,0	22 159,6	29 296,4	47 400,1
Chartered capital	14 825,6	21 825,6	28 825,6	47 150,2
Liabilities	10 024,8	12 232,3	26 726,7	39 268,6
Aggregate incomes	1 625,6	2 376,6	3 491,0	7 772,5
Aggregate expenditures	1 078,3	1 493,6	2 944,9	6 496,1
Net income	547,3	883,0	546,1	1 276,4
Return on assets (ROA),%	2,2	2,6	1,0	1,79
Return on equity (ROE),%	3,7	4,0	1,9	3,33

FIGURE 11. STRUCTURE OF "KAZAGROFINANCE" JSC'S EXPENDITURES

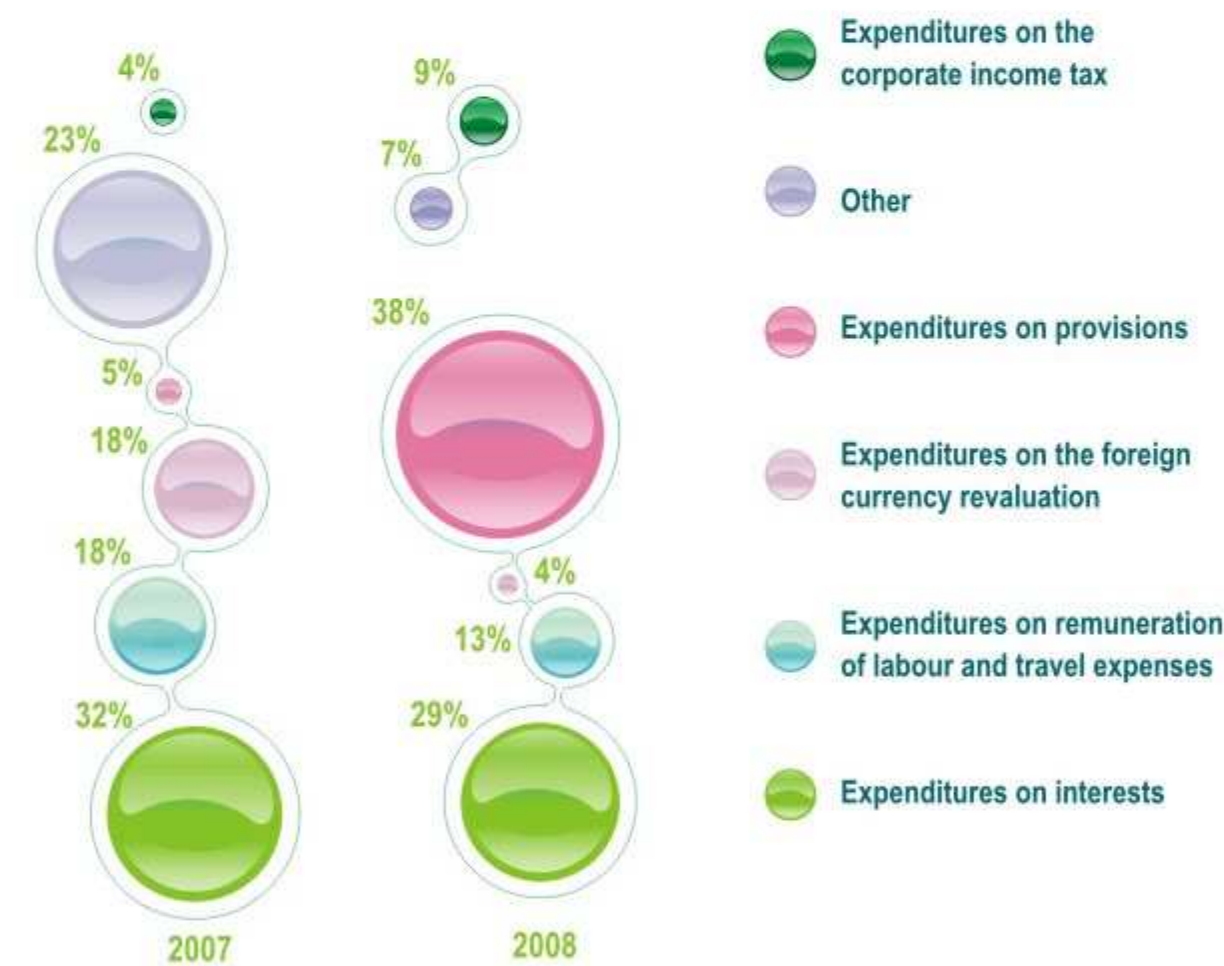


TABLE 12. DYNAMICS OF "KAZAGROFINANCE" JSC'S FINANCIAL INDEXATION, KZT MILLIARD

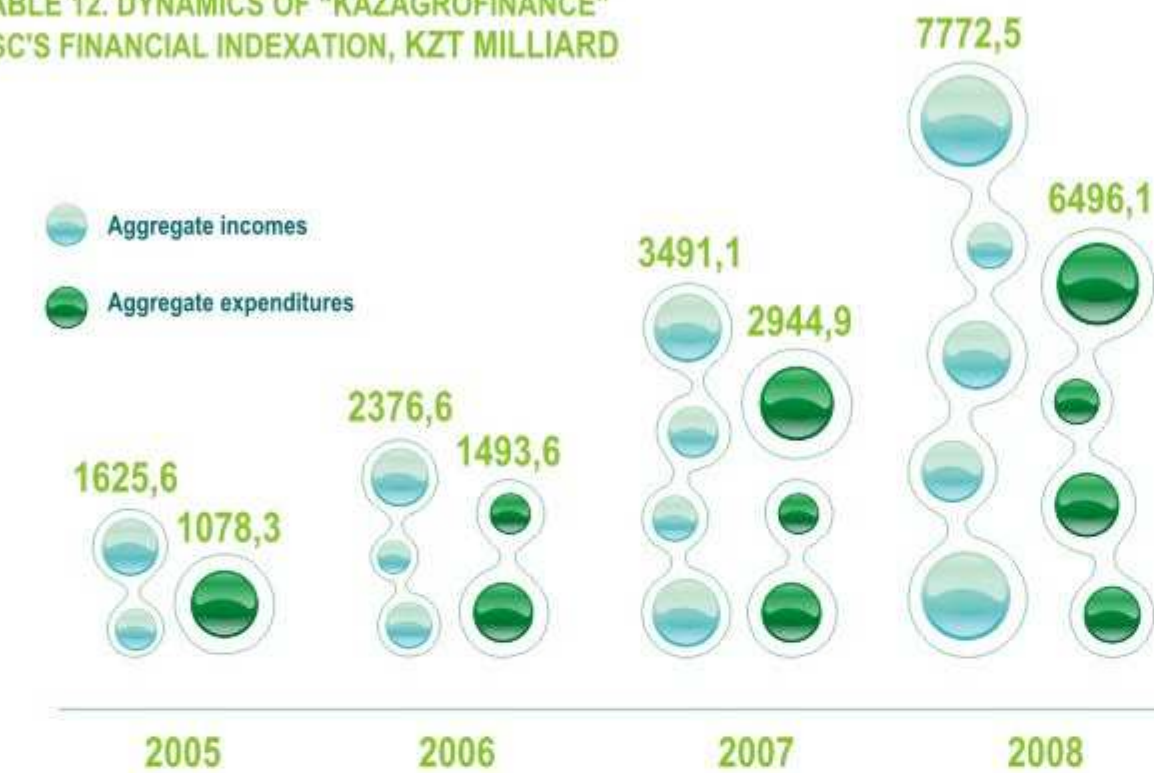
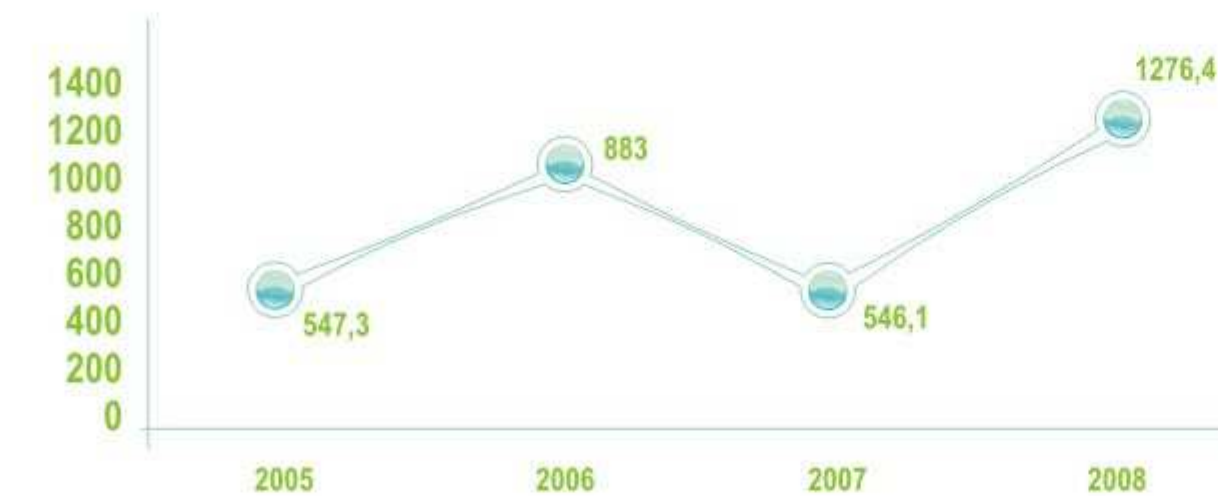


FIGURE 13. DYNAMICS OF THE NET INCOME, KZT MILLIARD



6. COOPERATION WITH THE INTERNATIONAL FINANCIAL INSTITUTIONS

The priority task facing "KazAgroFinance" JSC provides for the practical implementation of the concept of building the large sound financial institute, strategic partner for the agricultural industry being able to offer the full complex of financial services to the wide range of clients.

The Company, when implementing this task, is not limiting to the budget funds being allocated and owned temporarily free funds. For instance, in 2005 the Company launched the Export Financing Program, which provides for financing the high-production agricultural machinery by attracting the borrowings from the world banks, leading financial institutions, export credit agencies successfully. Thus, for instance, under the Export Crediting Program the purchase of 23 grain harvesters "Case" and "CLAAS" was financed through the loans provided by such banks as "Rabobank International" (Utrecht, the Netherlands) and "Bank Gesellschaft Berlin AG" (Berlin, Germany) to the total amount of KZT586 million in 2005.

The loan attraction history allows following the tendency of extending the terms, increasing the number of the transactions' participants, decreasing the interest rates, that points to the fact of the consecutive and steady improvement of the Company's work, and, of the growth of the international financial institutions' confidence.

In the beginning of 2006 under the Export Financing Program "ABN AMRO Bank" (Chicago, USA) financed purchasing of 22 high-production seeding complexes consisting of tractor "CASE" and seeder-cultivator "Flexi-Coil" to the total amount of about KZT914 million by means of loan. "NATEXIS BANQUES POPULAIRES" (Paris, France) financed purchasing of the tomato paste and fruit puree production line manufactured by the Italian Company "Rossi&Catelli" with the production capacity of 120 tons per 24 hours to the total amount of about KZT490 million by means of loan.

In summer of 2006 the supplies of the harvesters "CLAAS" to the total amount of KZT2 138 million, the harvesters "CASE" to the amount of KZT189 million were financed at the expense of the borrowings attracted from Landesbank Berlin (Berlin, Germany). Moreover, Landesbank Baden-Württemberg (Stuttgart, Germany) allocated a loan of KZT110 million for financing the delivery of the harvesters "John Deere".

If previously the loans were attracted for financing the certain machinery and in connection with conclusion of the relevant agreement on purchase of agricultural machinery, then in July, 2006 the Company entered into the Credit Agreement to the total amount of KZT2 871 million with "ABN AMRO Bank N.V." (Amsterdam, the Netherlands) for financing the different machinery. Conclusion of such an agreement allowed crediting the various contracts of the clients without pegging to the country of the machinery manufacturer and avoiding the protracted execution procedure.

In 2007 and 2008 the Company continued the close cooperation with the banks, which provided the most favourable terms of financing of purchasing the agricultural machinery and equipment from Germany, USA, Canada, China and etc., as well as the clients' floating assets.

The Company's cooperation with the largest Credit Insurance Agencies such as Hermes (Germany), OND (Belgium), US Eximbank (USA), SACE and SIMEST (Italy) should be especially noted. The majority of loans were attracted by the Company under the guarantees of the Export-Credit Agencies (ECA) that allowed the Company to reduce the different kinds or risks, arrange the financing schemes and attract the financial resources at the low interest rates provided in accordance with the policies and principles of ECA. Moreover, the Company's Management held negotiations and reached the certain understandings on cooperation with such agencies as EDC (Canada), EGAP (the Czech Republic), COFACE (France), Sinosure (China), and the Israel International Cooperation Export Institute at the different phases.

On 28th of February, 2008 the Company has entered into the Credit Agreement to the amount of USD5.7 million for purchasing the various agricultural machinery and equipment with ABN AMRO BANK (the Netherlands).

On 14th of March, 2008 the Credit Agreement to the amount of EUR5.6 million for purchasing the harvesters CLAAS under the HERMES cover has been entered into with HSBC Trinkaus (Germany).

On 18th of July, 2008 the Loan Agreement to the amount of USD24 million for purchasing the various agricultural machinery and equipment has been signed with Societe Generale (France).

On 29th of August, 2008 the Individual Loan Agreement No.6 to the amount of EUR4.6 million for purchasing the various agricultural machinery and equipment from Germany under the HERMES cover (Germany) has been signed with Landesbank Berlin (Germany).

On 14th of October, 2008 the Credit Line Agreement to the amount of EUR17 million for purchasing the various agricultural machinery and equipment has been entered into between the Company and HSBC Kazakhstan.

Moreover, the Additional Agreement to the Loan Agreement dated February 13, 2007 for purchasing the agricultural machinery John Deere was entered into with Deere Credit on 12th of March, 2008.

For 2009 the Company is planning to sign the Loan Agreement for financing the diverse agricultural machinery of the American and Canadian suppliers amounting to USD16.7 million under EDC Insurance with Societe Generale (Canada and USA). Moreover, the Company is supposing to receive the borrowings for financing the various agricultural machinery manufactured in Germany under the Hermes Insurance (Germany) to the amount of about EUR20 million from Landesbank Berlin.

The Company intends to attract the borrowings without insurance to finance the purchase of the diverse agricultural machinery from the different countries and the floating assets of the clients subject to stabilization of the domestic market.

The Company will develop the cooperation with the international financial institutions building the mutually beneficial relations and establishing the schemes, which are the most acceptable for the Company's clients in the long term.

7. INTERNAL RESOURCES DEVELOPMENT

7.1. Quality Management System

In August, 2008 "KazAgroFinance" JSC was granted the international Certificate of Compliance of the Quality Management System according to the requirements of ISO 9001:2000. In the course of the certification audit, which was conducted in two stages, the auditors of the Certification Authority "Moody International" noted the complete professionalism of the employees and managers in the filed of quality and acknowledged that the Quality Management System within the framework of the banking and leasing transactions was implemented and successfully operated in "KazAgroFinance" JSC.

In future the Certification Authority will supervise the operation and development of the Quality Management System in the Company by conducting the annual audits. The control of the Quality Management System's development on the part of "KazAgroFinance" JSC will be carried out by conducting the internal audits.

The effective development of the Quality Management System in "KazAgroFinance" JSC will allow improving the business processes taking into consideration the needs of all interested parties and the Company's activity as a whole.

In 3 years from the date of Certificate "KazAgroFinance" JSC has to pass the recertification procedure to receive the new Certificate of Compliance.

7.2. Risk Management System

Risk Management Instruments

The diversification of the risks, insurance, formation of the provisions (reserves) and control of the individual types of risks in "KazAgroFinance" JSC are carried out by means of the following instruments of impact:

1. Consideration by the Credit Committee of the issues related to making the decision on conclusion of the credit agreements and solving the other problems related to rendering the financial services and execution of the credit agreements;
2. Assessment of authenticity of the Financial Statements provided by the Borrower and its affiliates;
3. Assessment of the financial service repayment sources of the Borrower, including taking into account the following factors:
 - operation prospect;
 - dynamics of sales;
 - quality of the short-term assets,
 - amount of money, which can be allocated for the principal repayment as compared to the requirements to the principal servicing;
4. Assessment of efficiency of the Borrower's Business Plan;
5. Approval of fixing the limits:
 - on the interest rates on the resources being attracted,
 - on the liquidity risk;
6. Consideration of the issues on the main sources and ways of financing of "KazAgroFinance" JSC's activity;
7. Determination of the needs in the liquid funds and control of liquidity;

8. Assessment of creditworthiness of "KazAgroFinance" JSC's potential Borrowers;
9. Monitoring of changes in the financial standing of the Borrowers, including taking into account the financial standing of the affiliates;
10. Modelling and calculation of the possibility of risk occurrence;
11. Monitoring of the liquidity risks, interest and currency risks;
12. Diversification of the risks on the types of transaction being carried out and the financial instruments;
13. Ensuring the working out and approval of the limits on the currency, interest and liquidity risks, as well as the internal risk management procedures;
14. Monitoring and management of GAP cash positions;
15. Monitoring of the timely fulfilment of contractual obligations by "KazAgroFinance" JSC's Borrowers;
16. Charge and recovery of all types of penalties;
17. Recovery of the money from the collateral provided by the Borrowers;
18. Classification of the loan portfolio and formation of the provisions;
19. Submission of the issues related to the debt restructuring and deferments of the liabilities for consideration by the Credit Committee of "KazAgroFinance" JSC;
20. Monitoring and assessment of the financial standing of "KazAgroFinance" JSC's Borrowers;
21. Monitoring of the Borrowers' Credit Stories by inquiring the information at "First Credit Bureau" LLP;
22. Monitoring of insurance of the subject of leasing and recovery of the insurance amount in case of total loss of the subject of leasing;
23. Monitoring of state of the Borrower's subject of pledge;
24. Reassessment of the collateral;
25. Verification of the insurance documents of the subject of leasing;
26. Taking measures on the non-judicial sale of the collateralized property;
27. Consideration by the branches and representative offices of the issues related to making the decision on conclusion of the credit agreements and solving the other problems related to rendering the financial services and execution of the credit agreements within their competence.

7.3. Personnel and Social Policies. Beneficial Aid.

The Company's Personnel Policy is aimed at the long-term personnel management, which main purpose is the complete and timely satisfaction of the Company's needs in the human

resources of the required quality and quantity within the certain time framework. The qualified, initiative, highly motivated, aimed at the intensive qualitative work employees are considered to be the main asset of the Company and the most significant competitiveness source. The main purpose of the Personnel Policy is creation and improvement of the effective personnel management system based on attraction, development and motivation of the highly skilled employees for the strategic purposes of the Company.

The basis for the Personnel Policy's implementation is the availability of the effective organizational structure and optimum staff composition. The standard qualifying requirements to each specific position are elaborated for the purposes of attraction of the highly skilled specialists to work in the Company. The search and selection of the highly skilled personnel is carried out in accordance with the requirements to the qualification level and the professional competence of the candidates based exclusively on their professional skills, which may be useful when working in the Company's team.

The high level of the employees' professionalism is maintained and developed in the system of the continuous training and advanced training by means of retraining and advanced training of the employees by the consequent improvement of the current knowledge and skills.

Creation and development of the effective system of the personnel motivation and courage is to ensure the direct and sustainable interest of each employee in achievement of the planned results of the personal labour activity and improvement of its results. The Company's employees work at creation of the positive image both in the Company and in cooperation with other institutions, public and other authorities, facilitate the common spirit development, education and advocacy of the corporate courage and positive social and psychological climate in the Company's team.

Key Trends of the Social Policy of "KazAgroFinance" JSC

The Company's Social Policy is aimed at the development of the social and economical conditions for the employees within the framework of implementation of their constitutional rights in accordance with the laws of the Republic of Kazakhstan.

The Social Policy ensures the high level of protection of the employees; it creates the conditions for their dedicated activity and gaining the adequate remuneration, provides the opportunities for the professional, personal and career advancement, and thus, increases the interest in the long-term, effective and fruitful relationship between the Company and the

employees, which result is the achievement of the high efficiency of labour.

The Social Policy's aim is the development of the Company's social trend, the consequent improvement of the quality life of the employees, ensuring the common availability of the major social welfare and, primarily, the favourable psychological climate in the team.

The Company's Management provides for the social and other guarantees for the employees:

- implementation of the Labour Laws of the Republic of Kazakhstan;
- working place in accordance with the Safety and Labour Protection Requirements;
- obligatory insurance of the employer's civil liability for injury or disease to their employees arising out of their employment;
- voluntary medical insurance;
- paid leave;
- payment of the material aid to the employees upon birth (adoption) of the child, marriage of the employee and death of the husband (wife) of the employee or his/her close relatives;
- labour time-rate bonus system;
- compensation payments when involving the employees in the weekends and the holidays;
- payment for the official business trip of the employees;
- possibility of the professional training and advanced training.

The successful implementation of the Social Policy facilitates the growth of the Company's competitiveness and the image strengthening of both the responsible employer and the social organization.

Beneficial Aid. In 2008 in accordance with the Financing and Operating Activities Plan of "KazAgroFinance" JSC approved by the Board of Directors the funds amounting to KZT 3 071.0 thousand were provided for rendering the beneficial aid.

The priority trends of providing the beneficial (sponsor) were approved by the Decision of the Board of "KazAgroFinance" JSC in 2008.

"KazAgroFinance" JSC provides the beneficial aid to the less protected strata of population, as well as supports the profile non-commercial organizations (boarding schools, child pre-school, secondary, vocational and higher education institutions, research organizations and etc.)

The Company provides for the traditional beneficial aid to the various child institutions in the

course of the patronage and sponsorship aid.

The special training facilities, the sports equipment and the necessary additional health-improving equipment are purchased for Pervomaiskiy Child Psychoneurological Home for the children with the malfunction of the musculoskeletal system for the rehabilitation room.

The funds are allocated to the Disabled Children Support Association in Akmolinskaya oblast, the branch of the Public Union "Kazakh Blind Association", the Board of the Kazakh Blind Association in Aktyubinskaya oblast, the Kokshetau Boarding School for the Mentally Handicapped Children and to the other institutions in need as well.

The aid is provided to the persons disabled from childhood, the retired workers and the funds have been allocated to the combatant, disabled person, war veteran for being operated.

The contact is maintained with and the beneficial aid is provided to the Veterans' Association of the Ministry of Agriculture of the Republic of Kazakhstan.

The priority trends of providing the beneficial (sponsorship) aid are approved by the Decision of the Board of "KazAgroFinance" JSC in 2008.

The sponsorship aid was provided to "KazAgroMarketing" JSC for participation in the First International Agricultural Investment Forum "AGROINVEST.KZ – 2008" as a partner

8. PROSPECTS OF THE COMPANY'S DEVELOPMENT. PLANCS FOR 2009

Since 2009 the main emphasis of the Company's activity has been focused on investing of the Investment, and, generally speaking, Infrastructure Projects in the villages within the framework of the Governmental Plan of Cooperation on Stabilization of the Economy and Financial System.

According to this Plan for the forced agribusiness development USD1 milliard was allocated to the National Managing Holding "KazAgro" from the facilities of the National Fund of the Republic of Kazakhstan.

The most prospective agricultural trends are determined as follows: financing of creation and development of the network of the dairy farms, poultry farms, greenhouses, vegetable store houses, as well as on organization of the agricultural machinery assembly factories, and growing of the fruits and vegetables applying the drip irrigation technologies.

Dairy farms. The main task of creating the dairy farm network will be solution of those problems, which the industry is facing at the present time: low productivity of the milking

cows, imbalance in the milk production, loading inequality of the processing plants, as well as the import of the milk products amounted to 70-80%.

That's why, implementing the Investment Projects on this trend we are planning to reduce the import substitution, increase the specific weight of the pedigree milking cows and the milk production.

Formation of the milk clusters in the different regions of Kazakhstan will facilitate the increasing of the competitiveness and availability of the Kazakhstan milk products.

Poultry farms. The main goal of implementation of the projects on creation of the up-to-date poultry meat farms was solution of the problems of the Kazakhstan's dependence on the poultry import, low productivity, depreciation of the operating facilities, low forage base and etc.

After starting-up the production facilities of the poultry meat plants the increase in the domestic production of the poultry meat, arrangement of the new working places and decrease of the products cost are expected.

The main selection criteria of the Project on construction of the poultry farms are implementation of the up-to-date advanced technologies of the floor and cage poultry keeping; full cycle: poultry meat production, slaughter, additional treatment, storing and sales through the wholesale and retail network; tight schedule of implementation.

Greenhouses. The implementation of the projects on creation and development of the greenhouses will be aimed at solving the problem of providing the country's population with the fruits and vegetables at the favourable prices the year around, preparing the reserves of fruits and vegetables around the cities, as well as increasing the efficiency of the fruits and vegetables growing.

Omissioning of the up-to-date industrial greenhouses complexes will allow decreasing the annual deficiency in the vegetables during the off-season time, flattening the seasonal price fluctuations, as well as increasing the food safety in the regions.

When selecting the Projects the Company is guided by the following selection criteria.

Firstly, the Project shall be implemented applying the up-to-date technologies, the agronomical and technical support of the Project shall be carried out by the skilled specialist for not less than 1 year; secondly, the Project shall provide for the full cycle from the vegetable growing to their packing and selling; and, thirdly, the used greenhouses shall be from 1 to 3 ha with installation of the additional lightning system or the alternative technological and agronomical solutions in the industrial greenhouses.

Vegetable store houses. The main task of creation and development of the vegetable store house network was the solution of such problems as insufficiency of the vegetable store houses, lack of the established logistics system, as well as depreciation of the facilities and etc.

Creation of the vegetable store houses will allow increasing the food stability in the regions at the expense of ensuring the storage of the vegetables and the stable reserve of the fruits and vegetables, reducing the losses when storing, increasing the supply volumes to the market, decreasing the deficiency of the vegetable store houses in the republic.

The Project shall also provide for the possibility of storing the vegetables with the various storing terms and conditions in addition to applying the advanced vegetable storing technology. One more compulsory term is the possibility of full cycle vegetable storing from sorting and washing to packing and selling through the wholesale and retail network.

Drip irrigation. The implementation of the projects on application of the drip irrigation technologies is aimed at achieving the high production efficiency that allows increasing the yield and minimizing expenditures, enlarging the areas under growing of the fruits and berries, as well as decreasing the import of the fruits and berries.

Application of the drip irrigation technology will allow ensuring the optimal water-air equilibrium of soil, water saving, as well as increasing the yield by 50-70%;

Selection criteria:

- Implementation of the up-to-date technologies;
 - Agronomical and technical support of the project by the skilled technician not less than 1 year;
 - Full cycle: growing, additional treatment, packing, processing, distribution.
- In 2009 within the framework of the competitive selection of the Borrowers the Project on implementation of the drip irrigation technologies in Atyrauskaya oblast for 39 ha has been approved.

Agricultural machinery assembling. The assumptions and the advantages of establishing the assembly factory of "Belarus" tractors were the large tractor market capacity (about 1 500 units per year), high demand for tractors, simple assembling, possibility of localization, tractor versatility, as well as the optimal price and quality ratio.

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