

AN EFFECTIVE AGRICULTURAL STRUCTURE DEVELOPMENT OF AGRO-
INDUSTRIAL HOLDING THESIS PROJECTS

BY

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THESIS

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An effective agricultural structure development of agro-industrial holding

Introduction

Kazakhstan is an agro industrial country and one of the largest grain powers in the world. The area of grain crops is more than eighteen million hectares including twelve million hectares for wheat crops, which provide approximately six thousands tons of gross harvest annually. Another six million hectares are for crops such as corn, rice, oats, barley, buckwheat, cotton, sunflower, fruits, and vegetables. The country produces about 13,5-20,1 million tons of grain allowing to keep up with Russia and Ukraine (Appendix 2). An average crop capacity is 10-16 centner/hectare (Appendix 5).

Besides crop sector, a traditional agricultural segment of Kazakhstan is stock-breeding providing the country with food and light industry with raw materials.

A pig-breeding and dairy cattle are dominated in the northern regions of the country. The south part is famous for meat cattle, sheep breeding, horse breeding, and camel breeding. A meet cattle and horse breeding are in the western and eastern parts as well. A poultry farming is distributed almost equally in all regions.

The main types of agricultural production such as sheep breeding, horse breeding, and camel breeding are dominated in the arid and semiarid zones. A sheep industry is mostly developing in four areas, such as fine-fleeced, partial fine-fleeced, meet-suet. A horse farming is very customary inasmuch as, horses are not only the transport facilities but the sources of getting meat and koumiss as well.

Nowadays, there are more than forty per cent of Kazakhstan population lives in rural areas. Agro-cultural development might have an effect on a living standard level of the population working in rural areas and economic sector having linkage with agriculture progress.

During the last twenty years, the state has been maintaining agriculture dynamically. There were formed new corporations, such as KazAgro, KazAgroMarketing, Kazagrofinance Agrarian Credit Corporation and Food Corporation for agricultural manufacturers funding. Funding, subsidization, and grants are fulfilled through these companies. These businesses are the key forces of many state programs' realizations. Unfortunately, there is no progression in the agricultural sector because of increasing amount of maintenance from the state.

There are following companies' problems involving in agriculture:

1. Weather conditions

2. Improper management
3. Low productivity
4. Low business profitability level
5. Low R&D
6. Inefficient usage of resources
7. Lack of planning
8. Weak control of companies' activities

All agricultural companies encounter with all problems above, but companies consisting of plant growing, stockbreeding, refining, or trading in particular. In addition to these problems, it is necessary to mention another one is the distance. Hence, it is hard to check working process of affiliate companies.

Note: Kazakhstan is the ninth largest country in the world by land area, its territory is 2,724,900 square kilometers. The distance between farms can vary from 50 to 500 kilometers. In fact, the JSC Company including administrative and management staff can be based in Astana city, the capital of Kazakhstan. Therefore, it is impossible to manage and do monitoring effectively and constantly.

In consequence of ineffective management, there are serious losses in a financial sector of a company. Hence, it affects the livelihoods of people living in

a rural part of the country. Farmers record a small amount of positive financial results annually. Generally, farmers have strategic activities from planting to harvesting without long-term working plans but anticipate only favorable weather conditions every year.

Agriculture is an essential strategic part of the economy for any state. It provides with food, employment, and livelihoods for more than forty per cent of population involving in agriculture. The agricultural growth brings many benefits that might have an impact on the entire country development. Thus, the agricultural progress in Kazakhstan can give opportunities to increase welfare and food not only within the country but beyond of it as well.

I would like to analyze a set of important and necessary changes in working activities of one private company with the purpose of resolving and minimizing problems in an agricultural area. It would be necessary to modify the organizational structure, financial section, and integrate controlling of expenditures and incomes in the holding company. The financial sector modification would entail changing system of planning and budgeting.

These modifications might affect work outcomes. As a result, the holding company will have an effective management system with potential company growth throughout next few years. It allows stakeholders to accomplish a new level with expenditures optimization and growth of incomes in the company

including in the holding. Also, it might influence population welfare growth of that part where the holding's companies are. This is an important point because it has effect a rural development in Kazakhstan and population enhancement living in a rural part of the country. In addition, it may help to decrease people's willingness to abandon rural areas. Furthermore, rural development will allow improving the infrastructure with the intention of investment in important fields of remote areas.

I am responsible for the restructuring of the large business sector and small and medium business, and for returning loan repayments in Tsesnabank. This job does not have a direct linkage to my capstone project. However, I have to deal with companies working with agriculture. The purpose of my choice of the topic is my own observation of agriculture development in Kazakhstan. I would like to explore and investigate this topic using the theoretical knowledge getting during my studying in EMBA program in "Nazarbayev University" and own experience and skills. In my opinion, this topic is very significant for our country. I wish my research project would be helpful and beneficial for agricultural holding companies owners.

1. SWOT analysis AIC of Kazakhstan

There are numerous issues affecting a successful development of agriculture in Kazakhstan. All these factors are interconnected between each

other; therefore following to the further problems ignoring the country may encounter high level of product deficit and leaving from the world markets as well. These impacts affect not internal population only but country as well. Population will not be able provide themselves with food. Kazakhstan is one of world's leader producer will face with economic loss for market entry incentives, reduced competitiveness, increased volume of import that bring additional high costs.

Strengths

- Gross product constant growth of agro-industrial holding
- Kazakhstan is a world leader of wheat and wheat flour production
- Agro-industrial complex of Kazakhstan holding has a significant government support
- Providing land and water resources
- High potential production opportunities and export of organic products

Weaknesses

- Low animals productivity
- Low major crops yield capacity
- Low labor productivity
- Low businesses rate profitability
- Low R&D

- Low agro technological knowledge dissemination
- Low funding and insurance system efficiency
- Lack of medium-term and long-term planning
- Ineffective use of funds
- Weak control of holding companies' activities

Opportunities

- Import substitution development and export potential realization in number of agro-industrial holding's industries
- Effective state industry support formation
- Development of commodity fish-breeding, cattle export, apple, oil production and other products

Threats and risks

- Macroeconomic risks stipulated by internal and external deterioration of market situation on industry products prices
- Competition growth in international markets due to a number of products entry into WTO
- Unfavorable changes of natural and climatic conditions (short-term and long-term) as global warming (increased arid and semiarid lands, water shortage, and weather conditions instability)

- Critical infrastructure depreciation of products transportation to the target markets affecting increased delivery fee
- Plants and animals diseases dissemination, environment pollution, parasitical types of plants, animals, fish, insects that causing reduced land and water resources availability and overall industry productivity. All these factors lead to decrease export potential of Kazakhstan agro-industrial holding
- Exhausted potential of land, water, and biological resources and genetic potential of plants and fish as a result of short-term profit concentration, financial deficit, and recommended scientific standards infringement of using resources
- Risks of ineffective state industry regulation causing increased costs of agricultural producers, inefficient public funds using that allocated for industry development support, market signals distortion, and distortion of production and products processing structure.

2. Analysis of the agricultural holding activities

2.1 Private agricultural holding structure

Agricultural holding was established in 1995. The holding structure is presented in Appendix 14. The shares were purchased by the largest Turan District enterprise of Kostanay region JSC “C” in 1997. Later it was reorganized

into LLP "A." LLP "B" is a second crop enterprise was formed in 1999 in Kostanay region. Two farms were purchased in 2002 in North Kazakhstan and formed LLP "C" which is the third agricultural enterprise of the holding. Agricultural unit involves three companies. These enterprises focus on grain crops, oil-bearing, and legumes cultivation. Due to launching rapeseed-producing factory, the high attention gives to growing oil-producing crops- rapeseed and sunflower. There are five hundred ninety seven employees are involved in the agricultural unit.

The manufacturing units include a factory for processing rapeseed that was formed in 2008. A factory "A" concentrates processing rape and sunflower for producing rape and sunflower oil.

The holding activities focus on three major areas, such as agricultural, industrial, and commercial. The total employees number of groups of companies LLP "B" is seven hundred and eighty five people including agricultural – five hundred ninety seven people, industrial-technical companies – forty two, and commercial unit – about one hundred forty six people. LLP Industrial Technical Company "C" is the holding head company unites all related companies.

Thus, LLP "B", LLP "C", and LLP "D" are the agricultural holding units.

The main type of activities is grain-crops cultivation, such as hard and soft wheat, millet, barley, oats, rape, peas, soybeans, etc. (Appendix 9). The companies have been working using moisture saving technologies and three-field grain-steamed crop rotation. In addition, the high attention focuses on inculcation of new types of seeds, employment of effective plants protection methods, mineral fertilizers, and constant machines and tractors renewals.

Lands of LLP "B" are located in Kostanay district, Krasnoselskiy settlement. Taran district (the area of sowing land is 28, 592 hectares). LLP's "C" lands are located in Kostanai region, Ulyanovsk village (the area is 8, 851 hectares) and lands of LLP "D" are in North Kazakhstan region, Musrepov district, Novoishimskiy settlement (the area is 23, 765 hectares).

The total agricultural lands area is 66, 623.5 hectares. Ploughed land for sowing in 2014 was 50, 254 hectares, in 2015 – 48, 830 hectares. The lands belong to farms due to a long-term land lease right term for 45 years. Appendixes 9 and 10 demonstrate crop area shares depending on sowing cultivation.

The industrial complex includes:

- Elevator for accepting and processing seeds with storage capacity 22,000 tons of seeds

- Multi-stage shop for hot-pressed oil with productive capacity 100 tons of processing seeds per day
- Other infrastructure, such as warehouses (6000 sq.m), two railway blocks, two power suppliers, boiler-room, and cooling tower.

The factory was put into service in September 2008 by the company of LLP "A". The plant has the capability to process maximum 3,000 tons of rapeseeds per month (from October to December) and 3,000 tons of sunflower (from January to July). According to the standards, the output of rapeseed and sunflower oil is 35 per cent and rapeseed and sunflower oilcake is 62 per cent. The extraction plant was commissioned in July 2014 with 200 tons/day capacity, oil output – 40,8 per cent, and oilcake yield – 58 per cent.

The oil production factory contains a complex of receiving, cleaning, dryings, operative storage, rapeseed shipment (storage capacity is 20,000 tons), and hot-pressed oil shop. The preferred technology allows getting at least 36 per cent oil from rapeseeds of contenting it in seeds 41-43 per cent (productivity 100 tons rapeseed per day). The technology gives opportunities to process high-quality raw oil, which can be exported abroad (EU countries). In addition, it has been using a new equipment of world-famous German brand companies, such as "Harburg-Freudenberger" и "Petkus". The total buildings area is 6,000 sq.m. including three railway blocks with total length 1,7 km. with

all necessary communications – water, electricity, gas, and heating. Factory products realization is carried out from warehouses by railway and transports. There were invited instructors from equipment suppliers companies who were in charge of training industrial personnel. Therefore, the factory includes high qualified staff from its launching.

The LLP “A” started installing extraction equipment in 2013-2014. JSC “Tsesnabank” granted a loan to buy and install extraction equipment. The extraction is a complex equipment to extract oil from seeds or oilcake by dissolving it (oil) into extractant with following solvent distillation. The extraction process consists of three following consecutive phases

- 1) Mixing starting material mixture with extractant
- 2) Mechanical separation (layering) of two formed phases
- 3) Removing extractant from two phases and its regeneration for repeated reusing.

After mechanical separation, there is a solution of the extracted material into extractant (extract) and residue of starting solution (raffinate) or solids. Distillation and evaporation provide isolation of the extracted substance from extract and extractant regeneration simultaneously.

The extraction shop construction by increasing productivity allows processing huge amounts of raw materials during fall and winter when there is

an opportunity to purchase new materials. It is almost impossible to buy oil raw materials in summer season because of it is exported and processed already (Appendixes 11 and 12).

The main consumers of oil-fat products

- JCS “Eurasian Foods” including two industrial complexes in Almaty and Karaganda. Its activities involve deodorized refined oil production, margarine, mayonnaise, fats, substitutes, ketchup, butter, etc. There is a need in unrefined oil of twelve thousand tons in Karaganda and sixty thousand tons in Almaty
- LLP “MS” is the largest complex in Almaty. It produces deodorized refined oil, margarine, mayonnaise, fats, substitutes, butter etc. There is a need in oil seventy three thousand tons.

The demand for meal in the domestic market comes from livestock factories of milk and meat production and poultry shops. There are following companies among them are JSC “North Bird”, JSC “Zhas Kanat 2006”, JSC “Taran Kus”, JSC “Turar”, JSC “Saryagash”, JSC “Batalinskoe”, JSC “Komsomolskaya Poultry Farm”, “Aknar” Company, Broiler Poultry Farm “Zhaskanat”, “AkBidayAgro”, “Taiynshy Astyk Zhaylau”, “Semipalatinsk” Broiler Poultry Farm.

The demand in the export market has a wide geography, such as Russia, Kyrgyzstan, Uzbekistan, Tajikistan, Iran, and EU countries. The oil production share of the company “A” in Kazakhstan is six per cent.

There are forty two workers in the industrial unit.

The commercial unit consists of three companies

- 1) Companies providing construction and mounting service with applicable licenses and permits of LLP “E”
- 2) Companies selling chemicals and fertilizers of LLP “F”
- 3) Companies owning a grain elevator of LLP “G”

It was necessary to reequip and keep construction and installation works for acquired firms. Therefore, the owners made a decision to establish a company for providing construction and installation service for their own businesses in order to reduce expenses cost related to repair and construction.

The company selling chemicals and fertilizers was formed in 2014 and became the official Swiss company “Syngeta” representative in Kostanay district. First of all it was necessary for their agricultural firms. Later, the company started receiving additional income from selling products to third firms/organizations.

It was purchased the LLP “G” with Grain Company in 2015 in the North Kazakhstan region for their own needs and providing grain storage service to third organizations. There are one hundred and forty six employees are in the commercial unit.

The examined holding is characterized by synergy and vertical integration with various activities supporting the holding companies. Some part of the agricultural products supplied to processing rapeseed and sunflower factory. The products there are processed into oil or oilcake, which pressed through extraction equipment. Eventually, there are pressed products using in livestock and poultry farming. The company created a now-waste production by investing borrowed funds into construction and equipment and production cycle improvement. The investment payback period is a long-term; therefore the factory has not made a profit yet, but has a maximum production capacity.

The most difficult activities for holding is agriculture because of this industry depends on many factors and weather conditions. The holding shares in total sown areas share are insignificant but vary within 0.5-2 per cent (Appendix 9).

2.1.1 The holding management structure

The management holding structure is shown in Appendix 15. The General Director of industrial trade company is in charge of broad management. According to the hierarchy, the next is the Executive Director who is responsible for holding companies operational management. There are three Deputy Directors controlling each individual department and

subordinating to Executive Director. In addition, the Executive Director is in control over three separate divisions, such as Accounting, Legal, and Financial-Analytical departments. Holding companies have legal and accounting and production departments in its structure as well. The management structure is categorized by mixed control with centralization and decentralization elements. Due to a significant distance between holding companies and Head Company, part of functions is decentralized. Every Deputy Director is delegated a definite authority allowing to make own decisions. A Deputy General Director of Commercial unit directly subordinate to the General Director. Accounting and financial-analytical departments are responsible for all companies' reports and statistical analysis. The agro-technical departments' functions are technological approaches to agriculture, analysis of the results, and research.

2.2. Financial and economic holding activities analysis

2.2.1 Financial and economic analysis of agricultural sector activities

At 01.01.12 agricultural factory equity was **419 199** thousand tenge. At 01.10.15 equity was **1 068 928** thousand tenge. Equity increased by 2,5 times almost during four years affected by some favorable factors. During these years, there was reduced a debt load from 5 712 741 thousand tenge to 4 029 551 thousand tenge. There was a tendency of increased retaining earnings from **240 489** thousand tenge to **843 793** thousand tenge. At 01.10.15 ROA

ratio was -0.13 , ROE ratio was 0.5 . The high product cost and operating costs do now allow companies making a profit from operating activities. The same problems are from year to year. The profitable years were due to a good harvest. Annually, it is increased cost for 1 hectare (Appendix 17) and making a profit depends in products quality.

2.2.2 Financial and economic analysis of commercial sector activities

At 01.01.12 commercial companies equity was **(-3 465)** thousand tenge. At 01.10.15 equity was **114 677** thousand tenge. Equity increased by 33 times almost during four years affected purchasing a grain company and chemicals and fertilizers realization activities. Over these years, there was increased a debt load from **472 872** thousand tenge to **1 257 917** thousand tenge. There was increased retaining earnings from **(-3 568)** thousand tenge to **114 282** thousand tenge. At 01.10.15 ROA ratio was 0.05 and ROE ratio was 0.5 .

2.2.3 Financial and economic analysis of industrial sector activities

At 01.01.12 industrial companies equity was **54 960** thousand tenge. At 01.10.15 it was **-397 454** thousand tenge. Equity decreased by almost 8 times during four years affected adverse factors and inefficient management of these companies. During these years, there was increased a debt load from 0 thousand tenge to **1 818 916** thousand tenge. There was decreased retaining

earnings up to **-140 338** thousand tenge. There was a tendency to losses over four years due to increased debt load and insufficient profitability level. At 01.10.15 ROA ratio was -0.2 and ROE ratio was 0.5. There was a high costs level, product cost, and operating expenses that have a negative impact companies' profitability. The company does not have a systematic expenses management control.

2.2.4 Financial and economic analysis of Holding activities

At 01.01.13 Holding equity was **401 743** thousand tenge. At 01.10.15 it was **786 152** thousand tenge. Equity increased by **384 409** thousand during three years. Over this period, there was increased a debt load from **3 033 884** thousand tenge to **3 434 353** thousand tenge. There was increased retaining earnings from **102 106** thousand tenge to **709 001** thousand tenge. At 01.10.15 ROA ratio was 0.007 and ROE ratio was 0.5. The analysis of financial and economic Holding activities demonstrates current companies' difficulties of debt and sufficient profitability level formation. It affected by lack of expenses control and common approach to product cost of produced production.

2.3. Interviewing

During holding activities analysis, there were interviewed fifteen people including the owner, top management, and employees. On of the main defined

problems is the lack of constant financing of holding companies. In addition, there is a high debt load affecting to increase and improve financial conditions of the holding. Besides financial difficulties, there are problems with activities control of the companies included in the holding. There are some concerns about owner's decisions fulfillment. Consequently, inefficient financial resources problems occur having effect insufficient income and losses in some companies. Most of the problems relate to the human factor that means owner's decisions fulfillment. Also, the lack of qualified and experienced staff in rural areas of Kostanay and North Kazakhstan regions. According to employees' survey, the main issues occur as a result of the weather conditions, low wages, high cost of the Head Company, and low bonuses on the results of the agricultural year.

Because of a long distance between farms and companies, it is hardly to provide effective management companies' control included in the holding. During last few years it has observed some issues with yield or products quality despite high productivity rates. The respondents mentioned that these issues are not only because of the weather conditions but accurate and appropriate adherence to agricultural production technology. A non-observance leads to consequences, such as unplanned losses and damages due to the human factor. It may also delayed seed laying, chemicals and fertilizers

using, and late harvesting. Also, some respondents said about uneven distribution of funds from the Head office for purchasing chemicals, spare parts, and fuel. Employees are ready for hard work in order to achieve the results but only if the work and performance will be appreciated with fair bonuses benefits. There is a lack of a clear understanding of the goals that the holding has been striving for and trying to accomplish in general and companies in particular.

However, the respondents appreciate the job and consider a prestige status of being a part of the team in the holding. Comparing with other companies and holdings this one has a stable and strong financial positions.

2.3.1 Observations and conclusions

1. "Strategy"

The group of companies does not have a holding development strategy in any period. Planning takes place only the nearest financial year. There is no a medium-term and long-term planning system. The companies do not have a financial model linking consolidating project information, enterprises, and results of holding companies activities and operations. A strategy implementation is the most difficult realization step without thoughtful changes in business management of the entire holding.

2. "Development"

Due to the fact of the lack of strategy, there is not a clear vision and understanding of the entire holding and companies development. The actual costs and cost of products are significantly higher than planned expenses and costs. There are not effective controlling and planning systems. Also, the holding does not have a consolidated management report of plans implementation and realization. It is possible to determine an inappropriate following to the original plan only at the end of cost analysis.

3. "Marketing and Sales"

The lack of marketing, market analysis, advertising, and PR. There is no a systematic approach to pricing and products promotion. The whole marketing is based on managers' work, experience, and their knowledge of the market. There is obvious absence of marketing tools in the holding.

4. "Purchases"

The purchase process is not formalized at all. There are not centralized and systematic prices monitoring of a purchased inventory. It is not defined a responsibility for changing purchase prices for goods and material and its accounting.

5. "Finance"

There is no a united accounting policy within the holding. Accounting and finance are decentralized, planning and economic functions are not defined,

and the whole work is done based on everyday routine but not keeping up to date.

6. “Internal Control and Risks”

Internal control functions are not systemized and operate inefficiently. The risk management segment does not completely exist in the holding.

The main objectives of building a new target model of management holding model and key initiatives

In order to create and build an effective holding structure, it is important to develop a number of various procedures on the basis of holding activities and operations analysis. The analysis of holding and its financial characteristics was made. In addition, it was taken into account the respondents’ survey results and feedbacks. Using the data, it will be mentioned below all observations, conclusions, and suggestions in order to build an efficient holding structure.

The new management target model objectives

- A high marginal approach formation of holding products by enhancing marketing and sales functions
- An effective and well-organized management system of costs of products and technology reservation of agricultural sectors by increasing cost

management quality and a common approach of yield to the 1 hectare cost of agricultural areas

- A successful growth control by centralized, transparent, and consolidated reports management implementation
- A single center development of responsibility for business revenues and expenses
- Simplify holding management model
- Business processes automation and R&D investments.

What initiatives are necessary for the new holding management model implementation?

1. Controlling and monitoring processes over Holding management transformation based on certain deadlines
2. Holding organizational management structure development
3. A well-defined determination of roles and functions and authority allocation within the holding
4. High-level processes development based on KPI and reporting management package for business segments.

It is important to work out in detail in order to all initiatives have been implemented appropriately. In addition, it is necessary to identify key aspects, which will be divided into sectors mentioned in p. 2.3.1.

Key activities in the “Strategy” sector

- Holding’s development strategy creature for the next three years
- A cohesive financial model development allowing to consolidate Holding’s operations results in order to receive the data from each company in time
- A strategic planning process formalization taking into account internal and macroeconomic factors with additional strategy implementation monitoring at the senior management level (all companies must be included and connected)

Key activities in the “Development” sector

- An introduction of automated planning systems and cost of products management
- A united standards development for cost of products calculation in agricultural areas (spent limits per 1 hectare of cultivated areas), construction and installation work production and oil.
- A control group formation based in financial-analytical department that is responsible for operating monitoring and control of means expenditure
- A centralized function introduction into the Head Company for all production cycles management and adherence to technology

Key activities in the “Marketing and Sales” sector

- A marketing department creation for market analytics and products promotion

- A pricing system development and products margin preserving

Key activities in the “Purchases” sector

- An introduction of purchases process standardization
- Analysis of economic expediency of partial or complete purchases functions centralization
- Making responsibilities for updating and accounting of purchasing prices

Key activities in the “Finance” sector

- Standardization, regulation, and centralization of the Holding’s finance function processes
- Planning and economic functions centralization and implementation for managing budget processes, calculation, cost of products analysis, and capital expenditure
- Accounting function centralization and implementation of development for regular monitoring of statements and control its correspondence within the Holding standards
- The united accounting policy development

Key activities in the “Internal Control and Risks” sector

- Internal audit department expansion for internal control improvement in business processes

- Risk management function implementation within the Holding

Conclusion

There is no need of additional financial resources but an implementation of automated control system of managing cost of products and purchases. A preliminary cost of mentioned system development is 150 000-200 000 US dollars that allows saving up to 30 per cent. These expenses will be covered quickly as far as the main actions are contained in management system and holding control system reorganizations without additional investments. It will be necessary to restructure current Holding's structure. The entire system changes affect several major areas from marketing to purchases management.

Therefore, it is important to focus on key activities implementation. The success and results will depend on all team members' involvement. Finally, a transparent and clear management and control systems will be as result with strong KPI and fair employees' evaluation. A complex changing approach for the Holding's system restructure allows to owner to accomplish higher profitability level and decrease a debt load of the entire holding. The financial and analytical departments will provide a major operation, which will build and develop the united approach to cost of products and purchases through the new automated software implementation (Appendix 22). This department will ensure the centralization of the company's key expenses and statistical and planning data

analysis. The balanced model of the Holding's structure will allow managing the company appropriately and accurately.

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Annex 1 World Grain Market

Table 1

World Grain Market							
	<i>Production</i>	<i>Supply</i>	<i>Consumption</i>	<i>Trade</i>	<i>Stocks at the end period</i>	<i>The global index ratio of stocks volumes to consumption</i>	<i>The stocks ratio of major exporters to its consumption</i>
	<i>(..... million tons)</i>					<i>(..... %)</i>	
2005/06	2047,5	2520,3	2033,3	247,4	471,3	23,4	17,4
2006/07	2012,3	2483,6	2058,5	257,8	431,7	20,2	13,8
2007/08	2124,6	2556,2	2122,0	273,0	436,1	20,1	14,3
2008/09	2280,5	2716,6	2181,9	286,1	517,7	23,8	19,2
2009/10	2259,0	2776,8	2218,0	279,7	558,5	24,9	20,2
2010/11	2249,5	2808,0	2276,1	289,6	528,9	22,8	18,0
2011/12	2343,6	2872,5	2314,9	323,2	548,0	23,6	18,1
2012/13	2292,4	2840,5	2323,6	318,0	526,5	21,7	16,8
2013/14	2519,2	3045,7	2429,6	361,2	585,7	23,4	17,8
2014/15	2560,4	3146,1	2505,2	375,9	636,5	25,2	17,7
2015/16	2524,6	3161,1	2523,0	368,3	636,2	24,7	15,9

<http://agroalem.kz/wp-content/uploads/2016/04/bulletin february 2016.pdf>

Table 2

World Wheat Market							
	<i>Production</i>	<i>Supply</i>	<i>Consumption</i>	<i>Trade</i>	<i>Stocks at the end period</i>	<i>The global index ratio of stocks volumes to consumption</i>	<i>The stocks ratio of major exporters to its consumption</i>
	<i>(..... million tons)</i>					<i>(..... %)</i>	
2005/06	625,9	810,0	623,5	111,7	178,4	28,4	21,9
2006/07	600,9	779,4	624,2	113,9	157,9	24,2	14,9
2007/08	611,6	769,5	619,6	113,6	148,1	22,4	14,0
2008/09	680,9	829,0	645,0	140,1	175,8	26,5	18,8
2009/10	684,3	860,2	654,3	130,7	205,7	30,6	22,5
2010/11	652,2	857,8	661,2	129,0	198,1	28,6	21,4
2011/12	697,2	895,3	693,3	148,3	196,0	28,7	18,2
2012/13	654,6	850,5	682,6	142,8	172,6	24,9	14,1
2013/14	710,8	883,4	692,2	156,3	182,6	25,7	14,1
2014/15	729,1	911,7	711,1	155,4	199,9	27,6	16,6
2015/16	733,0	932,9	723,6	151,5	205,1	28,8	18,3

<http://agroalem.kz/wp-content/uploads/2016/04/bulletin february 2016.pdf>

Annex 2

Detailed cultivated area of agricultural crops

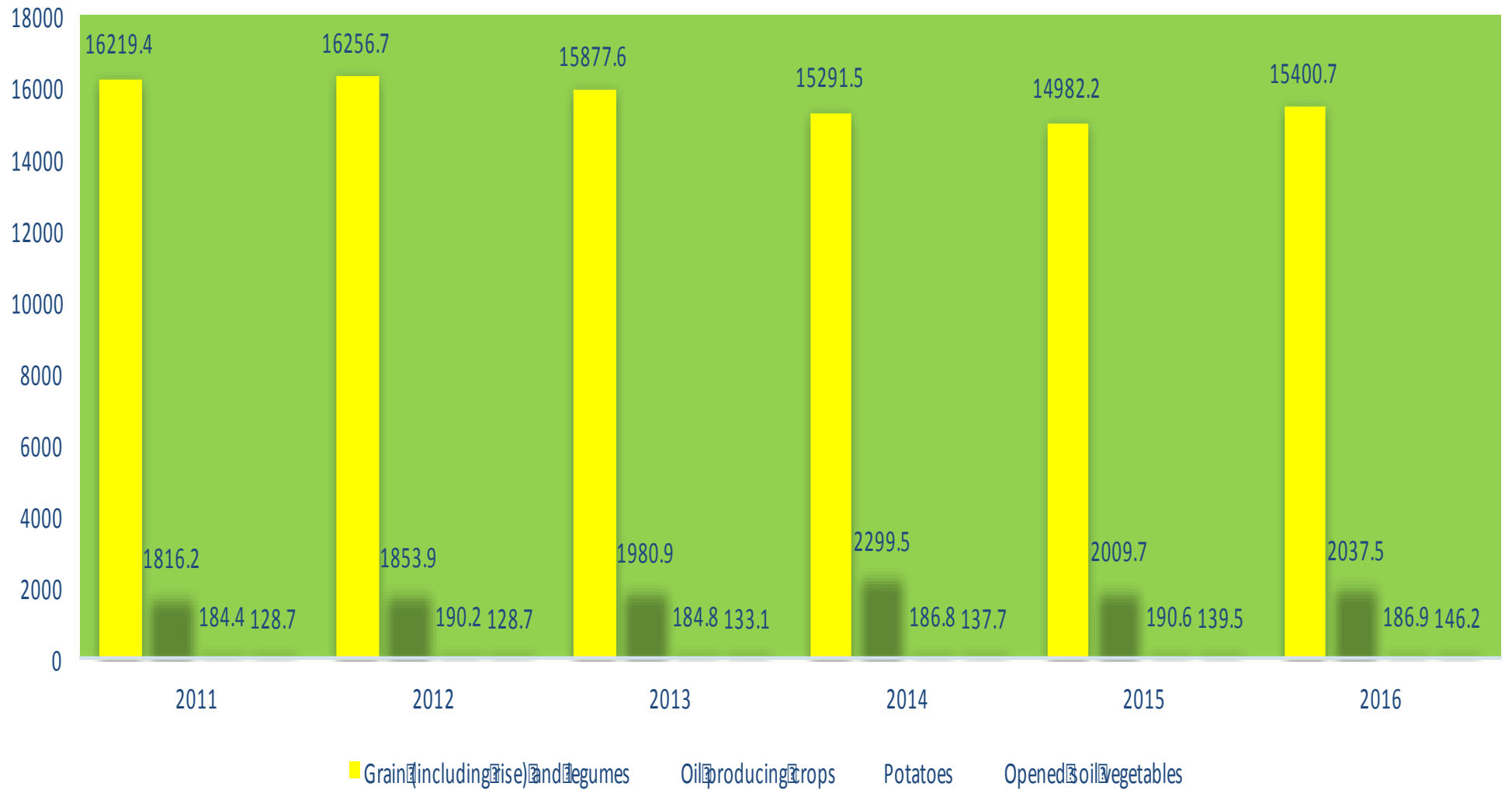
Table 3

	Total detailed cultivated area	Grain (including rise) and legumes	Oil producing crops	Sunflowe r	Potatoes	Opened soil vegetables	Gourds	Sugar- beet	Fodder crops
1990	35 182	23 356	267	137	206	71	36	44	11 066
1991	34 936	22 753	303	190	217	75	38	46	11 372
1992	34 840	22 596	462	298	247	83	40	85	11 203
1993	34 060	22 250	430	271	244	74	26	69	10 847
1994	31 662	20 710	434	282	218	73	25	56	10 026
1995	28 680	18 878	549	346	206	76	28	41	8 789
1996	25 644	17 188	487	336	189	80	32	32	7 526
1997	21 844	15 651	334	294	176	87	29	14	5 446
1998	18 610	13 527	339	225	170	97	42	18	4 294
1999	15 285	11 393	384	263	156	96	39	19	3 051
2000	16 195	12 438	448	314	160	103	39	23	2 824
2001	16 785	13 209	348	254	165	108	41	20	2 702
2002	17 756	14 023	410	321	163	109	47	20	2 806
2003	17 454	13 873	632	446	167	110	42	22	2 399
2004	18 036	14 278	665	458	168	111	44	22	2 516
2005	18 445	14 842	670	455	168	111	43	18	2 381
2006	18 369	14 840	751	493	154	103	42	14	2 256
2007	18 955	15 428	673	366	156	104	39	14	2 329
2008	20 119	16 190	914	580	164	113	56	13	2 486
2009	21 425	17 207	1 186	723	170	111	52	11	2 536
2010	21 439	16 619	1 748	869	180	120	63	11	2 556
2011	21 083	16 219	1 816	955	184	129	68	18	2 484
2012	21 191	16 257	1 854	795	190	129	82	12	2 517
2013	21 271	15 878	1 981	877	185	133	82	3	2 867
2014	21 245	15 292	2 300	846	187	138	90	1	3 110
2015	21 023	14 982	2 010	741	191	140	95	9	

Annex 3

Diagram 1

Detailed cultivated area of agricultural crops, thousand hectares



Annex 4

Detailed total sown area

Table 4

	<i>Hectares</i>			
	<i>All types of farms</i>	<i>Including</i>		
		<i>Agricultural companies</i>	<i>Peasant or farms</i>	<i>Farm population</i>
<i>The Republic of Kazakhstan</i>	21 022 946,1	12 771 702,3	8 039 440,4	211 803,4
<i>Akmola</i>	4 687 508,5	3 630 414,6	1 038 599,7	18 494,2
<i>Aktobe</i>	501 440,3	294 301,7	199 859,7	7 279,0
<i>Almaty</i>	926 243,7	218 372,6	673 970,8	33 900,3
<i>Atyrau</i>	6 807,6	1 280,0	3 791,1	1 736,5
<i>Western Kazakhstan</i>	488 181,5	156 519,9	324 019,7	7 641,9
<i>Zhambyl</i>	587 716,1	84 665,4	485 588,8	17 461,9
<i>Karaganda</i>	994 653,3	437 229,3	550 544,3	6 879,7
<i>Kostanay</i>	5 087 983,5	3 525 547,5	1 554 372,2	8 063,7
<i>Kyzylorda</i>	167 807,6	61 780,0	87 883,9	18 143,7
<i>Mangystau</i>	1 615,6	21,2	1 576,2	18,1
<i>South Kazakstan</i>	775 811,2	229 961,0	515 905,0	29 945,2
<i>Pavlodar</i>	1 145 014,6	432 632,0	705 202,4	7 180,3
<i>North Kazakstan</i>	4 372 434,0	3 269 512,7	1 073 947,5	28 973,7
<i>East Kazakstan</i>	1 277 954,5	428 619,6	824 157,6	25 177,3
<i>Astana city</i>	1 384,4	706,0	21,5	656,9
<i>Alamaty city</i>	389,7	138,7	-	251,0

http://stat.gov.kz/faces/wcnav_externalId/homeNumbersAgriculture;jsessionid=SjxZXy0Rp2LvtmmLSQKJq4xNTyy7G77jmXY9JCWgy5BdnbcI9hwB!1270931354!2063586707?lang=ru&_afLoop=34829872209155684-%40%3F_afLoop=34829872209155684%26lang=ru%26_adf.ctrl-st

Annex 5

Major agricultural crops yield capacity

Table 5

	<i>Grain (including rise) and legumes in weight after processing)</i>	<i>Oil producing crops</i>	<i>Sunflower (in weight after processing)</i>	<i>Potatoes</i>	<i>Opened soil vegetables</i>	<i>Gourds</i>	<i>Sugar-beet (in weight after processing)</i>
2000	9,4	3,9	4,0	106,0	153,0	119,0	154,0
2001	12,2	5,7	6,0	133,0	166,0	127,0	173,0
2002	11,5	6,3	5,9	139,0	172,0	135,0	207,0
2003	10,8	7,1	6,8	139,0	177,0	144,5	210,4
2004	8,8	6,2	5,9	134,0	186,0	153,2	197,4
2005	10,0	7,0	6,3	150,0	196,0	159,3	209,2
2006	11,7	6,6	5,9	153,6	201,0	167,1	240,8
2007	13,3	7,2	5,9	155,8	211,0	171,7	248,9
2008	10,1	5,5	4,1	143,7	204,0	158,9	204,3
2009	12,6	6,5	5,7	160,0	218,7	161,1	182,9
2010	8,0	5,0	4,4	143,0	214,4	177,0	174,3
2011	16,9	6,7	4,6	167,2	222,9	186,1	188,2
2012	8,6	6,1	5,9	165,9	234,0	206,8	168,2
2013	11,6	8,0	7,0	181,5	238,7	212,4	267,7
2014	11,7	7,8	6,7	184,3	243,0	217,1	240,6
2015	12,7	8,1	7,6	185,5	245,8	221,0	232,5

http://stat.gov.kz/faces/wcnav_externalId/homeNumbersAgriculture;jsessionid=SjxZXy0Rp2LvtmmLSQKJq4xNTyy7G77jmXY9JCWGy5Bd_nbCl9hwB!1270931354!2063586707?lang=ru&_afLoop=34829872209155684_%40%3F_afLoop=34829872209155684%26lang=ru%26_adf.ctrl-stht

Annex 6

Agricultural crops gross output of goods (services)

Table 7

In current prices, millions tenge

	Agricultural crops gross output of goods (services)	Including		
		Plant-growing gross production	Stock-breeding gross production	Agricultural crops service
1990	50,8	29,3	19,9	1,6
1991	77,8	38,7	36,6	2,6
1992	924,1	674,1	202,7	47,3
1993	6 045,7	3 541,1	1 907,3	597,3
1994	113 611,3	73 330,4	33 767,5	6 513,4
1995	208 919,2	107 409,5	91 681,3	9 828,5
1996	289 073,1	168 930,2	110 169,9	9 973,0
1997	308 740,1	170 605,1	131 627,4	6 507,7
1998	250 360,8	106 576,8	141 785,1	1 998,9
1999	337 253,8	177 703,7	157 266,6	2 283,5
2000	404 145,9	223 503,3	178 542,8	2 099,8
2001	535 124,0	325 770,2	207 869,1	1 484,7
2002	558 742,3	321 466,2	235 925,3	1 350,8
2003	613 306,9	351 448,7	259 497,1	2 361,1
2004	695 801,4	384 542,2	307 423,5	3 835,7
2005	749 077,8	389 526,6	355 786,3	3 764,9
2006	825 557,0	413 666,9	407 545,2	4 344,9
2007	1 089 384,0	608 392,3	476 276,0	4 715,7
2008	1 404 492,6	770 239,6	628 601,0	5 652,0
2009	1 641 352,4	932 305,1	703 174,5	5 872,8
2010	1 442 630,1	662 652,6	774 105,8	5 871,7
2011	2 286 042,3	1 337 194,4	942 384,3	6 463,6
2012	1 999 046,6	981 190,0	1 011 191,9	6 664,7
2013	2 386 103,5	1 313 003,5	1 064 338,1	8 761,9
2014	2 527 890,3	1 327 855,2	1 189 555,4	10 479,7
2015	2 748 684,1	1 479 393,8	1 260 986,0	8 304,3

http://stat.gov.kz/faces/wcnav_externalId/homeNumbersAgriculture;jsessionid=SjxZXy0Rp2LvtmmLSQKJq4xNTyy7G77jmXY9JCWGy5

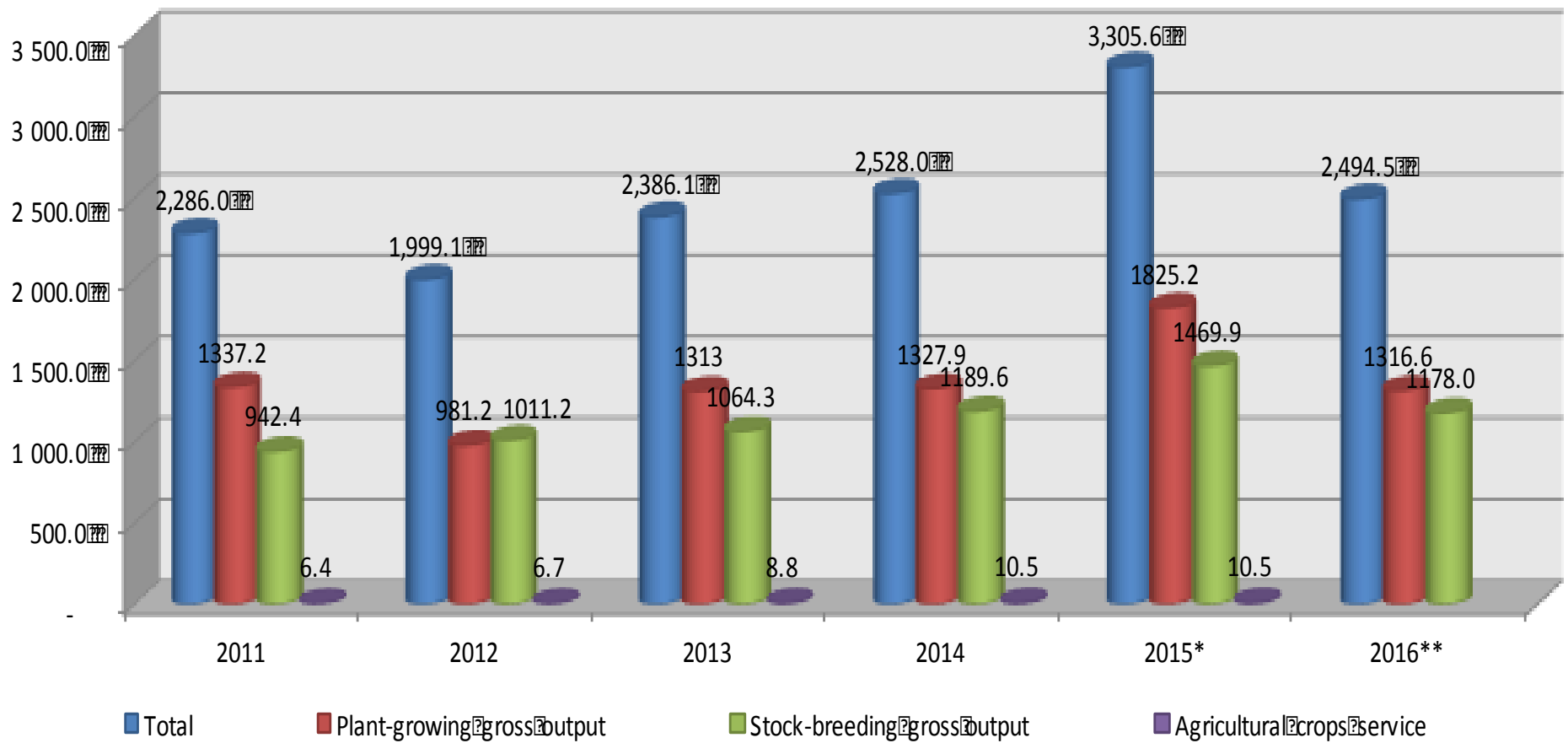
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[%40%3F_afrLoop=34829872209155684%26lang=ru%26_adf.ctrl-s](http://stat.gov.kz/faces/wcnav_externalId/homeNumbersAgriculture;jsessionid=SjxZXy0Rp2LvtmmLSQKJq4xNTyy7G77jmXY9JCWGy5%40%3F_afrLoop=34829872209155684%26lang=ru%26_adf.ctrl-s)

Annex 7

Diagram 2

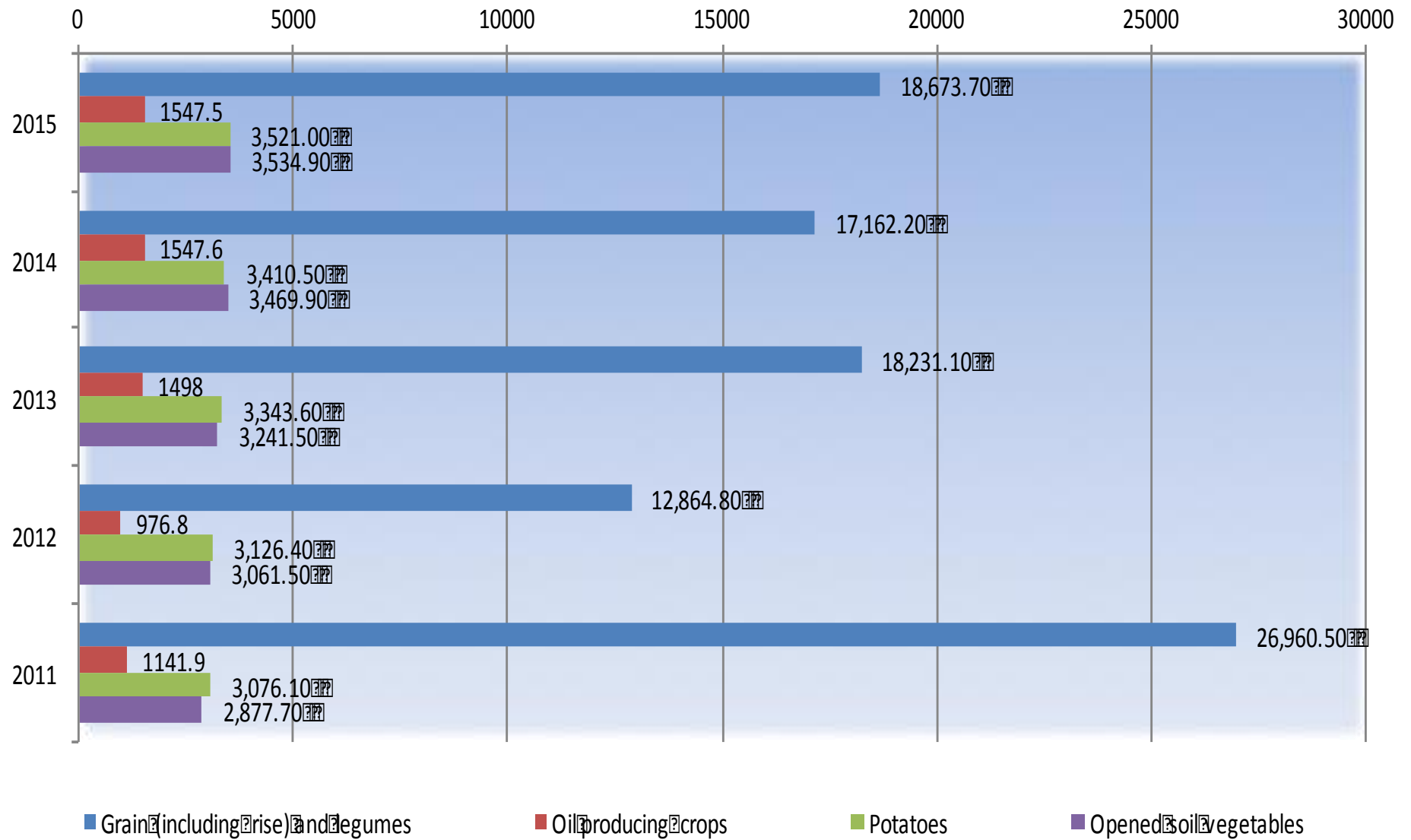
Agricultural crops gross output of goods (services) in current price of corresponding years, milliard tenge



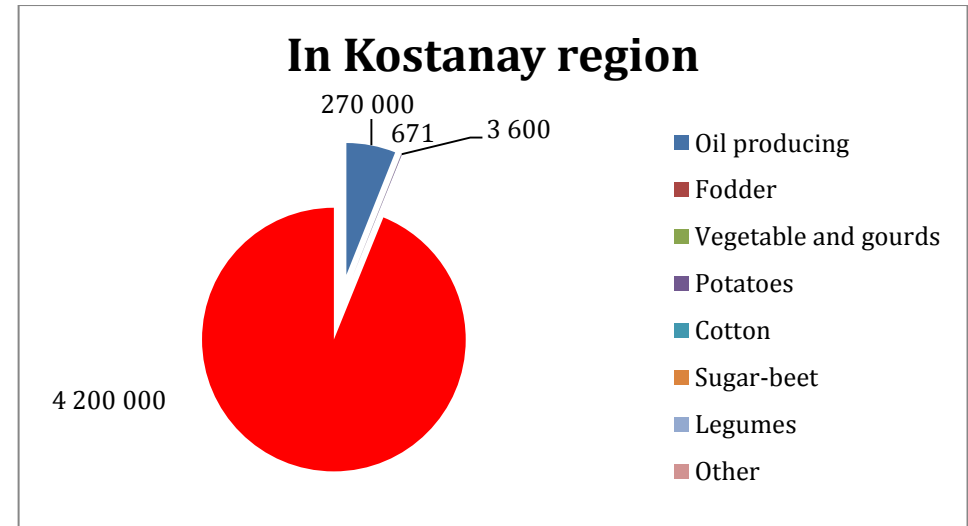
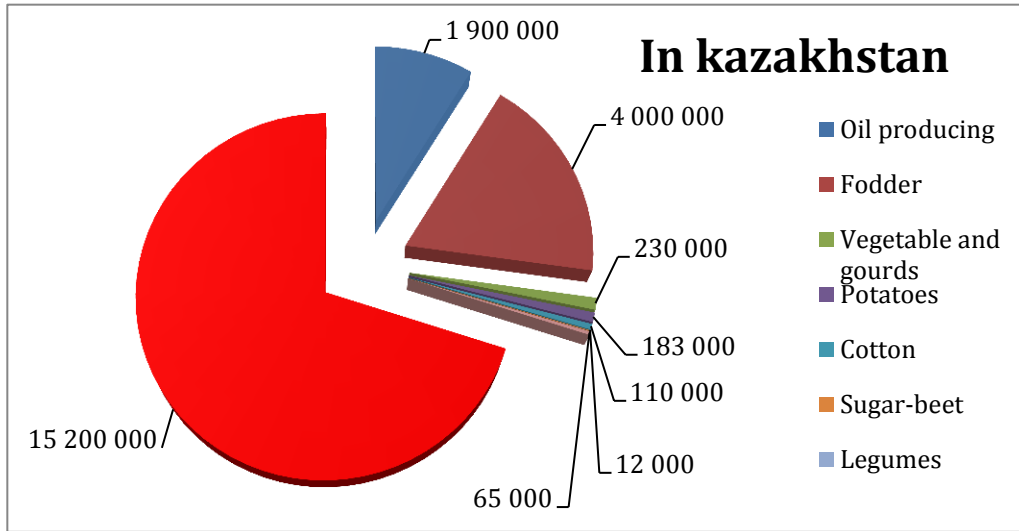
Annex 8

Diagram 3

Major agricultural crops yield capacity, thousands tons



Annex 9



Seed acreages

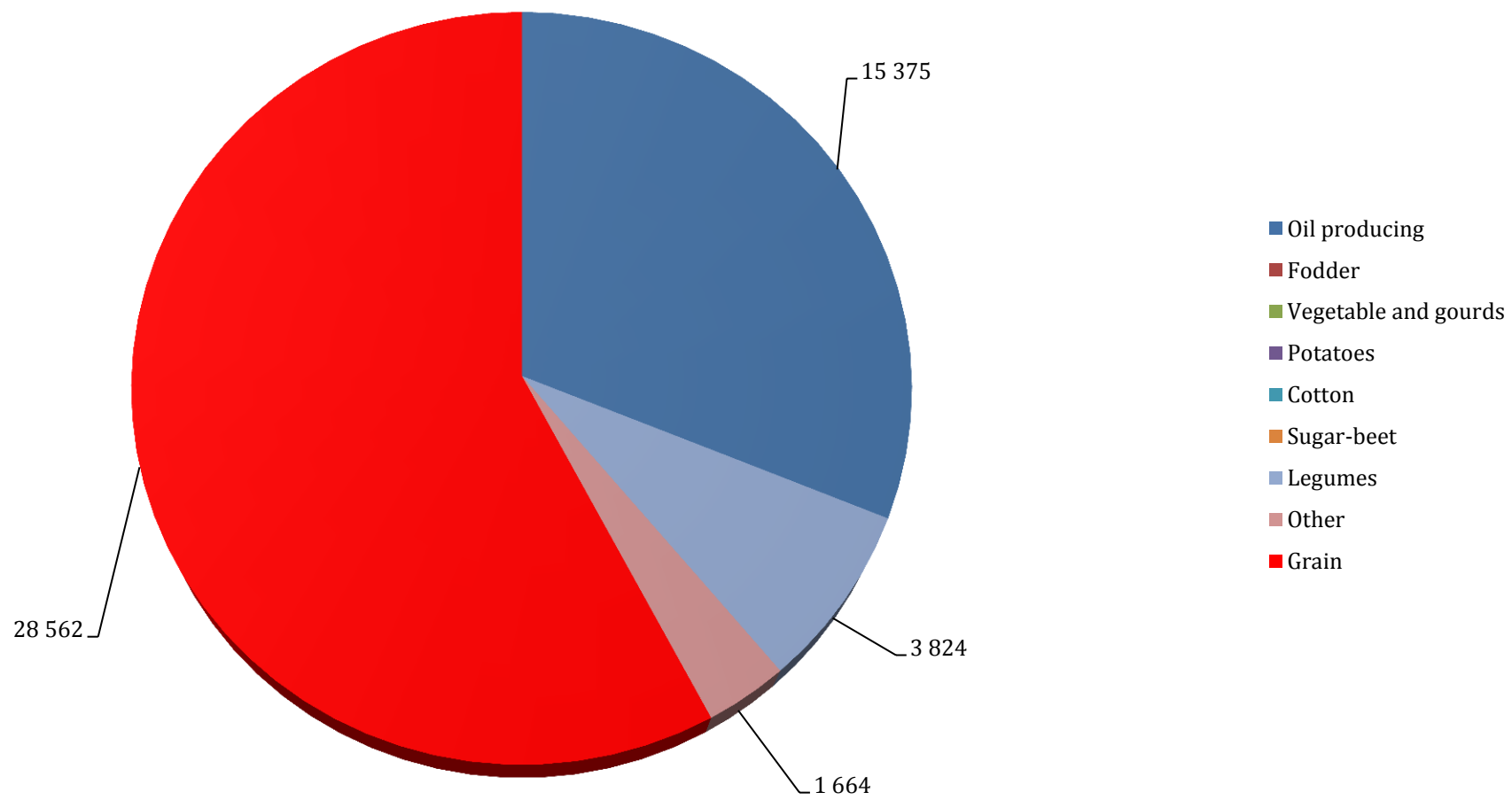
Position	In kazakhstan	
	Hectares	%
Oil producing	1,900,000	8.8
Fodder	4,000,000	18.4
Vegetable and gourds	230,000	1.1
Potatoes	183,000	0.8
Cotton	110,000	0.5
Sugar-beet	12,000	0.1
Legumes		
Other	65,000	
Grain	15,200,000	70.0
Wheat	12,200,000	56.2
Sown	21,700,000	100

Seed acreages

Position	In Kostanay region		Region share, in % out of total sown areas
	Hectares	%	
Oil producing	270,000	5.7	14.21
Fodder			
Vegetable and gourds	671	0.0	0.29
Potatoes	3,600	0.1	1.97
Cotton			
Sugar-beet			
Legumes			
Other			
Grain	4,200,000	89.4	27.63
Wheat	3,700,000	78.7	30.33
Sown	4,700,000	100	21.7

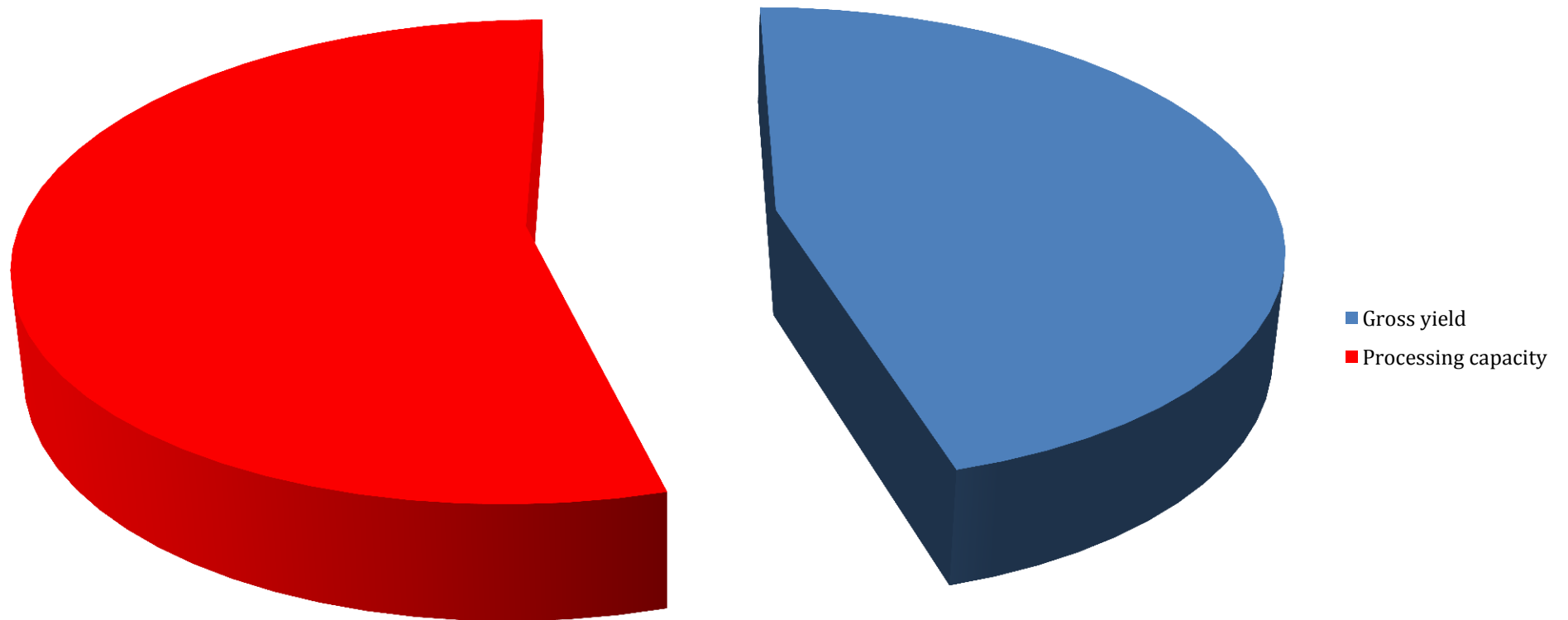
Annex 10
Diagram 4

LLP Industrial trade complex "Sodruzhestvo"



Annex 11
Diagram 5

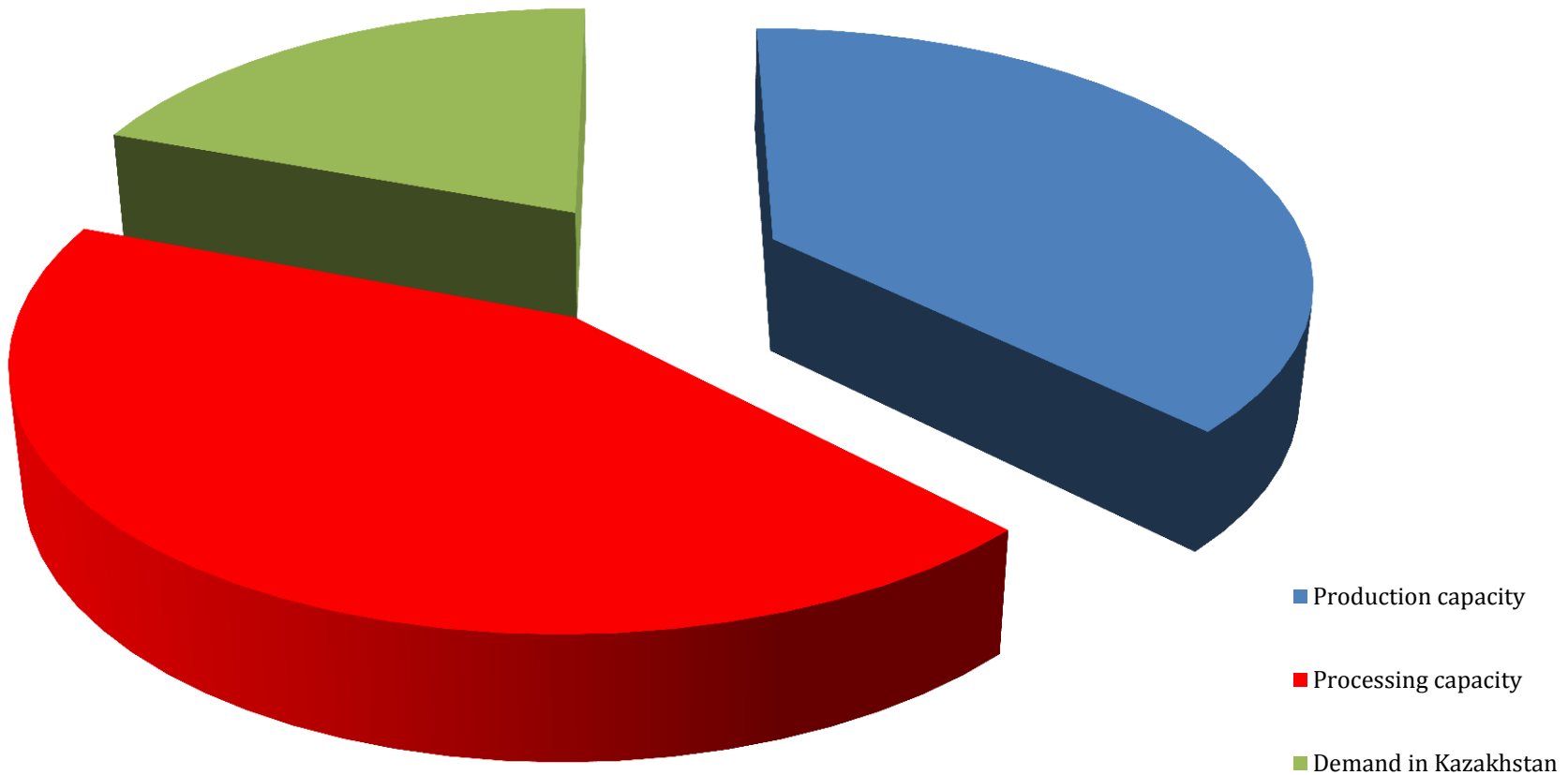
The ratio of output and capacity of oil processing in Kazakhstan



Oil seed in Kazakhstan	ton/year	ton/day
Gross yield	700,000	
Processing capacity	835,850	2,290

Annex 12
Diagram 6

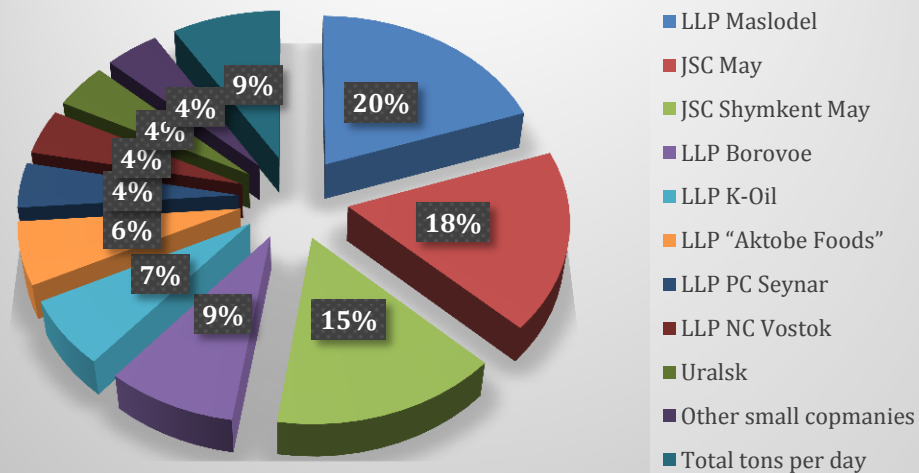
Ratio of production, processing, and oil demand in Kazakhstan



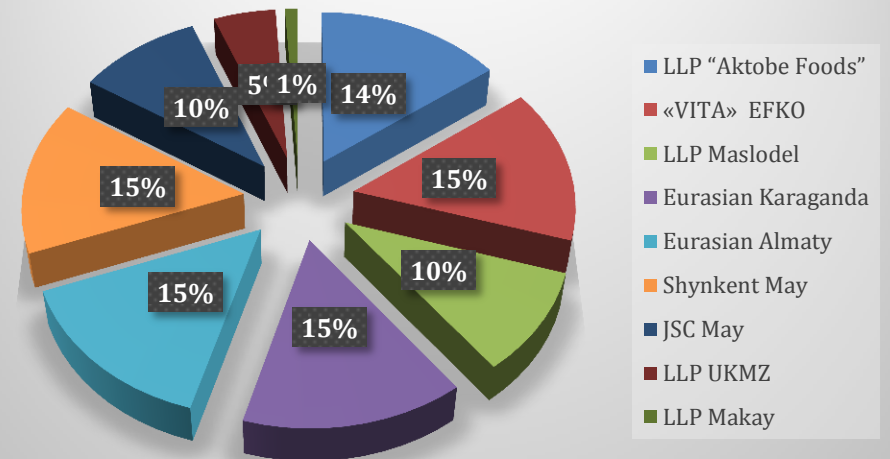
Oil in Kazakhstan	ton/year	ton/day
Production capacity	320,470	878
Processing capacity	368,650	1,010
Demand in Kazakhstan	165,000	452

Annex 13

Company shares of oil output in Kazakhstan



Company shares of oil processing in Kazakhstan

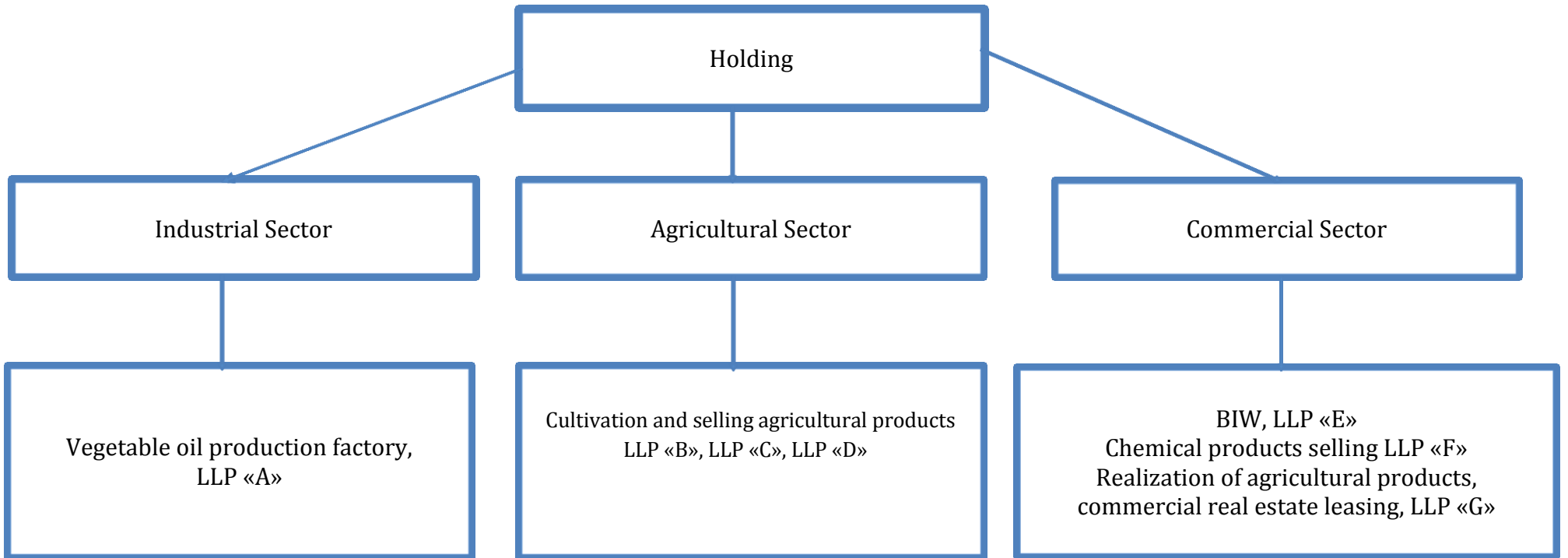


Main companies of oil extraction	T/C	%	Oil
«VITA» EFKO	450	20%	180
LLP Maslodel	400	17%	144
JSC May	350	15%	140
JSC Shymkent May	200	9%	72
LLP Borovoe	150	7%	54
LLP K-Oil	140	6%	56
LLP "Aktobe Foods"	100	4%	40
LLP PC Seynar	100	4%	40
LLP NC Vostok	100	4%	40
Uralsk	100	4%	40
Other small companies	200	9%	72
Total tons per day	2290		878
Total tons per year	835,850		320,470

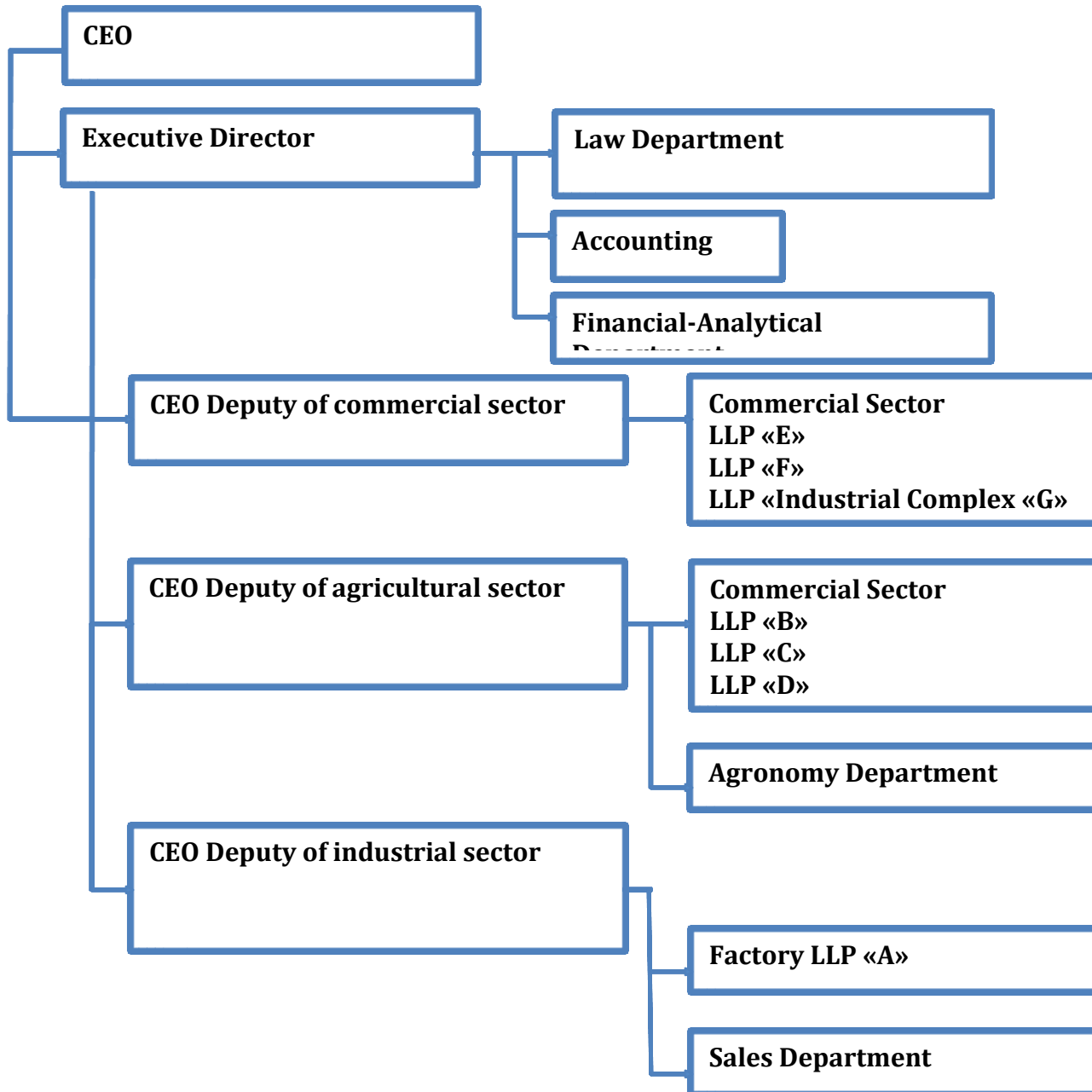
Company shares of oil processing in Kazakhstan

	Oil	%
LLP "Aktobe Foods"	150	15%
«VITA» EFKO	150	15%
LLP Maslodel	100	10%
Eurasian Karaganda	150	15%
Eurasian Almaty	150	15%
Shynkent May	150	15%
JSC May	100	10%
LLP UKMZ	50	5%
LLP Makay	10	1%
Total tons per day	1010	
Total tons per year	368,650	

Aneex 14



Annex 15



Annex 16 (1 page)

Financial statements

Assets B thousands tenge

1. General Information

Borrower's name	Agricultural Sector
-----------------	---------------------

2. Financial Conditions Analysis

2.1. Balance, thousand tenge

ASSETS	1/1/12	Specific items proportion in the BS structure	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
FIXED ASSETS										
Land	-	0%	-	0%	-	0%	-	0%	-	0%
Intangible assets	1,739	0%	3,532	0%	3,008	0%	2,195		3,363	0%
Fixed assets:	-		-		-		-		-	
Initial cost	2,859,628		3,000,909		3,035,244		3,433,856		2,565,992	
Depreciation	1,231,896		1,498,958		1,779,466		2,030,180		1,711,835	
Residual value	1,627,732	100%	1,501,951	97%	1,255,778	97%	1,403,676	98%	854,157	89%
Other long-term assets	261	0%	36,328	2%	31,094	2%	27,759	2%	100,136	10%
Total fixed assets	1,629,732	26.58%	1,541,811	27.18%	1,289,880		1,433,629		957,657	18.78%
CURRENT ASSETS	-		-		-		-		-	
CASH	90,987	2%	102,769	2%	50,110	1%	94,143	2%	85,691	2%
Debtor indebtedness-gross	2,738,193		2,656,320		2,524,651		2,257,614		2,097,771	
Provisions for dubious debtor indebtedness	-		-		-		-		-	
Debtor indebtedness - net	2,738,193	61%	2,656,320	64%	2,524,561	69%	2,257,614	53%	2,097,771	51%
Inventory	1,612,291	36%	1,271,059	31%	1,061,057	29%	1,710,557	40%	1,731,588	42%
Future expenses	60,720	1%	99,171	2%	48,430	1%	141,706	3%	150,659	4%
Other current assets	18	0%	628	0%	603	0%	44,593	1%	75,114	2%
Total current assets	4,502,210	73%	4,129,947	73%	3,684,761		4,248,614		4,140,823	81%
TOTAL ASSETS	6,131,942	100%	5,671,758	100%	4,974,641	0%	5,682,243	0%	5,098,479	100%

Continue Annex 16 (2 page)
Passive

LIABILITES	1/1/12	Specific items proportion in the BS structure	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
EQUITY										
Authorized capital	67,968	16%	67,968	18%	67,968	11%	67,968		67,968	6%
Retained earnings of current year	-146,393	-35%	-176,054	-46%	227,938	37%	309,481	34%	148,542	14%
Retained earnings of past years	240,489	57%	268,997	70%	92,944	15%	320,882	35%	843,793	79%
Other equity	257,135	61%	221,876	58%	221,876	36%	222,055	24%	8,625	1%
TOTAL EQUITY	419,199	7%	382,787	7%	610,726		920,386		1,068,928	21%
LONG-TERM LIABILITIES	-		-		-		-		-	
Long-term debt to JSC "Tsesnabank"	1,897,388	58%	2,203,597	73%	1,699,763	85%	1,898,969	90%	388,000	36%
Long-term debts to other banks	1,339,954	41%	823,934	27%	298,677	15%	216,198	10%	677,436	64%
Other debts	9,128	0%	6,353	0%	5,885	0%	215	0%	-	0%
TOTAL DEBTS	3,246,470	53%	3,033,884	53%	2,004,325		2,115,383		1,065,436	21%
SHORT-TERM LIABILITIES	-		-		-		-		-	
Short-term debts	2,298,790	93%	2,160,335	96%	2,269,533	96%	2,599,395	98%	2,724,561	92%
Current debt to JSC "Tsesnabank"	27,369	1%	-	0%	-	0%	-	0%	-	0%
Current debts to other banks	-	0%	-	0%	-	0%	18,500	1%	215,000	7%
Salary expenses debts	17,286	1%	4,450	0%	9,311	0%	2,274	0%	6,021	0%
Tax debts	55,542	2%	37,616	2%	31,493	1%	5,745	0%	13,846	0%
Future period revenue	-	0%	-	0%	-	0%	-	0%	-	0%
Other current liabilities	67,285	3%	52,686	2%	49,254	2%	20,562	1%	4,687	0%
TOTAL SHORT-TERM LIABILITIES	2,466,272	40%	2,255,087	40%	2,359,591		2,646,475		2,964,116	58%
TOTAL LIABILITIES	6,131,941	100%	5,671,758	100%	4,974,642	0%	5,682,244	0%	5,098,480	100%

Continue Annex 16 (3 page)

3.2. Income statement, thousand tenge

	12.00		12.00		9.00	
	1/1/14	Average value	1/1/15	Average value	10/1/15	Average value
Income	4,934,999	411,250	3,313,541	276,128	1,953,946	217,105
Cost value	4,120,266	343,356	2,529,188	210,766	1,622,461	180,273
Gross income	814,733	67,894	784,353	65,363	331,485	36,832
Operating expenses	471,756	39,313	449,830	37,486	207,809	23,090
Operating profit before interest and taxes	342,977	28,581	334,523	27,877	123,677	13,742
Loans interest	331,584	27,632	316,129	26,344	159,256	17,695
Profit from operations before tax	11,393	949	18,394	1,533	-35,580	-3,953
Noncore activities profit	112,044	9,337	300,727	25,061	187,135	20,793
Corporation tax	14,248	1,187	9,639	803	3,013	335
Provisions for dubious debtor indebtedness	-	-	-	-	-	-
Net profit	109,189	9,099	309,481	25,790	148,542	16,505
Profit using	-	-	-	-	-	-
Retained earnings	109,189	9,099	309,481	25,790	148,542	16,505

Continue Annex 16 (4 page)

3.3. Cash Flow Statement, thousand tenge

Operating activities	<i>1/1/15</i>	<i>10/1/15</i>
Realization	3,313,541	1,953,946
Profit from main activities	300,727	187,135
Debtor indebtedness	-266,947	-159,843
Total cash inflow	3,881,214	2,300,925
Operating, administrative, and realization costs	2,979,018	1,830,270
Provisions for dubious debtor indebtedness	-	-
Inventory	649,500	21,031
Future expenses	93,276	8,952
Other current assets	43,990	30,521
Short-term debts	329,862	125,166
Salary expenses debts	-7,037	3,747
Tax debts	-25,748	8,101
Future income	-	-
Other current liabilities	-28,692	-15,874
Tangible assets amortization	250,714	-318,345
Tax payments cash	9,639	3,013
Total cash outflow	3,256,325	2,090,992
Total from operating activities	624,889	209,933
Investment activities		
Fixed assets purchase (sale)	398,612	-867,863
Intangible assets	-813	1,168
Profit using	-	-
Equity	179	
Other long-term assets	-3,335	72,377
Other long-term liabilities	-5,670	-215
Total from investment activities	-399,954	794,103
Financial activities		
Current debts to debt to JSC "Tsesnabank"	-	-
Current debts to other banks	18,500	196,500
Long-term debt to JSC "Tsesnabank"	199,206	-1,510,969
Long-term debt to other banks	-82,479	461,238
Interest payment	316,129	159,256
Total from financial activities	-180,902	-1,012,488
Funds changes in the beginning	50,110	94,143
Funds changes in the end	94,143	85,691

Annex 17 CoGS Agricultural products

	Ploughed field, 2013, hectares	Costs for 1 hectares, thousand tenge, the facts	Yield capacity ton/hectares	Gross yield, tons	Refaction, %	Market able grain, tons	Market price, thousand tenge	Income, thousand tenge	Cost price, thousand tenge	Gross profit	Financial debt, thousand tenge at 01.04.2014	Principal debt pay back, year	Debt, thousand tenge for 1 hectares
<i>Soft wheat</i>	11,021		1.4	14,878	11%	13,242	25	334,118	0		3,668,497	6.3	66
<i>Hard wheat</i>	11,149		1.5	16,835	15%	14,310	38	541,914	0				
<i>Barley</i>	1,982		2.0	4,004	10%	3,603	26	92,071	0				
<i>Flax</i>	3,652		0.9	3,214	24%	2,442	89	217,379	0				
<i>Rapeseed</i>	2,316		0.8	1,783	36%	1,141	57	64,676	0				
<i>Other</i>	18,595		1.3	23,244	28%	16,736	49	820,040	0				
<i>Couples agriculture</i>	6,645			0		0		0	0				
<i>Total</i>	55,360	27		63,958		51,474		2,070,197	1,488,419	581,778			
	Ploughed field, 2014, hectares	Costs for 1 hectares, thousand tenge, the facts	Yield capacity ton/hectares	Gross yield, tons	Refaction, %	Market able grain, tons	Market price, thousand tenge	Income, thousand tenge	Cost price, thousand tenge	Gross profit	Financial debt, thousand tenge at 01.04.2014	Principal debt pay back, year	Debt, thousand tenge for 1 hectares
<i>Soft wheat</i>	12,160		1.4	17,117	29%	12,068	36	440,114	0	440,114	3,961,004	10.5	69
<i>Hard wheat</i>	11,521		1.8	20,704	17%	17,138	47	801,616	0	801,616			
<i>Barley</i>	1,911		1.8	3,356	19%	2,705	21	55,800	0	55,800			
<i>Flax</i>	6,177		0.6	3,706	38%	2,298	85	195,317	0	195,317			
<i>Rapeseed</i>	1,439		0.5	720	42%	418	50	20,889	0	20,889			
<i>Other</i>	16,878		0.7	11,815	18%	9,688	50	484,399	0	484,399			
<i>Couples agriculture</i>	6,956			0		0		0	0				
<i>Total</i>	57,042	28		57,417		44,314		1,998,134	1,620,604	377,531			

	Ploughed field, 2015, hectares	Costs for 1 hectares, thousand tenge, the facts	Yield capacity ton/hectares	Gross yield, tons	Refaction, %	Market able grain, tons	Market price, thousand tenge	Income, thousand tenge	Cost price, thousand tenge	Gross profit	Financial debt, thousand tenge at 01.04.2014	Principal debt pay back, year	Debt, thousand tenge for 1 hectares
<i>Soft wheat</i>	13,683		1.3	18,198	13%	15,833	30	477,670	0	477,670	5,325,749	16.7	95
<i>Hard wheat</i>	11,615		1.7	19,862	12%	17,478	45	783,858	0	783,858			
<i>Barley</i>	1,681		1.3	2,135	9%	1,943	19	37,137	0	37,137			
<i>Flax</i>	7,395		0.6	4,585	20%	3,691	100	368,669	0	368,669			
<i>Rapeseed</i>	2,142		0.0	3	100%	0	0	0	0	0			
<i>Other</i>	13,637		0.6	8,182	24%	6,218	89	553,444	0	553,444			
<i>Couples agriculture</i>	6,178			0		0		0	0	0			
<i>Total</i>	56,331	34		52,965		45,163		2,220,777	1,901,480	319,297			
	Ploughed field, 2016, hectares	Costs for 1 hectares, thousand tenge, the facts	Yield capacity ton/hectares	Gross yield, tons	Refaction, %	Market able grain, tons	Market price, thousand tenge	Income, thousand tenge	Cost price, thousand tenge	Gross profit	Financial debt, thousand tenge at 01.04.2014	Principal debt pay back, year	Debt, thousand tenge for 1 hectares
<i>Soft wheat</i>	13,598		1.0	13,598	13%	11,830	42	496,291	0	496,291	5,325,749	10.1	120
<i>Hard wheat</i>	12,992		1.1	14,291	13%	12,433	55	680,340	0	680,340			
<i>Barley</i>	2,296		1.1	2,526	10%	2,273	36	82,918	0	82,918			
<i>Flax</i>	7,030		0.7	4,640	10%	4,176	124	517,923	0	517,923			
<i>Rapeseed</i>	0		0.0	0	0%	0	0	0	0	0			
<i>Other</i>	14,814		0.9	12,740	11%	11,339	91	1,030,296	0	1,030,296			
<i>Couples agriculture</i>	6,783			0		0		0	0	0			
<i>Total</i>	44,521	36		33,503		29,618		2,127,429	1,600,640	526,788			

Continue Annex 18 (2 page)

Realization of products, PLAN

Name	Tons	Realization price	Total	Realization price		Seeds for selling	Tenge	Seeds price
				\$	Тенге			
Chick-pea	266	80,254	21,316,533	220	80,254			
Millet	636	40,127	25,540,086	110	40,127	100	4,000,000	40,000
Green lentil	380	164,156	62,366,286	450	164,156			
Flax	781	145,916	113,990,528	400	145,916			
Rapeseed	-0							
Sunflower	6,797	120,381	818,278,149	330	120,381			
Mustard	-0							
Red lentil	1,919	164,156	315,026,355	450	164,156			
Soft wheat	9,900	41,951	415,331,588	115	41,951	1,500	75,000,000	50,000
Hard wheat	10,767	54,719	589,172,891	150	54,719	1,293	77,580,000	60,000
Barley	1,825	36,479	66,590,488	100	36,479	650	26,000,000	40,000
Oats	1,026	18,240	18,705,164	50	18,240	120	3,000,000	25,000
Peas	9	72,958	647,867	200	72,958			
Buckwheat	292	80,254	23,422,441	220	80,254			
White mustard	81	91,198	7,425,693	250	91,198			
Brown flax	3,725	102,141	380,494,202	280	102,141	200	30,000,000	150,000
White mustard	-0							
Khorasan	40	54,719	2,198,042	150	54,719			
Soybean	149	113,085	16,870,005	310	113,085			
Melilot	-0							
Corn	-0							
Sudanese grass hay	-0							
Sudanese seeds	583							
Other crops								
Total:	39,178		2,877,376,317	1 \$	364.79	3,863	215,580,000	

3,092,956,317

Marketable

Annex 19**Financial Statements**

All data is in thousand
tenge

1. General Information

Borrower's name: Commercial Sector

**2. Financial conditions
analysis****2.1. Balance, thousand
tenge**

ASSETS	1/1/12	Specific items proportion in the BS structure	1/1/13	Specific items proporti on in the BS structur e	1/1/14	Specific items proporti on in the BS structure	1/1/15	Specific items proporti on in the BS structure	10/1/15	Specific items proportion in the BS structure
FIXED ASSETS										
Land	-	0%	-	0%	-	0%	-	0%	-	0%
Intangible assets	10	0%	10	0%	10	0%	13	0%	110	0%
Fixed assets:	-		-		-		-		-	
Initial cost	16,622		16,674		16,504		16,707		218,794	
Depreciation	3,704		5,007		5,922		7,528		13,991	
Residual value	12,918	100%	11,667	100%	10,582	100%	9,179	100%	204,803	100%
Other long-term assets	10	0%	11	0%	15	0%	-	0%	7	0%
Total fixed assets	12,938	2.76%	11,688	2.47%	10,607	2.21%	9,192	10.97%	204,920	14.93%
CURRENT ASSETS					-					
CASH	133	0%	902	0%	6,793	1%	561	1%	33,690	3%
Debtor indebtedness-gross	433,476		446,202		450,127		64,359		978,528	
Provisions for dubious debtor indebtedness	-		-		-		-		-	
Debtor indebtedness - net	433,476	95%	446,202	97%	450,127	96%	64,359	86%	978,528	84%
Inventory	22,845	5%	14,410	3%	13,130	3%	8,846	12%	81,987	7%
Future expenses	-	0%	-	0%	-	0%	129	0%	22,368	2%
Other current assets	15	0%	-	0%	-	0%	697	1%	51,102	4%
Total current assets	456,469	97%	461,514	98%	470,050	98%	74,592	89%	1,167,675	85%
TOTAL ASSETS	469,407	100%	473,202	100%	480,657	100%	83,784	100%	1,372,595	100%

Continue Annex 19 (2 page) Passive

LIABILITES	1/1/12	Specific items proportion in the BS structure	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
EQUITY										
Authorized capital	103	-3%	103	-1%	103	-1%	395	-3%	395	0%
Retained earning of current year	-4,864	140%	-795	6%	-4,832	28%	2,582	-18%	129,010	112%
Retained earnings of past years	1,296	-37%	-3,566	28%	-12,833	73%	-17,310	121%	-14,728	-13%
Other equity	-	0%	-8,472	67%	-	0%	-	0%	-	0%
TOTAL EQUITY	-3,465	-1%	-12,730	-3%	-17,562	-4%	-14,333	-17%	114,677	8%
LONG-TERM LIABILITIES	-		-		-		-		-	
Long-term debt to JSC "Tsesnabank"	-	-	-	-	-	-	-	-	550,000	100%
Long-term debts to other banks	-	-	-	-	-	-	-	-	-	0%
Other debts	-	-	-	-	-	-	-	-	-	0%
TOTAL DEBTS	-	0%	-	0%	-	0%	-	0%	550,000	40%
SHORT-TERM LIABILITIES	-		-		-		-		-	
Short-term debts	472,474	100%	485,026	100%	494,800	99%	90,890	93%	702,171	99%
Current debt to JSC "Tsesnabank"	-	0%	-	0%	-	0%	-	0%	-	0%
Current debts to other banks	-	0%	-	0%	-	0%	-	0%	-	0%
Salary expenses debts	184	0%	520	0%	1,675	0%	1,372	1%	4,821	1%
Tax debts	214	0%	325	0%	1,111	0%	5,820	6%	250	0%
Future period revenue	-	0%	-	0%	-	0%	-	0%	-	0%
Other current liabilities	-	0%	61	0%	632	0%	35	0%	675	0%
TOTAL SHORT-TERM LIABILITIES	472,872	101%	485,932	103%	498,218	104%	98,116	117%	707,917	52%
TOTAL LIABILITIES	469,407	100%	473,202	100%	480,656	100%	83,783	100%	1,372,594	100%

Continue Annex 19 (3 page)**3.2. Income statement, thousand tenge**

Number of months from the beginning of year up to filling an application

12.00

12.00

9.00

	1/1/14	Average value	1/1/15	Average value	10/1/15	Average value
Income	28,583	2,382	53,269	4,439	753,678	83,742
Cost value	27,763	2,314	43,983	3,665	583,350	64,817
Gross income	820	68	9,285	774	170,328	18,925
Operating expenses	5,652	471	6,703	559	38,321	4,258
Operating profit before interest and taxes	-4,832	-403	2,582	215	132,007	14,667
Loans interest	-	-	-	-	5,237	582
Profit from operations before tax	-4,832	-403	2,582	215	126,770	14,086
Noncore activities profit	-	-	-	-	2,240	249
Corporation tax	-	-	-	-	-	-
Provisions for dubious debtor indebtedness	-	-	-	-	-	-
Net profit	-4,832	-403	2,582	215	129,010	14,334
Profit using	-	-	-	-	-	-
Retained earnings	-4,832	-403	2,582	215	129,010	14,334

Continue Annex 19 (4 page)

3.3. Cash Flow Statement, thousand tenge

Operating activities	<i>1/1/15</i>	<i>10/1/15</i>
	-	-
Realization	53,269	753,678
Profit from main activities	-	2,240
Debtor indebtedness	-385,768	914,169
Total cash inflow	439,037	-158,252
Operating, administrative, and realization costs	-	-
Provisions for dubious debtor indebtedness	50,686	621,671
Inventory	-	-
Future expenses	-4,284	73,141
Other current assets	129	22,239
Short-term debts	697	50,405
Salary expenses debts	-403,910	611,281
Tax debts	-303	3,449
Future income	4,709	-5,570
Other current liabilities	-	-
Tangible assets amortization	-598	641
Tax payments cash	1,606	6,462
Total cash outflow	-	-
Total from operating activities	445,724	151,192
Investment activities	-6,687	-309,444
Fixed assets purchase (sale)		
Intangible assets	203	202,087
Profit using	3	97
Equity	292	-
Other long-term assets	-15	7
Other long-term liabilities	-	-
Total from investment activities	100	-202,190
Financial activities		
Current debts to debt to JSC "Tsesnabank"	-	-
Current debts to other banks	-	-
Long-term debt to JSC "Tsesnabank"	-	550,000
Long-term debt to other banks	-	-
Interest payment	-	5,237
Total from financial activities	-	544,763
Funds changes in the beginning	6,793	561
Funds changes in the end	206	33,690

Annex 20 Financial Statements of Production's unit

Financial Statements

All data is in thousand tenge

1. General Information

Borrower's name:	Commercial Sector	
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2. Financial conditions analysis

2.1. Balance, thousand tenge

ASSETS	9/1/12	Specific items proportion in the BS structure	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
FIXED ASSETS										
Land	-	0%	-	0%	-	0%		0%		0%
Intangible assets	-	0%	-	0%	-	0%	-	0%	-	0%
Fixed assets:										
Initial cost	228		815		25,781		181,823		966,326	
Depreciation	1		11		94		6,752		52,228	
Residual value	227	100%	804	100%	25,687	14%	175,071	55%	914,097	80%
Other long-term assets		0%		0%	157,012	86%	142,515	45%	223,039	20%
Total fixed assets	227	100.00%	804	0.07%	182,699	14.41%	317,586	15.53%	1,137,137	42.19%
CURRENT ASSETS										
CASH	1,938	0%	224,360	21%	5,528	1%	3,266	0%	1,866	0%
Debtor indebtedness-gross	367,716		723,894		946,219		1,483,789		1,218,414	
Provisions for dubious debtor indebtedness										
Debtor indebtedness - net	367,716	86%	723,894	66%	946,219	87%	1,483,789	86%	1,218,414	78%
Inventory	59,704	14%	143,773	13%	133,788	12%	136,038	8%	210,209	13%
Future expenses		0%		0%		0%	42,560	2%	65,928	4%
Other current assets		0%		0%		0%	61,809	4%	61,809	4%
Total current assets	429,358	100%	1,092,027	100%	1,085,535	86%	1,727,461	84%	1,558,227	58%
TOTAL ASSETS	429,585		1,092,831	100%	1,268,234	100%	2,045,047	100%	2,695,363	100%

Continue Annex 20 (2 page)

LIABILITIES	9/1/12	Specific items proportion in the BS structure	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
EQUITY										
Authorized capital	162	0%	162	1%	162	0%	162	0%	162	0%
Retained earning of current year	54,798	100%	-	0%	-159,007	125%	-12,855	9%	-257,278	65%
Retained earnings of past years		0%	31,524	99%	31,524	-25%	-127,483	91%	-140,338	35%
Other equity		0%		0%		0%		0%		0%
TOTAL EQUITY	54,960	13%	31,686	3%	-127,321	-10%	-140,176	-7%	-397,454	-15%
LONG-TERM LIABILITIES										
Long-term debt to JSC "Tsesnabank"		-	-	-	272,137	100%	572,137	100%	1,818,916	100%
Long-term debts to other banks		-	-	-	-	0%	-	0%		0%
Other debts		-		-		0%		0%		0%
TOTAL DEBTS		0%	-	0%	272,137	21%	572,137	28%	1,818,916	67%
SHORT-TERM LIABILITIES										
Short-term debts	354,423	95%	327,485	31%	153,821	14%	503,129	31%	168,783	13%
Current debt to JSC "Tsesnabank"		0%		0%		0%		0%		0%
Current debts to other banks		0%	700,000	66%	950,000	85%	1,100,000	68%	1,100,000	86%
Salary expenses debts		0%		0%		0%	1,520	0%	3,809	0%
Tax debts	2,254	1%	33,662	3.2%	18,521	1.6%	7,916	0.5%	1,310	0.1%
Future period revenue		0%		0%		0%		0%		0%
Other current liabilities	17,948	5%	-	0.0%	1,077	0.1%	521	0.0%		0.0%
TOTAL SHORT-TERM LIABILITIES	374,625	87%	1,061,147	97%	1,123,419	89%	1,613,087	79%	1,273,902	47%
TOTAL LIABILITIES	429,585	100%	1,092,833	100%	1,268,235	100%	2,045,048	100%	2,695,364	100%

Continue Annex 20 (3 page)

3.2. Income statement, thousand tenge

Number of months from the beginning of year up to
filling an application

12.00

9.00

	1/1/14	Average value	1/1/15	Average value	10/1/15	Average value
Income	1,544,444	128,704	1,397,054	116,421	854,146	94,905
Cost value	1,566,927	130,577	1,189,624	99,135	908,515	100,946
Gross income	-22,483	-1,874	207,430	17,286	-54,370	-6,041
Operating expenses	27,483	2,290	55,686	4,640	203,518	22,613
Operating profit before interest and taxes	-49,966	-4,164	151,744	12,645	-257,888	-28,654
Loans interest	89,389	7,449	164,599	13,717		-
Profit from operations before tax	-139,355	-11,613	-12,855	-1,071	-257,888	-28,654
Noncore activities profit	-19,652	-1,638	-	-	610	68
Corporation tax		-		-		-
Provisions for dubious debtor indebtedness	-	-	-	-	-	-
Net profit	-159,007	-13,251	-12,855	-1,071	-257,278	-28,586
Profit using		-		-		-
Retained earnings	-159,007	-13,251	-12,855	-1,071	-257,278	-28,586

Continue Annex 20 (4 page) 3.3. Cash Flow Statement, thousand tenge

Operating activities	<i>1/1/15</i>	<i>10/1/15</i>
	-	-
Realization	1,397,054	854,146
Profit from main activities	-	610
Debtor indebtedness	537,570	-265,374
Total cash inflow	859,484	1,120,130
Operating, administrative, and realization costs	-	-
Provisions for dubious debtor indebtedness	1,245,310	1,112,033
Inventory	-	-
Future expenses	2,250	74,171
Other current assets	42,560	23,368
Short-term debts	61,809	-
Salary expenses debts	349,308	-334,346
Tax debts	1,520	2,289
Future income	-10,605	-6,607
Other current liabilities	-	-
Tangible assets amortization	-556	-521
Tax payments cash	6,658	45,476
Total cash outflow	-	-
Total from operating activities	1,005,603	1,503,281
Investment activities	-146,119	-383,151
Fixed assets purchase (sale)		
Intangible assets	156,042	784,502
Profit using	-	-
Equity	-0	0
Other long-term assets	-14,497	80,525
Other long-term liabilities	-	-
Total from investment activities	-141,545	-865,027
Financial activities		
Current debts to debt to JSC "Tsesnabank"	-	-
Current debts to other banks	150,000	-
Long-term debt to JSC "Tsesnabank"	300,000	1,246,779
Long-term debt to other banks	-	-
Interest payment	164,599	-
Total from financial activities	285,401	1,246,779
Funds changes in the beginning	5,528	3,266
Funds changes in the end	3,266	1,866

Annex 21

Financial Statements of the company

All data is in thousand tenge

1. General information

Borrower's name:	Holding
------------------	---------

2. Financial conditions analysis

2.1. Balance, thousand tenge

ASSETS	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
FIXED ASSETS								
Land	-	0%	-	0%	-	0%	-	0%
Intangible assets	3,542	0%	3,018	0%	2,208	0%	3,473	0%
Fixed assets:	-		-		-		-	
Initial cost	3,018,398		3,077,529		3,632,386		3,751,112	
Depreciation	1,503,976		1,785,482		2,044,460		1,778,054	
Residual value	1,514,422	97%	1,292,047	87%	1,587,926	90%	1,973,058	86%
Other long-term assets	36,339	2%	188,121	13%	170,273	10%	323,183	14%
Total fixed assets	1,554,303	21%	1,483,186	22%	1,760,407	23%	2,299,713	25%
CURRENT ASSETS	-		-		-		-	
CASH	328,031	6%	62,431	1%	97,970	2%	121,248	2%
Debtor indebtedness-gross	3,826,416		3,920,997		3,805,762		4,294,713	
Provisions for dubious debtor indebtedness	-		-		-		-	
Debtor indebtedness - net	3,826,416	67%	3,920,907	75%	3,805,762	63%	4,294,713	63%
Inventory	1,429,242	25%	1,207,975	23%	1,855,441	31%	2,023,784	29%
Future expenses	99,171	2%	48,430	1%	184,395	3%	238,954	3%
Other current assets	628	0%	603	0%	107,099	2%	188,025	3%
Total current assets	5,683,488	79%	5,240,346	78%	6,050,667	77%	6,866,724	75%
TOTAL ASSETS	7,237,791	100%	6,723,532	100%	7,811,074	100%	9,166,437	100%

Continue Annex 21 (2 page)

LIABILITIES	1/1/13	Specific items proportion in the BS structure	1/1/14	Specific items proportion in the BS structure	1/1/15	Specific items proportion in the BS structure	10/1/15	Specific items proportion in the BS structure
EQUITY								
Authorized capital	68,233	17%	68,233	15%	68,525	9%	68,525	9%
Retained earnings of current year	-176,849	-44%	64,099	14%	299,208	39%	20,274	3%
Retained earnings of past years	296,955	74%	111,635	24%	176,089	23%	688,727	88%
Other equity	213,404	53%	221,876	48%	222,055	29%	8,625	1%
TOTAL EQUITY	401,743	6%	465,843	7%	765,877	10%	786,152	9%
LONG-TERM LIABILITIES	-		-		-		-	
Long-term debt to JSC "Tsesnbank"	2,203,597	73%	1,971,900	87%	2,471,106	92%	2,756,916	80%
Long-term debts to other banks	823,934	27%	298,677	13%	216,198	8%	677,436	20%
Other debts	6,353	0%	5,885	0%	215	0%	-	0%
TOTAL DEBTS	3,033,884	42%	2,276,462	34%	2,687,520	34%	3,434,353	37%
SHORT-TERM LIABILITIES	-		-		-		-	
Short-term debts	2,972,846	78%	2,918,154	73%	3,193,414	73%	3,595,516	73%
Current debt to JSC "Tsesnbank"	-	0%	-	0%	-	0%	-	0%
Current debts to other banks	700,000	18%	950,000	24%	1,118,500	26%	1,315,000	27%
Salary expenses debts	4,970	0%	10,986	0%	5,166	0%	14,651	0%
Tax debts	71,603	2%	51,125	1%	19,481	0%	15,406	0%
Future period revenue	-	0%	-	0%	-	0%	-	0%
Other current liabilities	52,747	1%	50,963	1%	21,117	0%	5,362	0%
TOTAL SHORT-TERM LIABILITIES	3,802,166	53%	3,981,228	59%	4,357,678	56%	4,945,935	54%
TOTAL LIABILITIES	7,237,793	100%	6,723,533	100%	7,811,075	100%	9,166,439	100%

Continue Annex 21 (3 page)

3.2. Income statement, thousand tenge

Number of months from the beginning of year up to filling an application

12

12

9

	1/1/14	Average value	1/1/15	Average value	10/1/15	Average value
Income	6,508,026	542,336	4,763,863	396,989	3,561,769	395,752
Cost value	5,714,956	476,246	3,762,795	313,566	3,114,326	346,036
Gross income	793,070	66,089	1,001,068	83,422	447,444	49,716
Operating expenses	504,891	42,074	512,219	42,685	449,648	49,961
Operating profit before interest and taxes	288,179	24,015	488,849	40,737	-2,204	-245
Loans interest	420,973	35,081	480,728	40,061	164,493	18,277
Profit from operations before tax	-132,794	-11,066	8,121	677	-166,698	-18,522
Noncore activities profit	92,392	7,699	300,727	25,061	189,985	21,109
Corporation tax	14,248	1,187	9,639	803	3,013	335
Provisions for dubious debtor indebtedness	-	-	-	-	-	-
Net profit	-54,650	-4,554	299,208	24,934	20,274	2,253
Profit using	-	-	-	-	-	-
Retained earnings	-54,650	-4,554	299,208	24,934	20,274	2,253

Continue Annex 21 (4 page)

3.3. Cash Flow Statement, thousand tenge

Operating activities	1/1/15	10/1/15
	-	-
Realization	4,763,863	3,561,769
Profit from main activities	300,727	189,985
Debtor indebtedness	-115,145	488,951
Total cash inflow	5,179,735	3,262,803
Operating, administrative, and realization costs	-	-
Provisions for dubious debtor indebtedness	4,275,014	3,563,974
Inventory	-	-
Future expenses	647,466	168,343
Other current assets	135,965	54,559
Short-term debts	106,496	80,926
Salary expenses debts	275,260	402,102
Tax debts	-5,820	9,485
Future income	-31,644	-4,075
Other current liabilities	-	-
Tangible assets amortization	-29,846	-15,755
Tax payments cash	258,978	-266,407
Total cash outflow	9,639	3,013
Total from operating activities	4,707,652	3,745,465
Investment activities	472,083	-482,662
Fixed assets purchase (sale)	-	-
Intangible assets	554,857	118,726
Profit using	-810	1,265
Equity	471	0
Other long-term assets	-17,848	152,909
Other long-term liabilities	-5,670	-215
Total from investment activities	-541,399	-273,115
Financial activities	-	-
Current debts to debt to JSC "Tsesnabank"	-	-
Current debts to other banks	168,500	196,500
Long-term debt to JSC "Tsesnabank"	499,206	285,810
Long-term debt to other banks	-82,479	461,238
Interest payment	480,728	164,493
Total from financial activities	104,500	779,054
Funds changes in the beginning	62,431	97,970
Funds changes in the end	97,615	121,248

Annex 22 Proposed Holding Structure

