JSC "National Company "Food Product Corporation"

Interim Condensed Consolidated Financial Statements (unaudited)

For the nine months ended
September 30, 2009

CONTENTS

Ernst & Young LLP
Esentai Tower
Al-Farabi Ave., 77/7
Almaty, Kazakhstan
Tel: +7 (727) 258 5960
Fax: +7 (727) 258 5961
www.ey.com/kazakhstan

ТОО «Эрнст энд Янг»
Казахстан, Алматы
пр. Аль-Фараби, 77/7
Здание «Есентай Тауэр»
Тел.: +7 (727) 258 5960
Факс: +7 (727) 258 5961

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholder of JSC "National Company "Food Product Corporation":

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "National Company "Food Product Corporation ("the Company") and its subsidiaries ("the Group") as at September 30, 2009, comprising of the interim consolidated statement of financial position as at September 30, 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The accompanying interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flow do not include comparative figures as required by IAS 34, Interim Financial Reporting ("IAS 34").

ERNST & YOUNG

Qualified Conclusion

Based on our review, except for the omission of comparative figures referred to in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst and Young LLP

Aisulu Narbayeva
Auditor

Auditor Qualification Certificate
No. 0000137 dated 21 October 1994

Evgeny Zhemaletdinov
General Director
Ernst & Young LLP

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

"7" December 2009

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Tenge	Notes	September 30, 2009 (unaudited)	December 31, 2008 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**10,092,491**	6,909,281
Goodwill	6	**285,312**	285,312
Investment property	7	–	250,252
Advances paid for non-current assets		**1,255,793**	1,097,146
Investments in associate		**12,080**	4,850
Deferred tax asset		**80,201**	52,389
Loans to customers	8	**200,000**	500,000
Loans to employees		**83,742**	90,140
Investments available for sale	9	**11,000**	337,877
Other long-term assets	10	**155,271**	4,908
		12,175,890	9,532,155
Current assets			
Inventories		**24,097,286**	48,208,028
VAT recoverable and prepaid other taxes		**2,473,322**	5,850,620
Income tax prepaid		–	223,814
Accounts receivable	11	**49,538,362**	8,325,696
Prepayments		**13,221,870**	11,927,740
Current portion of loans to employees		**12,825**	25,421
Current portion of loans to customers	8	**63,071,435**	9,275,039
Bank deposits	12	**6,693,094**	1,588,077
Cash and cash equivalents	13	**10,545,753**	6,247,754
Assets classified as held for sale	10	–	126,656
		169,653,947	91,798,845
TOTAL ASSETS		**181,829,837**	101,331,000

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of Tenge	Notes	September 30, 2009 (unaudited)	December 31, 2008 (audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the parent			
Share capital	14	**34,144,955**	32,790,683
Additional paid-in capital		**39,745**	39,745
Foreign currency translation reserve		**448,860**	1,145
Retained earnings		**10,751,842**	9,440,699
		45,385,402	42,272,272
Minority interest		**19,037**	25,911
Total equity		**45,404,439**	42,298,183
Non-current liabilities			
Loans and borrowings	15	**10,853,700**	13,330,593
Financial lease obligations		**24,229**	29,268
Deferred tax liability		**31,098**	92,870
Debt securities issued		**14,936,219**	15,323,371
		25,845,246	28,776,102
Current liabilities			
Accounts payable		**1,174,596**	515,247
Advances received and deferred revenue		**75,941**	226,433
Current portion of financial lease obligations		**4,780**	4,780
Taxes payable other than income tax		**81,768**	10,791
Income tax payable		**162,159**	–
Loans and borrowings	15	**108,423,374**	28,523,433
Current portion of debt securities issued		**657,534**	976,031
Total liabilities		**110,580,152**	30,256,715
TOTALEQUITYANDLIABILITIES		**181,829,837**	101,331,000

The accompanying notes on pages 7 to 17 are an integral part of these interim condensed consolidated financial statements

Deputy Chairman of the board — Kulambayev S. A.

Deputy Chief Accountant — Anissova R. A.

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

In thousands of Tenge	Note	For the nine months ended September 30, 2009 (unaudited)
Revenue	16	53,830,809
Cost of sales	17	(43,361,623)
Gross profit		10,469,186
General and administrative expenses		(1,373,429)
Transportation and selling expenses		(2,303,155)
Government subsidies	18	599,857
Impairment of property, plant and equipment	5	(320,960)
Operating profit		7,071,499
Foreign exchange loss, net		(6,811,956)
Interest income		4,426,150
Finance costs		(2,510,987)
Share of income in associate		7,230
Other loss, net		(198,102)
Profit before income tax		1,983,834
Income tax expense	19	(473,412)
Profit for the period		1,510,422
Attributable to:		
Equity holder of the parent		1,512,866
Minority interest		(2,444)
Other comprehensive income:		
Exchange differences on translation of foreign operations		447,715
Total comprehensive loss for the period, net of tax		1,958,137
Attributable to:		
Equity holder of the parent		1,960,581
Minority interest		(2,444)

The accompanying notes on pages 7 through 17 are an integral part of these interim condensed consolidated financial statements

Deputy Chairmen of the board Kulambayev S. A.

Deputy Chief Accountant Anissova R. A.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

In thousands of Tenge	Notes	For the nine months ended September 30, 2009 (unaudited)
Cash flows from operating activities:		
Profit before income tax		1,983,834
Adjustments for:		
Depreciation and amortization		269,076
Share of income in associate		(7,230)
Finance costs		2,510,987
Interest income		(4,426,150)
Allowance for doubtful debts	8,11	309,141
Impairment of property plant and equipment	5	320,960
Unrealized foreign exchange loss		8,889,355
Operating profit before working capital changes		9,849,973
Decrease in inventories		24,110,742
Decrease in VAT recoverable		3,377,298
Increase in advance paid		(1,294,130)
Increase in loans to customers		(51,411,769)
Decrease in loans to employees		18,994
Increase in trade accounts receivable		(40,134,662)
Increase in other current assets		(23,707)
Increase in taxes payable		70,977
Increase in trade accounts payable		659,349
Decrease in advances received		(150,492)
Cash generated from operations		(54,927,427)
Income taxes paid		(177,023)
Interest paid and coupon paid on debt securities		(2,375,223)
Interest received from customers		186,928
Net cash flow used in operating activities		(57,292,745)
Cash flows from investing activities:		
Collection / (placement) of bank deposits		(4,661,867)
Purchase of property, plant and equipment		(4,090,867)
Proceeds from disposal of PPE and intangible assets		409,226
Sale of investments available for sale		326,877
Net cash flow used in investing activities		(8,016,631)

INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)

In thousands of Tenge	Note	For the nine months ended September 30, 2009 (unaudited)
Cash flows from financing activities:		
Proceeds from equity issue		1,354,272
Repayment of leasing obligation		(5,039)
Repayment of corporate bonds		(400,000)
Proceeds from borrowings		90,955,026
Repayment of borrowings		(22,090,731)
Dividends paid		(206,153)
Net cash flow used in financing activities		69,607,375
Net increase / (decrease) in cash and cash equivalents		4,297,999
Cash and cash equivalents at the beginning of the period		6,247,754
Cash and cash equivalents at the end of the period		10,545,753

The accompanying notes on pages 7 through 17 form are an integral part of these interim condensed consolidated financial statements

Deputy Chairmen of the board — Kulambayev S. A.

Deputy Chief Accountant — Anissova R. A.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holder of the parent						
In thousands of Tenge	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained Earnings	Total equity attribute able to the equity holder of the parent	Minority interest	Total equity
As at December 31, 2008 (audited)	32,790,683	39,745	1,145	9,440,699	42,272,272	25,911	42,298,183
Net profit for the period	–	–	–	1,512,866	1,512,866	(2,444)	1,510,422
Other comprehensive income	–	–	447,715	–	447,715	–	447,715
Total comprehensive income	–	–	*447,715*	*1,512,866*	*1,960,581*	*(2,444)*	*1,958,137*
Issue of share capital (Note 14)	1,354,272	–	–	–	1,354,272	–	1,354,272
Dividends	–	–	–	(201,723)	(201,723)	(4,430)	(206,153)
As at September 30, 2009 (unaudited)	**34,144,955**	**39,745**	**448,860**	**10,751,842**	**45,385,402**	**19,037**	**45,404,439**

The accompanying notes on pages 7 through 17 are an integral part of these interim condensed consolidated financial statements

Deputy Chairmen of the board — Kulambayev S. A.

Deputy Chief Accountant — Anissova R. A.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Joint Stock Company National Company Food Contract Corporation (the "Company" or the "Corporation") is incorporated and operates in the Republic of Kazakhstan. In accordance with Government resolutions the Company's principal activity is to maintain state grain reserves at the levels required to supply the population of Kazakhstan with grain and grain products, to maintain grain reserves at the required level and to ensure timely grain replenishment. The Company is also responsible for keeping accounting records and monitoring the quality, quantity and security of state grain resources. Since 2002 the Company has been entitled to perform commercial operations related to grain sales.

In 2005 the Company began providing loans to farmers for crop sowing and harvesting purposes under permanent state license # 46 dated February 22, 2005 of the Agency of the Republic of Kazakhstan for the Regulation and Supervision of the Financial Market and Financial Operations.

According to the decree of the Government of the Republic of Kazakhstan #858 dated August 19, 2005 "On some issues related to development of pilot "Textile industry cluster" the Group built a cotton processing factory in South-Kazakhstan region with the capacity to process 60,000 tons of cotton per year. The plant started its operations in 2006.

According to the Decree of the President of the Republic of Kazakhstan # 220 dated December 11, 2006 and the Government resolution # 1247 dated December 23. 2006, JSC National Holding Company KazAgro was established. On April 17, 2007 the Corporation's 100% shares were transferred to the share capital of JSC National Holding Company KazAgro, thus, beginning from April 17, 2007 the only shareholder of the Corporation is JSC National Holding Company KazAgro (the "Parent").

The consolidated financial statements include the Company's financial statements, those of its subsidiaries and joint ventures as referred to in Note 4 (together the "Group").

These interim condensed consolidated financial statements of the Group were approved for issue by the Chairmen of the management board and the Deputy Chief Accountant on December 7, 2009.

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Kazakhstan economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis has resulted in a decline in the gross domestic product, capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Kazakhstan. While the Kazakhstan Government has introduced a range of stabilization measures aimed at providing liquidity to Kazakhstan banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Group and its counterparties, which could affect the Group's financial position, results of operations and business prospects.

Also, factors including increased unemployment in Kazakhstan, reduced corporate liquidity and profitability, and increased corporate and personal insolvencies, have affected the Group's borrowers' ability to repay the amounts due to the Group. In addition, changes in economic conditions have resulted in deterioration in the value of collateral held against loans and other obligations. To the extent that information is available, the Group has reflected revised estimates of expected future cash flows in its impairment assessment.

While management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the nine months ended September 30, 2009 were prepared in accordance with IAS 34 Interim Financial Reporting, except for the fact that the interim consolidated statements of income and comprehensive income, consolidated changes in equity, consolidated cash flow statement and accompanying notes to the financial statements do not include comparative figures for 2008. Comparative information for 2008 is not presented, as the Group prepared interim condensed consolidated financial statements for the nine months ended September 30, 2009, in accordance with IAS 34 for the first time.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2008.

Functional and presentation currency

Items included in these interim condensed consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The interim condensed consolidated financial statements are presented in Kazakhstan Tenge ("Tenge" or "KZT") ("presentation currency").

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at interim reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim consolidated statement of comprehensive income.

The results and financial position of all of the Group's subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each set of financial position presented are translated at the closing rate at the date of that financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity.

Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as atificial currency exchange rates in the Republic of Kazakhstan.

The following table summarizes the foreign currency exchange rates for Tenge:

	September 30, 2009	December 31, 2008
US Dollar	150.95	120.79
Georgian Lari	90.01	72.46
Azerbaijani Manat	187.87	150.70
Iranian Real	0.015	0.012

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2008, except for the adoption of new standards and interpretations as at January 1, 2009 noted below:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting developments

IFRS 2 – *Share-based Payments* – Vesting Conditions and Cancellation. The standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 7 – *Financial Instruments: Disclosures.* The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well transfers between as Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. Group's assets and liabilities are measured at fair value as disclosed in related notes to interim condensed consolidated financial statements, and liquidity risk disclosures are not significantly affected by the amendments.

IFRS 8 – *Operating Segments.* This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any affect on the financial position or performance of the Group.

IAS 1 – *Revised Presentation of Financial Statements.* The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group selected to present one statement.

IAS 32 – *Financial Instruments: Presentation and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation* – The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IFRIC 13 – *Customer Loyalty Programmes.* This interpretation requires customer loyalty credits to be accounted for as separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. Since the Group does not have customer loyalty programs, the adoption of this interpretation did not have any affect on the financial position or performance of the Group.

IFRIC 9 – *Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement.* These amendments to IFRIC 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flow of the contracts. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. The adoption of these amendments did not have any impact on the financial position and performance of the Group.

IFRIC 16 – *Hedges of a Net Investment in Foreign Operations.* The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for a hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. Interpretation had no impact on the financial position or results of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRSs

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position and performance of the Group.

IAS 1 – *Presentation of Financial Statements.* Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether Management's expectations of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.

IAS 16 – *Property, plant and equipment.* Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 23 – *Borrowing costs.* The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one – the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

IAS 38 – *Intangible assets.* Expenditure on advertising and promotional activities is recognized as an expenses when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.

The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed. The Group reassessed the useful lives if its intangible assets and concluded that the straight-line method was still appropriate.

The Group has not applied the following IFRS and IFRIC Interpretations that have been issued but are not yet effective:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;

IFRS 7 Financial Instruments: Disclosures;

IAS 8 Accounting Policies, Change in Accounting Estimates and Error;

IAS 10 Events after the Reporting Period;

IAS 16 Property, Plant and Equipment;

IAS 18 Revenue;

IAS 19 Employee Benefits;

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance;

IAS 27 Consolidation and Separate Financial Statements;

IAS 28 Investments in Associates;

IAS 31 Interest in Joint Ventures;

IAS 34 Interim Financial reporting;

IAS 36 Impairment of Assets; and

IAS 39 Financial Instruments: Recognition and Measurement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CONSOLIDATION

The following significant subsidiaries and joint ventures have been included in these interim condensed consolidated financial statements:

		Country of residence	Percentage ownership September 30, 2009	Percentage ownership December 31, 2008
Ak-Biday Terminal JSC	Grain station	Kazakhstan	**100%**	100%
Expert Agrarian Company LLP	Business review, provision of	Kazakhstan	**100%**	100%
Biday Onimdery LLP	Purchase and sale of grain,	Kazakhstan	**100%**	100%
Astyk Koimalary LLP	Grain storage and	Kazakhstan	**100%**	100%
Cotton Contract Corporation	Raw cotton processing and	Kazakhstan	**100%**	100%
Agrofirm Zhana-Zher LLP	Production of agricultural	Kazakhstan	**100%**	100%
Kazakhstan Maktasy JSC	Creation of cotton and textile	Kazakhstan	**100%**	100%
Agrofirm Zhana-Ak Dala LLP	Storage and sale of	Kazakhstan	**99.9%**	50%
Batumi Grain Terminal Ltd.	Grain terminal	Georgia	**100%**	100%
Baku Grain Terminal LLP	Grain terminal	Azerbaijan	**50%**	50%
Kazastyktrans LLP	Transportation services	Kazakhstan	**50%**	50%
Amirabad Green Terminal Kish	Grain terminal	Iran	**50%**	50%

During the nine month ended September 30, 2009, the Company became a sole owner of Agrofirm Zhana-Ak Dala LLP due to divestment of another investor-side.

5. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended September 30, 2009, the Group acquired machinery and equipment, production complex and premises at total approximate cost of 850,000 thousand Tenge for the set up of tomato processing plant.

In accordance with the strategic program of realization of investment projects, the Group continued construction of regional modern, high tech agricultural market centers in Astana and Ust-Kamenogorsk, drip eregation system for growing of horticultural produce, cotton seed production plant, and grain export terminals. The total investments under the strategic program of realization of investment projects made up 2,294,545 thousand Tenge.

As at September 30, 2009 and December 31, 2008 the Group did not have any assets pledged as security for the Group's borrowings.

During the nine months ended September 30, 2009, the Group did not capitalize any borrowing costs.

During the nine months ended September 30, 2009, the Group recognized impairment loss of 320,960 thousand Tenge on certain investment projects due to delay in their implementation.

6. GOODWILL

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in annual statements for the year ended December 31, 2008.

As at September 30, 2009 no impairment test was performed because Management concluded that there were no events or circumstances indicating potential impairment of goodwill.

7. INVESTMENT PROPERTY

During the nine months ended September 30, 2009, the Group began to use a building rented in the past for own office purpose. Therefore this asset was reclassified from investment property to property, plant and equipment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. LOANS TO CUSTOMERS

As at September 30, 2009 and December 31, 2008 loans provided to customers include loans given to Kazakh farmers for grain sowing and were as follows:

	September 30, 2009 (unaudited)	December 31, 2008
Current loans with maturity less than 1 year	**60,480,278**	9,003,881
Non-current loans with maturity more than 1 year	**200,000**	500,000
Accrued interest income on loans to customers	**2,591,157**	271,158
Total	**63,271,435**	9,775,039
Less: loans maturing within 1 year	**(63,071,435)**	(9,275,039)
Long-term portion of loans to customers	**200,000**	500,000

In 2009, for about 94% of loans (2008: 0.6%) given to farmers are secured by guarantees of Kazakh commercial banks that are used in case of default of borrower. Interest rate on loans guaranteed by Kazakh commercial banks was 8% per annum. Residual amount of loans was secured by collateral of grain of 2008-2009 harvest. Interest rate on loans guaranteed by collateral of grain was 12% per annum. The shift in terms of the debt agreements with farmers in favor of financial guarantee instead of grain stock happened due to market volatility.

As at September 30, 2009 the Group has loans given to farmers in amount of 63,271,435 thousand Tenge (December 31. 2008 9,775,039 thousand Tenge). The recoverability of loans given to farmers depends to a large extent on the efficiency of the fiscal measures and other measures and other actions, beyond the Group's control. The recoverability of the loans to customers given by the Group is determined based on conditions prevailing and information available as at consolidated balance sheet date. As at September 30, 2009 the Group has created impairment allowance of 235,370 thousand Tenge on certain doubtful debts from farmers (2008: nil).

All loans to customers as at September 30, 2009 and December 31, 2008 are denominated in Tenge.

As a result of recent economic turmoil in capital and credit markets globally and the consequential economic uncertainties existing as at balance sheet date, there is the potential that the Group's assets may be not be recovered at their carrying amount in the ordinary course of business.

9. INVESTMENTS AVAILABLE FOR SALE

As at September 30, 2009 investments available for sale are represented by investments in JSC Grain Certificates Guarantee Fund with ownership of 0.91% in its share capital.

As at December 31, 2008 the Group's investments available for sale included, in addition to the investments in the Fund, the 321,000 long-term treasury notes – 10 year MEUCAM of the Ministry of Finance of the Republic of Kazakhstan bearing interest of 5.5% per annum. The Group disposed of these investments in 2009 when amortized cost amounted to KKZT 329,883 earning income at disposal of KKZT 5,254, which was shown in other income.

10. ASSETS CLASSIFIED AS HELD FOR SALE

As at December 31, 2008 non-current assets classified as held for sales comprised of residential apartments to be sold to employees of the Group. As at September 30, 2009 it is uncertain whether these assets will be sold therefore these assets have been transferred to other long-term assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. ACCOUNTS RECEIVABLE

	September 30, 2009 (unaudited)	December 31, 2008
Trade accounts receivable	**49,425,885**	7,542,672
Other accounts receivable	**276,498**	873,274
	49,702,383	8,415,946
Less: allowance for doubtful debts	**(164,021)**	(90,250)
Total	**49,538,362**	8,325,696

Recent economic turmoil in capital and credit markets has led to decrease in prices for grain futures on world trade exchanges due to lowering demand for grain from mills and traders. During second half of 2009, these events caused a decrease of grain prices in Kazakhstan. Under state demand stimulation program in 2009 the Group took a decision to sell its grain stock to customers on credit with receivable balances being guaranteed by second-tier commercial banks.

The recoverability of trade accounts receivable from third parties depends to a large extent on the efficiency of the Fiscal measures and other measures and other actions, beyond the Group's control. The Group's management believes that accounts receivables from third parties less allowance, will be recovered at first request. The recoverability of the Group's trade accounts receivable is determined based on conditions prevailing and information available as at balance sheet date.

12. BANK DEPOSITS

As at September 30, 2009 and December 31, 2008 bank deposits consisted of time deposits in commercial banks, maturing during 3-12 months, including interest receivable.

As at September 30, 2009 deposits were held in the following currencies:

	Interest rate	September 30, 2009 (unaudited)	December 31, 2008
Deposits in USD	1.9%-8%	**4,041,989**	–
Deposits in Tenge	4%-12% (2008-5.5%)	**2,651,105**	1,542,627
Deposits in EURO	10%	–	45,450
		6,693,094	1,588,077

13. CASH AND CAHS EQUIVALENTS

As at September 30, 2009 and December 31, 2008 cash and cash equivalents were as follows:

	September 30, 2009 (unaudited)	December 31, 2008
Cash in bank accounts, Tenge	**5,870,745**	4,317,565
Cash in bank accounts, USD	**2,682,839**	162,620
Deposits with original maturity less than 3 months, Tenge	**1,204,295**	1,697,141
Deposits with original maturity less than 3 months, USD	**713,086**	2,790,285
Cash in bank accounts, other currencies	**28,443**	59,479
Petty cash, Tenge	**42,516**	10,949
Petty cash, other currencies	**3,830**	–
Total	**10,545,753**	6,247,754

As at September 30, 2009 and December 31, 2008 cash and cash equivalents included deposits with original maturity less than 3 months bearing interest from 9.5% to 10% per annum.

As at September 30, 2009 and December 31, 2008 the Group did not have restricted cash and cash pledges for any liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. SHARE CAPITAL

As at September 30, 2009 the share capital is presented as follows:

	September 30, 2009 (unaudited)	December 31, 2008
Common shares	**34,144,955**	32,790,683
Additional paid	**39,745**	39,745
Total	**34,184,700**	32,830,428

In accordance with the decision of the shareholder, the Group issued additional 1,476,800 common shares at par value of 1,000 Tenge each. As at September 30, 2009 the newly issued shares have been paid in cash of 1,354,272 thousand Tenge by the Parent.

15. LOANS AND BORROWINGS

During the nine months ended September 30, 2009, the Group received several tranches of loans totaling 66,746,192 thousand tenge from JSC National Holding Company KazAgro, the Parent. The balance is payable in two tranches on December 25, 2009 and February 25, 2010 with 1.02% interest accrued on loans outstanding. The purpose of the loans is to finance farmers crop sowing and harvesting.

During the nine months ended September 30, 2009, the Group received two loan tranches totaling 11,178,000 thousand Tenge from Ministry of Agriculture of Kazakhstan. The loan is interest free and is payable in December 2010. The purpose of the loan is to finance state grain purchases. During the nine months ended September 30, 2009 the Group repaid 2,351,382 thousand Tenge of the existing loans. As at September 30, 2009 the loans from Ministry of Agriculture of Kazakhstan are stated at amortized cost.

During the nine months ended September 30, 2009, the Group repaid in full the loan of USD 31,592,000 to SOCIETE GENERALE in accordance with repayment schedule.

During the nine months ended September 30, 2009, the Group repaid in full the loan of USD 15,000,000 to Citibank in advance of repayment schedule.

During the nine months ended September 30, 2009, the Group continued financing its working capital through loans from BNP Paribas S.A. and Rabobank International under the existing credit lines.

16. REVENUE

	September 30, 2009 (unaudited)
Sales of grain	**50,661,510**
Sales of cotton	**1,602,925**
Commission income	**456,812**
Other	**1,109,562**
	53,830,809

17. COST OF SALES

	September 30, 2009 (unaudited)
Cost of grain sold	**41,236,108**
Cost of cotton sold	**1,471,877**
Salaries and taxes	**224,607**
Depreciation and amortization	**78,921**
Other	**350,110**
	43,361,623

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. GOVERNMENT SUBSIDIES

During the nine months ended September 30, 2009, the Group received government subsidies amounting to 599,857 thousand Tenge to cover grain storage expenses.

19. INCOME TAX

The Group is subject to corporate income tax at the prevailing statutory rate of 20%. The major components of income tax expense in the interim condensed consolidated financial statements are:

	September 30, 2009 (unaudited)
Current income tax charge	**562,996**
Deferred income tax benefit relating to origination and reversal of temporary differences	**(89,584)**
Income tax expense	**473,412**

20. COMMITMENTS AND CONTINGENCIES

Contractual commitments

On February 16, April 1, 2009 the Group entered into agency agreements (the "Agreements") with the Ministry of Agriculture for the state purchase of grain from state resources under program 061 "Purchase of grain for state resources". As per Government resolution # 126 dated February 10, 2009 the amount of budget funds necessary to make state grain purchases in 2009 was defined as follows:

- spring-summer financing of 5,589,000 thousand Tenge;
- state purchase of grain in autumn of 5,589,000 thousand Tenge.

Funds not used for the state purchase of grain during spring and summer are used for state grain purchases in the autumn.

State reserves are determined annually by Government resolution. The volume of state grain reserves is confidential information and, accordingly, is not disclosed in these consolidated financial statements.

Legal proceedings

The Group is party to various other legal proceedings related to business operations, such as property damage claims and employee claims. The Group does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's financial position or results of operations.

The Group assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its consolidated financial statements only where it is probable that actual events giving rise to liability will occur and the amount of the liability can be reasonably estimated. No provision has been made in these consolidated financial statements for any of the contingent liabilities mentioned above.

No provision has been made in these consolidated financial statements for any of the contingent liabilities mentioned above.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. COMMITMENTS AND CONTINGENCIES (continued)

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. In addition, management believes that international agreements, under which the Group works with non-residents residing in International Telecommunication Union, and which provide for certain tax exemptions, have a priority over national tax legislation. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 2.5. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at September 30, 2009 and at December 31, 2008 management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained.

21. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Also parties under common control within the Group were considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions that unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

For the purpose of these consolidated financial statements all intergroup transactions, balances, and unrealised gains and losses on transactions between Group companies have been eliminated.

Due to the fact that the Company's ultimate shareholder Kazakhstan Government through JSC National Holding KazAgro, the Company is a related party to other entities where the state is a controlling shareholder.

Accounts receivable and accounts payable with related parties (profit oriented state-owned entities) as at September 30, were as follows:

	Accounts receivable		Accounts payable	
	September 30, 2009 (unaudited)	December 31, 2008	September 30, 2009 (unaudited)	December 31, 2008
JSC National Company Kazakhstan Temir Zholy	**20,338**	8,237	**43**	–
JSC Kazakhtelekom	**–**	–	**271,450**	2,818
JSC KazAgrofinance	**117,935**	116,653	**29,009**	34,242
Others	**732**	1,361	**1,952**	2,457
Total	**139,005**	126,251	**302,454**	39,517

Transactions with related parties (commercial organisations controlled by the government) for the nine months ended September 30, are as follows:

	Revenue	Expenses
	September 30, 2009 (unaudited)	
JSC National Company Kazakhstan Temir Zholy	–	688,614
JSC Kazakhtelekom	–	24,845
Others	226	11,836
Total	**226**	**725,295**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel of the Croup

Key management personnel comprise members of the Group's Board and Board of Directors (5 persons as at September 30, 2009 and December 31, 2008).

Compensation to key management personnel for the nine months ended September 30 was as follows:

	September 30, 2009 (unaudited)
Salaries	32,202
Social tax	3,218
Social security deductions	221
Pension deductions	2,946
Personal income tax	2,865
Total	**41,452**

The remuneration of key management personnel is determined by the Board of Directors.

22. SUBSEQUENT EVENTS

During the period from October 20, 2009 till December 1, 2009 the Company obtained a loan from its Parent in amount of 30,160,631 thousand Tenge in several tranches according to the loan agreements #19 dated February 23, 2009 and #54 dated September 25, 2009 and repaid 5,400,646 thousand Tenge. The loans have been received to finance grain purchases.

On December 1, 2009 the Group obtained a loan from "Halyk Bank" JSC in amount of 18,000,000 thousand Tenge according to the existing loan agreement #050101\KD dated September 2, 2009. The loan has been received to finance grain purchases.

During the period from September 30, 2009 till December 7, 2009 loans from customers of 1,011,941 thousand Tenge have been repaid.