“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Separate financial statements

For the year ended 31 December 2015,
with independent auditors' report

CONTENTS

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Independent auditors' report

To the Shareholder and Management of "Sovereign Wealth Fund "Samruk-Kazyna" JSC

We have audited the accompanying separate financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC (the "Company"), which comprise the separate balance sheet as at 31 December 2015, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of "Sovereign Wealth Fund "Samruk-Kazyna" JSC as at 31 December 2015, and its separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Consolidated financial statements presented separately

Without qualifying our opinion, we draw attention to Note 1 to the separate financial statements which states that "Sovereign Wealth Fund "Samruk-Kazyna" JSC is the parent entity of "Sovereign Wealth Fund "Samruk-Kazyna" JSC group and that consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC group prepared in accordance with International Financial Reporting Standards have been issued separately. We have audited the consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC group as at and for the year ended 31 December 2015 and expressed an unqualified opinion thereon in our independent auditors' report dated 11 April 2016.

Ernst & Young LLP

Bakhtiyor Eshonkulov Auditor / audit partner	Evgeny Zhemaletdinov General director Ernst and Young LLP
Auditor qualification certificate No. МФ-0000099 dated 27 August 2012	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

11 April 2016

SEPARATE BALANCE SHEET

As at 31 December 2015

In millions of tenge	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment		**435**	488
Intangible assets		**567**	420
Investments in subsidiaries	5	**3,811,067**	3,550,233
Investments in joint venture and associates	6	**1,335,215**	18,174
Loans issued	7	**450,133**	434,601
Amounts due from credit institutions	8	**592,791**	587,715
Other non-current financial assets	9	**26,300**	46,495
Deferred tax assets	23	**3,334**	5,707
Other non-current assets	10	**102,204**	77,916
		6,322,046	4,721,749
Current assets			
Income tax prepaid		**10,267**	14,590
Loans issued	7	**139,757**	513,004
Amounts due from credit institutions	8	**246,801**	239,768
Other current financial assets	9	**1,068**	9,291
Other current assets	11	**50,359**	29,292
Cash and cash equivalents	12	**140,575**	164,962
		588,827	970,907
Assets classified as held for sale		**18,455**	500
Total assets	6	**6,929,328**	5,693,156
Equity and liabilities			
Equity			
Share capital	13	**4,916,269**	4,620,562
Revaluation reserve for available-for-sale investments		**5,131**	22,102
Accumulated profit/(loss)		**164,673**	(759,520)
Total equity		**5,086,073**	3,883,144
Non-current liabilities			
Borrowings	14	**888,327**	939,390
Loans from the Government of the Republic of Kazakhstan	15	**859,715**	412,633
Financial guarantee liabilities	16	**27,405**	31,970
		1,775,447	1,383,993
Current liabilities			
Borrowings	14	**44,482**	409,001
Loans from the Government of the Republic of Kazakhstan	15	**6,722**	1,111
Financial guarantee liabilities	16	**5,093**	6,855
Other current liabilities		**11,511**	9,052
		67,808	426,019
Total liabilities		**1,843,255**	1,810,012
Total equity and liabilities		**6,929,328**	5,693,156

Managing Director for Finance and Operations –
Member of the Management Board

Yelena Bakhmutova

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 41 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

In millions of tenge	**Notes**	**2015**	2014
Interest income	17	**70,893**	89,234
Interest expenses	18	**(82,116)**	(103,229)
Dividend income	19	**45,155**	124,242
Gross profit		**33,932**	110,247
General and administrative expenses	20	**(43,166)**	(27,449)
Finance income	21	**64,326**	61,112
Finance expenses		**(1,454)**	(9,549)
Gain on disposal of share in subsidiary	5	**619,548**	–
Gain/(loss) on disposal of subsidiaries	5	**284**	(63,444)
Loss from change in the value of options		**–**	(41,999)
Gain on disposal of financial assets		**253**	27,164
Loss on derecognition of the option		**–**	(5,296)
Gain on reversal of impairment loss of financial and other current assets		**2,136**	384
Foreign exchange (loss)/gain, net	22	**(5,289)**	11,015
Other operating income		**109**	3,479
Profit before income tax		**670,679**	65,664
Income tax expenses	23	**(14,239)**	(16,935)
Net profit for the year		**656,440**	48,729
Other comprehensive (loss)/income for the year, net of tax			
Unrealized (loss)/gain on revaluation of available-for-sale investments		**(16,971)**	24,261
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of income tax		**(16,971)**	24,261
Total comprehensive income for the year, net of tax		**639,469**	72,990

Managing Director for Finance and Operations –
Member of the Management Board

Yelena Bakhmutova

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 41 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December

In millions of tenge	Notes	2015	2014
Cash flows from operating activities			
Profit before income tax		**670,679**	65,664
Adjustments for:			
Depreciation and amortisation		**398**	306
Gain on reversal of impairment loss of financial and other current assets, net		**(2,136)**	(384)
Finance income	21	**(64,326)**	(61,112)
(Gain)/loss on disposal of subsidiaries, net	5	**(284)**	63,444
Loss from change in the value of options		**–**	41,999
Gain on disposal of financial assets		**(253)**	(27,164)
Loss on derecognition of the option		**–**	5,296
Gain on disposal of share in subsidiary	5	**(619,548)**	–
Unrealized foreign exchange loss/(gain), net		**5,289**	(11,015)
Operating cash flows before working capital changes		**(10,181)**	77,034
Change in loans issued		**380,850**	(181,501)
Change in amounts due from credit institutions		**12,457**	27,404
Change in securities held for sale		**2,507**	647
Change in other assets		**(19,460)**	(11,233)
Change in borrowings and loans from the Government of the Republic of Kazakhstan		**(1,122,544)**	159,018
Change in other liabilities		**(64,126)**	3,524
Cash flows from operating activities		**(820,497)**	74,893
Income tax paid		**(11,866)**	(13,905)
Interest received		**32,670**	47,062
Net cash flows (used in) / received from operating activities		**(799,693)**	108,050
Cash flows from investing activities			
Withdrawal/(placement) of bank deposits, net		**7,629**	(22,248)
Acquisition of shares in subsidiaries and joint venture	5, 6	**(1,519,361)**	(181,342)
Purchase of property, plant and equipment and intangible assets		**(587)**	(246)
Proceeds from sale of investments in subsidiaries		**–**	62,241
Sale of financial assets		**–**	39,277
Proceeds from disposal of shares of subsidiaries	5	**750,430**	–
Net cash flows used in investing activities		**(761,889)**	(102,318)
Cash flows from financing activities			
Dividends paid to the Shareholder	13	**(34,713)**	(9,077)
Distributions to the Shareholder	13	**(22,600)**	(39,119)
Contributions to the share capital	13	**149,539**	103,918
Proceeds from borrowings		**693,338**	–
Proceeds from loans from the Government of the Republic of Kazakhstan	15	**751,631**	–
Net cash flows received from financing activities		**1,537,195**	55,722
Net (decrease)/increase in cash and cash equivalents		**(24,387)**	61,454
Cash and cash equivalents, at the beginning of the period		**164,962**	103,508
Cash and cash equivalents, at the end of the period	12	**140,575**	164,962

The accounting policies and notes on pages 6 to 41 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS (continued)

NON-CASH TRANSACTIONS: SUPPLEMENTAL DISCLOSURE

The following significant non-cash transactions have been excluded from the separate statement of cash flows:

- Increase in Fund's share capital through contribution made by the Shareholder in the form of property contribution and state-owned shares *(Note 13)* and with subsequent transfer of these assets to the Fund's subsidiaries *(Note 5)*.
- Recognition of non-current accounts receivable and discount on loans from the Government of the Republic of Kazakhstan *(Notes 10 and 15)*.
- Transfer of investments in associates in assets classified as held for sale *(Note 6)*.
- Transactions with the Shareholder *(Note 15)* and subsequent transfer to the Fund's subsidiaries *(Note 5)*.

Managing Director for Finance and Operations – Member of the Management Board — *Yelena Bakhmutova*

САМУРЫК КАЗЫНА

Chief accountant — *Almaz Abdrakhmanova*

The accounting policies and notes on pages 6 to 41 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

In millions of tenge	Notes	Share capital	Revaluation reserve for available-for-sale investments	Retained earnings / (accumulated loss)	Total
Balance as at 31 December 2013		4,484,676	(2,159)	(971,945)	3,510,572
Net profit for the year		–	–	48,729	48,729
Other comprehensive income		–	24,261	–	24,261
Total comprehensive income for the year		–	24,261	48,729	72,990
Issue of shares	13	135,886	–	–	135,886
Discount on loans from the Government	15	–	–	12,363	12,363
Other transactions with the Shareholder	13	–	–	207,200	207,200
Dividends	13	–	–	(9,077)	(9,077)
Other distributions to the Shareholder	13	–	–	(46,790)	(46,790)
Balance as at 31 December 2014		4,620,562	22,102	(759,520)	3,883,144
Net profit for the year		**–**	**–**	**656,440**	**656,440**
Other comprehensive loss	9	**–**	**(16,971)**	**–**	**(16,971)**
Total comprehensive income or the year		**–**	**(16,971)**	**656,440**	**639,469**
Issue of shares	13	**295,707**	**–**	**–**	**295,707**
Discount on loans from the Government	15	**–**	**–**	**325,118**	**325,118**
Dividends	13	**–**	**–**	**(34,713)**	**(34,713)**
Other distributions to the Shareholder	13	**–**	**–**	**(22,652)**	**(22,652)**
Balance as at 31 December 2015		**4,916,269**	**5,131**	**164,673**	**5,086,073**

Managing Director for Finance and Operations –
Member of the Management Board

Yelena Bakhmutova

Chief accountant

Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 41 are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

"Sovereign Wealth Fund "Samruk-Kazyna" Joint Stock Company (the "Fund" or "Samruk-Kazyna") was established on 3 November 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated 13 October 2008 and the Resolution of the Government of the Republic of Kazakhstan dated 17 October 2008. The Fund was created by the merger of "Sustainable Development Fund "Kazyna" JSC ("Kazyna") and "Kazakhstan Holding Company for State Assets Management "Samruk" JSC ("Samruk") and the additional transfer to the Fund of ownership in certain entities owned by the Government of the Republic of Kazakhstan (the "Government" or the "State"). The founder of the Fund is the Government, represented by State property and privatization committee of the Ministry of finance of the Republic of Kazakhstan. The Government is the sole shareholder of the Fund (the "Shareholder").

The main objective of the Government during the merger of "Kazyna" and "Samruk" is to increase management's efficiency and to optimize organizational structure of the Fund's subsidiaries for them to successfully achieve strategic objectives set out in the respective Government programs and development plans.

According to the Law of the Republic of Kazakhstan enacted on 1 February 2012 "On Sovereign Wealth Fund" No. 550-IV, the Fund's activities are focused on improving the sovereign wealth of the Republic of Kazakhstan by increasing long-term value of the Fund's group companies and by effective management of the Fund's group assets.

The Fund is a holding company with investments in a number of entities listed in *Notes 5* and *6*.

The administrative address of the Fund: the Republic of Kazakhstan, Astana, Kunayev Street, 8.

These separate financial statements were authorized for issue by the Managing Director for Finance and Operations and Chief accountant of the Fund on 11 April 2016.

These separate financial statements were issued in addition to the consolidated financial statements of the Fund. The consolidated financial statements were authorized for issue by Managing Director for Finance and Operations and Chief accountant of the Fund on 11 April 2016.

2. BASIS OF PREPARATION

These separate financial statements have been prepared on a historical cost basis, except as described in the accounting policies and notes to these separate financial statements. The Fund maintains its accounting records in Kazakhstani tenge ("tenge"). All amounts in these separate financial statements are rounded to the nearest million tenge, except when otherwise indicated.

Statement of compliance

These separate financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standard Board ("IASB").

The preparation of separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The preparation of financial statements also requires management to exercise its judgment in applying the accounting policies of the Fund. The areas involving a higher degree of judgment or complexity, as well as areas where assumptions and estimates are significant to the separate financial statements are disclosed in *Note 4*.

Foreign currency translation

Functional and presentation currency

These separate financial statements are presented in tenge, which is functional and presentation currency of the Fund's separate financial statements.

Transactions and balances

Transactions in foreign currency are initially recorded at the functional currency rate effective at the date of transaction. Monetary assets and liabilities denominated in the foreign currency are translated to the functional currency using exchange rate effective at the balance sheet date. All translation differences are taken to the separate statement of comprehensive income. Non-monetary items measured on a historical cost basis in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

2. BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

Exchange rates

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

As at 31 December 2015 the currency exchange rate of KASE was 340.01 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as at 31 December 2015 (as at 31 December 2014: 182.35 tenge to 1 US dollar). The currency exchange rate of KASE as at 11 April 2016 was 336.87 tenge to 1 US dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies applied in preparation of these separate financial statements are consistent with those applied in preparation of the separate financial statements for the year ended 31 December 2014, except for the adoption of new and amended Standards and Interpretations described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Fund, since the Fund does not have defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Fund has applied the following improvements in these separate financial statements:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Fund has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Fund had not granted any awards during the second half of 2015. Thus, these amendments did not impact the Fund's financial statements or accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Fund's current accounting policy and, thus, this amendment did not impact the Fund's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar";
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Annual improvements 2010-2012 cycle (continued)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Fund as it does not receive any management services from other entities.

Annual improvements 2011-2013 cycle

These improvements are effective from 1 July 2014 and did not impact materially the Fund's separate financial statements. The documents include the following amendments:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Fund is not a joint arrangement, and thus this amendment is not relevant for the Fund.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Fund does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Fund has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Fund.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's separate financial statements and not yet early adopted by the Fund are disclosed below. The Fund intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Fund plans to adopt the new standard on the required effective date.

(a) Classification and measurement

The Fund does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Fund expects that these will continue to be measured at amortized cost under IFRS 9. However, the Fund will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortized cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Fund to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Fund expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Fund does not expect a significant impact on its equity, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Fund believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Fund does not expect a significant impact as a result of applying IFRS 9. The Fund will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Fund is an existing IFRS preparer, this standard would not apply.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Fund plans to adopt the new standard on the required effective date using the full retrospective method. Furthermore, the Fund is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Fund.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund given that the Fund has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund as the Fund does not have any bearer plants.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments may have impact on the Fund's separate financial statements in the case of the decision to change the approach of the accounting of the investments into subsidiaries, joint ventures and associates.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Annual improvements 2012-2014 cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

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

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Fund's separate financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Annual improvements 2012-2014 cycle (continued)

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company's separate financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments might have impact on the Fund's separate financial statements in case the decision to change the accounting approach is made.

Investments in subsidiaries, joint ventures and associates

The Fund's investments in its subsidiaries, joint ventures and associates are accounted for at cost, less any accumulated impairment losses. Associate is an entity in which the Fund has significant influence and which is neither subsidiary nor joint venture of the Fund.

Impairment of non-financial assets

At each reporting date, the Fund assesses non-financial assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the Fund makes an estimate of its recoverable amount. An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

At each reporting date an assessment is made to identify any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated by the Fund. A previously recognized impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. That increased amount cannot exceed the recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Investments in subsidiaries, joint ventures and associates

The Fund determines at each reporting date whether there is any objective evidence that the investment in subsidiaries, associates and joint ventures are impaired. If impairment indicators exist, the Fund conducts impairment test and calculates impairment loss as the difference between the recoverable amount and carrying amount of investments.

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, or as derivative instruments. The Fund determines the classification of its financial assets at initial recognition.

Financial assets are initially recognized at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date when the Fund commits to purchase or sell the asset.

The Fund's financial assets include cash and cash equivalents, bank deposits, loan issued, amounts due from credit institutions, investments available for sale and other receivables. The subsequent measurement of financial assets depends on their classification as follows:

Amounts due from credit institutions, loans issued and other receivables

Amounts due from credit institutions, bank deposits, loans issued and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are carried at amortized cost using the effective interest rate (EIR) method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the separate statement of comprehensive income. Losses arising from impairment are recognized as a separate line in the separate statement of comprehensive income.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Fund has the positive intention and ability to hold them to maturity. After initial measurement held-to-maturity investments are measured at amortized cost determined using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the separate statement of comprehensive income. The losses arising from impairment are recognized as a separate line in the separate statement of comprehensive income.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity securities classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which the Fund intends to hold for an indefinite period and which may be sold for the purpose of providing liquidity or in response to changes in the market conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Available-for-sale financial investments (continued)

After initial measurement, available-for-sale financial investments are measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in income from disposal of financial assets, or determined to be impaired, at which time the cumulative loss is reclassified to impairment loss in the separate statement of comprehensive income and removed from the available-for-sale investment revaluation reserve.

Fair value determination

The fair value of financial instruments that are traded in active market at each reporting date is determined by reference to quoted market prices or dealers price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For other financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include cash flow discounting model, reference to the current fair value of another instrument that is substantially the same, option valuation models or other valuation models.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized on the separate balance sheet when:

- the rights to receive cash flows from the asset have expired;
- the Fund either transfers its rights to receive cash flows from the asset, or has assumed an obligation to pay in full without material delay to a third party under a "pass through" arrangement; or the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retains substantially all the risks and rewards of the asset, but has transferred control over the asset.

When the Fund has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset.

In that case, the Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Impairment of financial assets

Amounts due from credit institutions, loans to customers and bank deposits

For amounts due from credit institutions, loans and bank deposits carried at amortized cost the Fund first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Amounts due from credit institutions, loans to customers and bank deposits (continued)

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The present value of estimated future cash flows is discounted at the financial assets' original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the separate statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The interest income is recorded as part of revenue in the separate line of the separate statement of comprehensive income. Loans issued together with the associated allowance are written off when there are no realistic prospects of future recovery and all collateral has been sold or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment losses increases or decreases because of an event occurring after the impairment losses were recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit and losses in the separate statement of comprehensive income.

Investments available-for-sale

If there is objective evidence that the initial cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the initial cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below the initial cost.

If an available-for-sale equity security is impaired, according to qualitative and quantitative impairment criteria, determined by the Fund, any further declines in the fair value at subsequent reporting dates are recognized as impairment. Therefore, at each reporting date, for an equity security that was determined to be impaired according to the impairment criteria of the Fund, impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairment.

Non-current assets classified as held for distribution to the Shareholder

Assets are classified as non-current assets held for transfer to the Shareholder if they meet the following criteria:

- are available for immediate transfer in their current condition;
- there is a firm intention to ensure their planned transfer;
- actions have been under taken to complete the plan;
- there is a high probability of making a transfer, and it is expected that the transfer will be completed within 1 (one) year from the date of classification.

Non-current assets classified as held for transfer to the Shareholder have been presented separately within current assets category in the separate balance sheet.

Non-current assets (or disposal groups) classified as held for transfer to the Shareholder are measured at the lower of carrying amount and fair value less costs to transfer.

Non-current asset that ceases to be classified as held for transfer to the Shareholder is measured at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for transfer to the Shareholder, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset (or disposal group) not been classified as held for transfer to the Shareholder; and
- its recoverable amount at the date of the subsequent decision not to transfer.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Value added tax (VAT)

The tax authorities permit the settlement of sales and purchases VAT on a net basis. VAT receivable represents VAT on domestic purchases net of VAT on domestic sales. Export sales are zero-rated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on demand deposits, other short-term highly liquid investments with original maturities not greater than 3 (three) months.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Fund's financial liabilities include trade and other payables, borrowings, loans from the Government of the Republic of Kazakhstan, financial guarantee contracts and other liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Borrowings and loans from the Government of the Republic of Kazakhstan

After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses on such financial liabilities are recognized in the separate statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account discounts or premiums on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in interest expenses in the separate statement of comprehensive income.

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or other financial assets, or to satisfy the obligation other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of own equity instruments. Such instruments include amounts due to the Government and loan due to credit institutions, which are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Subsequently, amounts received are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the separate statement of comprehensive income over the period of the borrowings using the effective interest method. If the Fund purchases its own debt, it is then removed from the separate balance sheet and the difference between the carrying amount of the liability and the consideration paid is recognized in interest income.

Debt securities issued

Debt securities issued represent bonds issued by the Fund. They are accounted for according to the same principles used for borrowings and loans from the Government of the Republic of Kazakhstan.

Financial guarantee contracts

Financial guarantee contracts issued by the Fund represent those contracts that require a payment to be made to reimburse the holder for losses the party incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the following measures: best estimate of the expenditures required to settle the present obligation at the reporting date and the amount of liability recognized less cumulative amortization.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Options arising on investments acquisition

While acquiring investments the Fund issues to a third party a call option on acquired interest in the business, the Fund assesses whether being a party to such option gives to a third party access to benefits and risks associated with ownership of such interest.

If a call-option does not provide a third party with access to benefits and risks of acquired interest, this call option is not accounted for the purpose of determination of Fund's significant influence.

Fair value of the liability for the Fund under the option is recognized as a part of acquired investments. The financial liability is subsequently measured in accordance with the requirements of IAS 39. Changes in the fair value of a financial liability as well as any gains or losses related to the settlement of these options are recorded directly in separate statement of comprehensive income.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Total gain or loss is recognized in the separate statement of comprehensive income unless the derivative is designated and effective as a hedging instrument, in such event the timing of the recognition in the separate statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 (twelve) months and it is not expected to be realized or settled within 12 (twelve) months. Other derivatives are classified as current assets or current liabilities.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Fund and the amount of revenue can be reliably measured.

Interest and similar income and expenses

Interest income on financial instruments, except for interest income on placement of temporarily excess cash, represent income from operating activity of the Fund and is disclosed as interest income. Interest income on placement of temporarily excess cash is disclosed as finance income.

For all financial instruments measured at amortized cost and interest bearing securities classified as available-for-sale, interest income or expense is recorded at the effective interest rate. This rate allows exact discounting of estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, early repayment) and includes any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if there is reassessment of payments and cash receipts by the Fund. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss in the separate financial statements, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Dividends

Dividends income is recognized when the Fund's right to receive the payment is determined.

Expense recognition

Expenses are recognized as incurred and are recorded on the accrual basis in the separate financial statements in the period to which they relate.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the separate statement of comprehensive income except to the situations when it relates to items charged or credited directly to the equity, in which case it is recognized in equity.

Current income tax expenses are the expected taxes payable on the taxable profit for the year and any adjustments to tax payable in respect of previous years.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements, except where the deferred income tax arises as a result of the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted (or substantively enacted) at the reporting date.

Equity

Share capital

Common shares are classified as equity. Expenses payable for services to third parties directly attributable to the issue of new shares, other than on a business combinations, are shown as a deduction from the proceeds of this issuance in equity. Any excess of the fair value of consideration received over the par value of shares issued is charged to retained earnings.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or at the reporting date. Information on dividends is disclosed in the separate financial statements when they are proposed before the reporting date or proposed and declared after the reporting date but before the separate financial statements are authorised for issue.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the separate financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the separate financial statements. Where an inflow of economic benefits is probable, they are disclosed.

Offsetting

Assets and liabilities are only offset and reported at the net amount in the separate balance sheet when there is a legally enforceable right to offset the recognized amounts and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Subsequent events

Post-year-end events that provide additional information on the separate financial position of the Fund that existed as at the reporting date (adjusting events) are reflected in the separate financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the separate financial statements of the Fund requires management to make judgments, estimates and assumptions that affect the reported in the separate financial statements amounts of revenue, expenses, assets and liabilities, and disclosure of contingent liabilities and assets as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the separate balance sheet cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments reported in the separate financial statements.

Allowance for impairment of loans issued, amounts due from credit institutions and deposits

The Fund reviews its individually significant loans issued, amounts due from credit institutions and deposits at each reporting date to assess the need of recognizing impairment loss in the profit and losses. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating such cash flows, the Fund makes judgment about the borrower's financial position and the net realizable value of collateral if applicable. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Taxation

In assessing tax risks, management considers the known areas of non-compliance with tax legislation as a possible obligation which the Fund would not appeal or does not believe it could successfully appeal, if additional taxes will be accrued by tax authorities. Such determination requires significant judgments and is subject to changes as a result of changes in tax legislation and regulations, amendments to the taxation terms, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities.

Deferred tax assets

Deferred tax assets were recognized for all allowances on provisions and other liabilities to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved, as well as successful application of tax planning strategies. The unrecognized deferred tax assets were equal to 23,799 million tenge as at 31 December 2015 (as at 31 December 2014: 13,982 million tenge) *(Note 23)*.

Impairment of investments in subsidiaries

Impairment exists when the carrying amount of an investment in subsidiary exceeds its recoverable amount, which is the higher of the following: its fair value less costs to sell and its value in use. In 2015, the Fund did not recognize any impairment of investments in subsidiaries.

Impairment of assets classified as held for sale

Non-current assets classified as held for sale should be measured at the lower of the following: their carrying amount or fair value less costs to sell. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Costs to sell are determined as the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

In 2015 the Fund did not recognize any impairment losses on assets classified as held for sale.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES

The following table represents investments in subsidiaries of the Fund, their activity, country of incorporation or location, as well as the Fund's share in these subsidiaries:

In millions of tenge	Activity	Country	31 December 2015	31 December 2014	Ownership 31 December 2015	Ownership 31 December 2014
"National Company "Kazakhstan Temir Zholy" JSC	Cargo and passengers railway transportation	Kazakhstan	**1,250,684**	1,169,813	**100.00%**	100.00%
"National Company "KazMunayGas" JSC	Oil and gas industry	Kazakhstan	**1,187,544**	1,165,233	**90.00% - 1**	100.00%
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	**434,050**	384,618	**100.00%**	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry of RK	Kazakhstan	**284,161**	265,527	**100.00%**	100.00%
"United Chemical Company" LLP	Development of chemical industry of RK	Kazakhstan	**195,429**	113,260	**100.00%**	100.00%
"National Atomic Company "KazAtomProm" JSC	Uranium production	Kazakhstan	**147,275**	147,275	**100.00%**	100.00%
"Kazakhstan Electricity Grid Operating Company" JSC ("KEGOC")	Electricity transmission	Kazakhstan	**120,648**	120,648	**90.00% + 1**	90.00% + 1
"Kazakhtelecom" JSC	Fixed line telecommunication	Kazakhstan	**88,733**	88,733	**51.00%**	51.00%
"Real Estate Fund "Samruk-Kazyna" JSC	Stabilization of real estate market	Kazakhstan	**31,851**	31,851	**100.00%**	100.00%
"National Company "Kazakhstan Engineering" JSC	Mechanical and defence engineering	Kazakhstan	**23,595**	23,595	**100.00%**	100.00%
"Kazpost" JSC	Postal and financial services	Kazakhstan	**18,028**	13,463	**100.00%**	100.00%
"Samruk-Kazyna Invest" LLP	Professional services on investment projects	Kazakhstan	**11,320**	8,582	**100.00%**	100.00%
"Air Astana" JSC	Passengers air transportation	Kazakhstan	**7,276**	7,276	**51.00%**	51.00%
"International Airport Aktobe" JSC	Airport services	Kazakhstan	**6,029**	6,029	**100.00%**	100.00%
"Airport Pavlodar" JSC	Airport services	Kazakhstan	**1,454**	1,454	**100.00%**	100.00%
"Samruk-Kazyna Contract" LLP	Project management	Kazakhstan	**1,284**	1,284	**100.00%**	100.00%
"International Airport Atyrau" JSC	Airport services	Kazakhstan	**1,196**	1,196	**100.00%**	100.00%
"KOREM" JSC	Operator of electricity market	Kazakhstan	**161**	161	**100.00%**	100.00%
"Aviation Company "Air Kazakhstan" JSC	Passengers air transportation	Kazakhstan	**136**	136	**53.55%**	53.65%
"Qazaq Air" LLP	Passengers air transportation	Kazakhstan	**120**	–	**100.00%**	–
"Kazakh nuclear power stations" JSC	Implementation of projects on construction of nuclear power plants	Kazakhstan	**93**	93	**100.00%**	100.00%
"Karagandagiproshakht and Co" LLP	Design works	Kazakhstan	**–**	6	**–**	90.00%
"Samruk-Kazyna Finance" LLP	Consultation services	Kazakhstan	**–**	–	**100.00%**	100.00%
KGF IM	Financial operations	Cayman Islands	**–**	–	**–**	100.00%
			3,811,067	3,550,233		

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries

"National Company "Kazakhstan Temir Zholy" JSC ("KTZh")

In 2015 the Fund made contributions to the share capital of KTZh in the amount of 74,444 million tenge by cash and property in the amount of 68,339 million tenge and 6,105 million tenge, respectively *(Note 13)*. In addition, in 2015 the Fund provided KTZh with a loan with interest rate below market rate *(Note 7)*, discount in the amount of 6,427 million tenge, calculated as the difference between the fair value at the issuance date and nominal amount of the loan, was recognised as an increase in the investment in the subsidiary.

"National Company "KazMunayGas" JSC ("KMG")

In 2015 the Fund made contribution to the share capital of KMG in the amount of 152,763 million tenge, including 126,591 million tenge in the form of property contribution by transfer of the right to claim payments under "Kazakhstani promissory note" according to the agreement of the Government of the Republic of Kazakhstan and JSC "Caspian Pipeline Consortium-K", 13,472 million tenge in the form of property contribution by gas pipelines, real estate property and 12,700 million tenge in cash *(Note 13)*.

As part of a set of measures for financial stability preservation the Fund made a distribution of 10% of the ordinary shares + 1 ordinary share of KMG in favor of the National Bank of the Republic of Kazakhstan. The cost of the transaction amounted to 750,000 million tenge, the payment was made in cash. As a result, the Fund recognized a gain on disposal of interest in a subsidiary in the amount of 619,548 million tenge within profit and loss.

KMG shares acquired by NBRK were transferred to the Fund for trust management.

"Samruk-Energy" JSC ("Samruk-Energy")

In 2015 the Fund made contribution to the share capital of Samruk-Energy in the amount of 336 million tenge, including 330 million tenge due to the recognition of obligation on guarantee provided and 6 million tenge due to transfer of the subsidiary "Karagandagiproshakht and K" LLP for share capital payment. In 2015 the Fund signed an additional agreement under which the interest rate on the previously issued loan in the amount of 100,000 million tenge was reduced from 9% to 1% per annum *(Note 7)*. Accordingly, the discount in the amount of 49,096 million tenge, calculated as the difference between the fair value of the loan at the date of the additional agreement and the carrying amount, was recognized as an increase in investments.

"National Mining Company "Tau-Ken Samruk" JSC ("Tau-Ken Samruk")

In 2015 the Fund made cash contribution to the share capital of Tau Ken Samruk in the amount of 13,515 million tenge. In addition, in 2015 the Fund provided Tau-Ken Samruk with a loan with interest rate below market rate *(Note 7)*, discount in the amount of 5,119 million tenge, calculated as the difference between the fair value at the issuance date and nominal amount of the loan, was recognised as an increase in the investments.

"United Chemical Company" LLP

In 2015 the Fund made cash contribution to the share capital of "United Chemical Company" LLP in the amount of 82,169 million tenge.

"Kazpost" JSC and "Samruk-Kazyna Invest" LLP

In 2015 the Fund made cash contributions to the share capital of "Kazpost" JSC and "Samruk-Kazyna Invest" LLP in the amount of 4,565 million tenge and 2,738 million tenge, respectively.

"Qazaq Air" JSC

In April, 2015 legal registration of the subsidiary "Qazaq Air" JSC was carried out with 100% ownership interest of the Fund. Consequently, contribution to the share capital of "Qazaq Air" JSC in the amount of 120 million tenge in cash was made by the Fund.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries (continued)

"Kazakh Research Institute named after Chokin" JSC

In January 2015, the Fund realized shares of "Kazakh Research Institute named after Chokin" JSC in accordance with the purchase-sale agreement between the Fund and "Power Build Engineering" LLP, signed in December 2014. The total cost of the deal amounted to 504 million tenge and payment was made in cash, including 430 million in 2015 and 74 million in 2014. As a result, the Fund recognized gain on disposal of subsidiary in the amount of 284 million tenge.

KGF IM

In March, 2015 the Fund liquidated KGF IM subsidiary.

6. INVESTMENTS IN JOINT VENTURE AND ASSOCIATES

As at 31 December investments in joint venture and associates were presented as follows:

In millions of tenge	**31 December 2015**	31 December 2014
Joint venture		
"KMG Kashagan B.V." PLLC	**1,335,215**	–
Associates		
Shekerbank	–	18,174
"Astana-Finance" JSC	–	6,516
Less: impairment provision	–	(6,516)
	1,335,215	18,174

Activities of associates, countries of residence and the Fund's share in these organizations as of 31 December is presented as follows:

			Ownership	
Company	**Activity**	**Country**	**31 December 2015**	31 December 2014
Joint venture				
"KMG Kashagan B.V." PLLC	Oil and gas industry	Netherlands	**50.00%**	–
Associates				
Shekerbank	Bank services	Turkey	–	20.17%
"Astana-Finance" JSC	Finance organization	Kazakhstan	–	1.63%

"KMG Kashagan B.V." PLLC

On 16 October 2015 the Fund completed transaction with KMG regarding the acquisition of 50% share of "KMG Kashagan B.V." PLLC, which is one of the members of the international consortium in development of the North-Caspian project, including the Kashagan field. The fair value of the acquired 50% participatory interest was estimated at 4.7 billion US dollars (equivalent to 1,297,670 million tenge converted using the exchange rate as at the date of completion of the transaction).

On 28 December 2015 the Fund made an additional contribution to the charter capital "KMG Kashagan B.V." PLLC in the amount of 113 million US dollars (equivalent to 37,545 million tenge converted using the exchange rate as at the date of payment).

6. INVESTMENTS IN JOINT VENTURE AND ASSOCIATES (continued)

Shekerbank

On 30 December 2015 the Fund concluded the agreement with "Kazkommertsbank" JSC ("KKB") regarding the sale of 224,353,416 of shares in Shekerbank, which represents 19.37% of the share capital of Shekerbank. In accordance with the share purchase-sale agreement, the sale process (transfer of shares and payment for shares) will be completed after execution of necessary precedent conditions, including:

- compliance with the conditions of the Shareholders Agreement signed with another major shareholder of Shekerbank – Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfi (SEMVAK/Shekerbank Voluntary Pension Fund);
- necessary resolutions of the board of directors;
- permissions to be obtained from relevant Government Authorities.

The selling price will be determined at the date of share transfer.

As in accordance with the sale agreement it is planned to realize the Fund's shares in Sekerbank, the Fund classified an investment in associate as assets held for sale with the carrying value at the date of reclassification equal to 18,174 million tenge.

"Astana-Finance" JSC

Due to the fact that the Fund has no representatives in the board of directors of "Astana Finance" JSC, the Fund considers that it lost significant influence and therefore stops classification of "Astana-Finance" JSC as an investment in associate and recognizes it as financial asset *(Note 9)*.

7. LOANS ISSUED

As at 31 December loans issued comprised the following:

In millions of tenge	31 December 2015	31 December 2014
Loans issued to subsidiaries	**367,719**	400,244
Loans issued to third parties and related parties	**218,018**	538,132
Bonds issued by third parties and related parties	**2,083**	1,778
Interest receivable	**10,880**	18,607
Less: impairment provision	**(8,810)**	(11,156)
Total loans issued	**589,890**	947,605
Less: current portion	**(139,757)**	(513,004)
Non-current portion	**450,133**	434,601

Loans issued comprised of the following currencies:

In millions of tenge	31 December 2015	31 December 2014
Loans denominated in tenge	**416,237**	464,760
Loans denominated in US dollars	**173,653**	482,845
	589,890	947,605

Loans issued to subsidiaries

Real Estate Fund "Samruk-Kazyna" JSC

In 2012 the Fund concluded a revolving credit line (with a limit of 99,053 million tenge) with "Real Estate Fund "Samruk-Kazyna" JSC ("Real Estate Fund") according to which, in 2015, the Fund provided additional tranches in the total amount of 8,879 million tenge with maturity till 31 July 2022 and interest rate of 2% to finance housing construction projects within the framework of the program "Affordable housing – 2020", approved by the Resolution of the Government of the Republic of Kazakhstan dated 21 June 2012. The financing was made by National Fund's resources. As of 31 December 2015 principal amount under this revolving credit line amounts to 55,817 million tenge.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

7. LOANS ISSUED (continued)

Loans issued to subsidiaries (continued)

Real Estate Fund "Samruk-Kazyna" JSC (continued)

In accordance with the credit line terms, the Fund has a right to demand an early repayment of the loans or their part from Real Estate Fund at any time, and Real Estate Fund is obliged to make an early repayment on demand of the Fund. Due to these terms, the Fund classifies all loans provided under this credit line as current.

In 2015, the Real Estate Fund made a partial early repayment of loans in the amount of 5,415 million tenge (2014: 4,551 million tenge). As at 31 December 2015 the principal and interest receivable amount equaled to 104,001 million tenge (2014: 100,311 million tenge).

"National Company "Kazakhstan Temir Zholy" JSC

In July 2015 the Fund provided loan to KTZh in the amount of 8,862 million tenge to finance renewal of railway carriers of "Passenger Transportation" JSC with maturity till 5 May 2045 and interest rate of 0.075%.

At initial recognition the loan was measured at fair value, which comprised 2,435 million tenge, using applicable market interest rates. The difference between the nominal amount of the loans issued and their fair value in the amount of 6,427 million tenge was recognised as the increase in the Fund's investments in KTZh *(Note 5)*.

As at 31 December 2015 the principal and interest receivable amount equaled to 95,939 million tenge (2014: 90,224 million tenge).

"National Mining Company "Tau-Ken Samruk" JSC

In July 2015 the Fund provided loan to Tau-Ken Samruk in the amount of 7,734 million tenge to finance acquisition of 100% participatory interest in charter capital of "Severnyi Katpar" LLP with maturity till 7 July 2035 and interest rate of 0.1%.

At initial recognition the loan was measured at fair value, which comprised 2,615 million tenge, using applicable market interest rates. The difference between the nominal amount of the loan issued and its fair value in the amount of 5,119 million tenge was recognized as the increase in the Fund's investments in Tau-Ken Samruk *(Note 5)*.

As at 31 December 2015 the principal and interest receivable amount equaled to 2,707 million tenge (2014: nil).

"Qazaq Air" JSC

In 2015, the Fund provided interest-free financial aid to Qazaq Air JSC in amount of 4,729 million tenge. The maturity of the financial aid is 31 December 2016, after which the corporate decision to convert the sum of the financial aid to shares can be made.

"Samruk-Energy" JSC

On 17 January 2014 the Fund provided a loan to "Samruk-Energy" JSC in the amount of 200,000 million tenge with maturity till 1 December 2028 and interest rate of 7.8% for acquisition of 50% interest in "Ekibastuzskaya GRES-1" LLP and 100% interest in "Kazhydrotechenergo" LLP.

On 6 October 2014 in accordance with the Addendum to the credit agreement concluded with "Samruk-Energy" JSC the Fund converted 50% of loan issued in the amount of 100,000 million tenge by purchase of 100,000 ordinary shares. Interest rate for the remaining part of the loan was increased to 9%.

On 25 December 2015 the Fund signed an additional agreement to the loan agreement with Samruk-Energy, according to which the interest rate is 1% per annum. The loan was revalued at fair value which comprised 50,904 million tenge, using applicable market interest rates. The difference between the nominal amount of the loans issued and their fair value in the amount of 49,096 million tenge was recognized as the increase in the Fund's investments in Samruk-Energy *(Note 5)*.

As at 31 December 2015 the principal and interest receivable amount equaled to 80,364 million tenge (2014: 130,363 million tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

7. LOANS ISSUED (continued)

Loans issued to third parties and related parties

KazMinerals Plc (previously Kazakhmys Finance PLC)

During the first quarter of 2015 KazMinerals Plc (previously Kazakhmys Finance PLC) made an early partial repayment of the loans provided in the amount of 1,993 million US dollars (equivalent to 368,447 million tenge converted using the exchange rate at the date of repayment) provided for the purpose of development of Bozshakol, Bozymchak, Abyz and Nurkazgan copper fields. The loans were provided from the proceeds received under the credit line from State China Development Bank. Meanwhile, the Fund made an early repayment of the loans provided by State China Development Bank *(Note 14)*.

Eurasian Resources Group (previously Eurasian Natural Resources Corporation PLC)

On 20 November 2010 the Fund concluded the loan agreement in the amount of 500 million US dollars with Eurasian Resources Group with maturity until 20 September 2020 and interest rate of 7.5%. As at 31 December 2015 the amount of principal and interest receivable amount to 173,653 million tenge.

"Kazakhstan Petrochemical Industries Inc." LLP

In May 2015 there was an early prepayment of the loan in the amount of 4,000 million tenge issued to "Kazakhstan Petrochemical Industries Inc." LLP through the transfer of the design estimate documentation of the gas-turbine power station to the State.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

As at 31 December amounts due from credit institutions comprised the following:

In millions of tenge	**31 December 2015**	31 December 2014
10 largest local banks	**554,000**	641,557
Other local credit institutions	**276,917**	177,644
Interest accrued	**8,675**	8,282
Total amounts due from credit institutions	**839,592**	827,483
Less: current portion	**(246,801)**	(239,768)
Non-current portion	**592,791**	587,715

In millions of tenge	**31 December 2015**	31 December 2014
Rating from BBB+(Baa1) to BBB(Baa2)	**47,596**	53,292
Rating from BBB-(Baa3) to BB-(Ba3)	**78,553**	40,838
Rating from B+(B1) to B-(B3)	**554,373**	703,857
No rating	**159,070**	29,496
	839,592	827,483

As at 31 December 2015 amounts due from credit institutions classified as "No rating" are represented by the loans to BTA Bank JSC and House construction and savings Bank (2014: House construction and savings Bank JSC).

Amounts due from credit institutions are mainly represented by funds placed in banks and other financial institutions for financing activities approved within the framework approved by the Government, as well as bank deposits, placed under the policy of temporary available cash.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

As at 31 December 2015 amounts placed in banks and other financial organizations, for purposes of financing of events approved by the Government, were mainly represented by loans denominated in tenge issued to the following banks and other financial entities:

- "Entrepreneurship Development Fund "Damu" JSC in the amount of 25,117 million tenge (2014: 31,605 million tenge) in order to finance small and medium business. Interest on these loans was charged at rates from 2% to 5.5% per annum.
- "Development Bank of Kazakhstan" JSC to decrease financing costs of investment projects in priority segments of economy and to decrease funding costs on finance leases and to stimulate export of Kazakhstani locomotives in the amount of 2,773 million tenge, 16,115 million tenge and 3,591 million tenge, respectively (2014: 2,980 million tenge, 15,263 million tenge and 3,344 million tenge, respectively). Interest on these loans was charged at rates from 0.2% to 0.6% per annum.
- To the second tier banks for refinancing mortgage loans, construction of housing in Astana and Almaty and provision of intermediary housing loans in the amount of 95,651 million tenge, 45,132 million tenge and 28,485 million tenge, respectively (as at 31 December 2014: 102,281 million tenge, 51,835 million tenge and 27,407 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.
- BTA Bank for the repayment of share in cash compensation and for general banking purposes as part of the restructuring of the financial liabilities of the bank in the amount of 130,586 million tenge. Interest rate for the loan provided was equal to 4%.

In accordance with the policy of temporary available cash management, the Fund places the deposits in Kazakhstani Tier 2 banks. The amounts in credit institutions as bank deposits total to 492,142 million tenge (2014: 467,575 million tenge). As of 31 December 2015 the weighted average interest rate on long-term bank deposits amounts to 5.29% per annum (2014: 5.18%), weighted average interest rate on short-term bank deposits amounts to 11.5% per annum (2014: 7.88%).

As at 31 December 2015 the Fund had no past due and impaired amounts due from credit institutions.

9. OTHER FINANCIAL ASSETS

As at 31 December other financial assets comprised the following:

In millions of tenge	**31 December 2015**	31 December 2014
Financial assets available-for-sale		
Equity securities of "Kazkommertsbank" JSC (KKB)	**20,011**	35,062
Equity securities of "Halyk Bank of Kazakhstan" JSC	**–**	–
Equity securities of "BTA Bank" JSC	**–**	5,470
Equity securities of "Alliance Bank" JSC	**–**	3,624
Debt securities	**7,357**	11,630
Equity securities of "Astana-Finance" JSC *(Note 6)*	**6,516**	–
Less: provision for impairment *(Note 6)*	**(6,516)**	–
Total other financial assets	**27,368**	55,786
Less: current portion	**(1,068)**	(9,291)
Non-current portion	**26,300**	46,495

Equity securities of KKB

As at 31 December 2015 and 31 December 2014 the remaining balance of KKB shares owned by the Fund was equal to 85,517,241 shares.

Equity securities of "Halyk Bank of Kazakhstan" JSC ("Halyk Bank")

As at 31 December 2015 the remaining balance of preferred shares of Halyk Bank was equal to 100 shares.

Fair value of equity securities of KKB and Halyk Bank as at 31 December 2015 and 31 December 2014 was determined based on published quotations from the active market. Changes in revaluation reserve of shares of KKB and other equity securities amounted to 15,051 million tenge and 1,920 million tenge respectively.

9. OTHER FINANCIAL ASSETS (continued)

Equity securities of "BTA Bank" JSC ("BTA Bank")

In December 2015, the Fund sold a package of common and preferred shares of BTA Bank to KKB. The cost of the sale of shares of BTA Bank amounted to 6,811 million tenge with repayment period of 1.5 (one and half) year.

Equity securities of "Alliance Bank" JSC (currently "ForteBank" JSC)

In March 2015 the Fund sold a package of common and preferred shares of Alliance Bank to Mr. Utemuratov Bulat Dzhamitovich. The cost of the sale of shares amounted to 4,755 million tenge with repayment period of 5 (five) years and it is subject to annual increase for the size of refinancing rate of the National Bank.

10. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

In millions of tenge	**31 December 2015**	31 December 2014
Non-current trade receivables	**84,184**	67,059
Property held for sale	**7,837**	10,169
Other	**10,654**	1,161
Less: impairment provision	**(471)**	(473)
	102,204	77,916

Non-current trade receivables

As of 31 December 2015 non-current accounts receivable presented as discounted value of deferred payments for the shares of the following banks:

- for the shares of BTA Bank (97.26%) in the amount of 68,506 million tenge until 30 June 2017 (as of 31 December 2014: 56,035 million tenge);
- for the shares of "Temirbank" JSC in the amount of 12,148 million tenge until 15 May 2019 (as of 31 December 2014: 11,024 million tenge);
- for shares of Alliance Bank in the amount of 3,530 million tenge until 3 March 2020 (as of 31 December 2014: 3,624 million tenge), respectively *(Note 9)*.

Property held for sale

On 5 May 2014 the Fund received property in the form of real estate in residential complexes in Almaty as repayment of loans issued to "AYT Housing Complex" LLP *(Note 7)*. As at 31 December 2015 the carrying amount of the property is 7,837 million tenge (as at 31 December 2014: 10,169 million tenge). All the property is transferred to the Fund's subsidiary Real Estate Fund for the trust management that acts as agent for the sales of real estate on behalf of the Fund.

Other

In 2015, for the purpose of automation of business processes of the Group the Fund concluded the long-term agreement with "SAP Kazakhstan" LLP on provision of perpetual rights of use and provision of services on support of SAP software, according to which the Fund acquired asset at the first phase of the project at the value of 7,376 million tenge. In future it is planned to sell the asset to organizations within the Group of the Fund.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

11. OTHER CURRENT ASSETS

As at 31 December other current assets comprised the following:

In millions of tenge	31 December 2015	31 December 2014
Dividends receivable	**46,794**	25,906
Other accounts receivable	**6,273**	6,621
Other	**1,113**	1,103
Less: impairment provision	**(3,821)**	(4,338)
	50,359	29,292

12. CASH AND CASH EQUIVALENTS

As at 31 December cash and cash equivalents comprised the following:

In millions of tenge	31 December 2015	31 December 2014
Current accounts with banks in tenge	**111,836**	118,622
Current accounts with banks in US dollars	**235**	1,823
Current accounts with banks in euro	**1**	7
Term bank deposit with National bank in tenge	**27,001**	-
Term bank deposits with banks in tenge	**1,502**	44,510
	140,575	164,962

As at 31 December 2015 the weighted average interest rate on current accounts is equal to 0.001% (as at 31 December 2014: 0.001%), the weighted average interest rate on term deposits with banks is equal to 15.07% (as at 31 December 2014: 10.6%).

13. EQUITY

Share capital

During 2015 and 2014 the Fund issued common shares, which were contributed as follows:

Payment for shares	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
As at 31 December 2013	3,481,602,341		4,484,676
Cash contributions	10,000	18,306,039; 7,000,000	103,918
Property contributions	9,993	1,200,359; 2,772,663; 2,522,901	18,073
Contribution of state-owned shares	1,400	1,506,930; 10,573,010	13,895
As at 31 December 2014	3,481,623,734		4,620,562
Cash contributions	**12,000**	**11,619,075; 12,700,435; 20,648,187**	**149,539**
Property contributions	**31,477**	**4,171,027; 10,466,896; 13,456,258; 19,354,725**	**142,443**
Contribution of state-owned shares	**297**	**12,542,000**	**3,725**
As at 31 December 2015	**3,481,667,508**		**4,916,269**

As at 31 December 2015 3,481,667,508 shares of the Fund were fully paid (as at 31 December 2014: 3,481,623,734 shares).

13. EQUITY (continued)

Issue of shares

2015

Cash contributions

In 2015, the Shareholder made cash contribution to the Fund's share capital in the amount of 149,539 million tenge (2014: 103,918 million tenge). These amounts are aimed to finance projects implemented by the subsidiaries of the Fund.

Property contributions

In 2015, the Shareholder made the property contribution to the Fund's share capital in the form of a transfer of the right to claim the payment on the "Kazakhstani promissory note" in accordance with an agreement between the Government of the Republic of Kazakhstan and "Caspian Pipeline Consortium-K" in the amount of 126,591 million tenge *(Note 5)*.

In 2015, the Shareholder made the property contribution to the Fund's share capital: gas pipelines in 6 regions of the Republic of Kazakhstan for the total amount of 13,456 million tenge, the railway station Karabatan valued at 2,323 million tenge and other property totaling to 73 million tenge *(Note 5)*.

Contribution of state-owned shares

In 2015, the Shareholder transferred to the Fund 35% of the shares of "Kazakh Academy of Transport and Communications named after M.Tynyshbaev" JSC, the fair value of which amounted to 3,725 million tenge for further transfer to KTZh *(Note 5)*.

2014

Cash contributions

In 2014 the Shareholder made cash contribution to the Fund share capital in the amount of 103,918 million tenge. This amount is aimed to finance projects implemented by the subsidiaries of the Fund.

Property contributions

In 2014, the State property and privatization committee made property contribution to the Fund's share capital in the form of gas pipelines located in Kostanai and Western-Kazakhstan oblasts in the total amount of 10,615 million tenge.

In 2014, the Shareholder made property contribution to the Fund's share capital in the form of property-technical systems and land – located in Aktobe residential area Akzhar-2 in the total amount of 7,458 million tenge.

Contribution of state-owned shares

On 28 November 2014 the Shareholder transferred to the Fund 49% of shares of "Management Company of the special economic zone "National Industrial Petrochemical Technology Park" JSC with the fair value of 151 million tenge at the date of the transfer.

On 15 December 2014 the Shareholder transferred to the Fund 43.65% shares of "National Company "Kazakhstan Engineering" JSC with the fair value of 13,745 million tenge as at the date of transaction.

Dividends

On 29 October 2015 the Fund paid dividends to the Shareholder in the amount of 34,713 million tenge based on results for 2014 according to the Resolution of the Government dated 21 October 2015 (2014: 9,077 million tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

Other distributions to the Shareholder

In 2015, in accordance with the order of the Shareholder, the Fund financed various social projects for the total amount of 22,600 million tenge (2014: 39,119 million tenge). In addition, other non-cash distributions to the Shareholder amounted to 52 million tenge (2014: 7,671 million tenge). This financing was recognised as other distributions to the Shareholder in the separate statement of changes in equity.

Other transactions with Shareholder

In 2014, in accordance with the exchange agreement concluded between the Shareholder and Fund in 2011 and 2013, the Shareholder transferred to the Fund the property in the form of gas transportation system assets with a fair value of 207,115 million tenge. Subsequently, these assets were transferred to "Intergas Central Asia" JSC, a subsidiary of KMG. The Shareholder also transferred to the Fund the property in form of railway platforms in the amount of 85 million tenge. Subsequently, these assets were transferred to KTZh.

Book value of shares

In accordance with the decision of the Exchange Board of the KASE dated 4 October 2010 financial statements shall disclose book value per share (common and preferred) as at the reporting date, calculated in accordance with the KASE rules.

In millions of tenge	**31 December 2015**	31 December 2014
Total assets	**6,929,328**	5,693,156
Intangible assets	**(567)**	(420)
Total liabilities	**(1,843,255)**	(1,810,012)
Net assets for common shares	**5,085,506**	3,882,724
Number of common shares as at 31 December	**3,481,667,508**	3,481,623,734
Book value per common share, tenge	**1,461**	1,115

14. BORROWINGS

As at 31 December borrowings, including interest payable, comprised the following:

In millions of tenge	**31 December 2015**	31 December 2014
Bonds issued and purchased by subsidiaries:		
- KMG	**42,319**	42,050
- "Samruk Energy" JSC	**223**	223
Loans received	**536,702**	388,886
Bonds issued and purchased by other companies	**353,565**	917,232
Total borrowings	**932,809**	1,348,391
Less: amounts due for settlement within 12 months	**(44,482)**	(409,001)
Amounts due for settlement after 12 months	**888,327**	939,390

Borrowings comprised the following currencies:

In millions of tenge	**31 December 2015**	31 December 2014
Borrowings, denominated in US dollars	**504,475**	388,886
Borrowings, denominated in tenge	**428,334**	959,505
	932,809	1,348,391

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

14. BORROWINGS (continued)

Bonds issued and purchased by subsidiaries

In 2009 KMG acquired bonds issued by the Fund in total amount of 111 billion tenge. Bonds have a maturity of 35 years and coupon rate of 4% per annum. These bonds were discounted at a rate of 12.5%, which was approximately equal to the market interest rate applied to KMG as at the transaction date.

Loans received

Credit line of the State China Development Bank

On 22 June 2009 the master finance agreement for opening credit facility for 3 billion US dollars was signed between the Fund. State China Development Bank and "Development Bank of Kazakhstan" JSC, acting as an operator. According to this agreement, State China Development Bank shall provide US dollar-denominated long-term loans to the Fund in the amount of 3 billion US dollars with an interest rate of six-month LIBOR plus 4.3%. Loans are provided for support and development of industrial production and other trade between China and Kazakhstan.

During the first quarter of 2015 the Fund made an early repayment of loans to the State China Development Bank in the amount of 1,993 million US dollars (equivalent to 368,621 million tenge converted at the exchange rate as at the date of repayment) on the Bozshakol, Bozymchak, Abyz and Nurkazgan copper fields. These loans were repaid using the proceeds from early repayment of the loans by KazMinerals Plc (previously Kazakhmys Finance PLC) *(Note 7)*.

Financial support of KMG

In order to finance the Fund's commitments to increase the share capital of "KMG Kashagan B.V." PLLC and for reimbursement of interest, commissions and other payments under the loan agreements or other documents in the framework of debt financing, attracted by the Fund for the purchase of shares of KMG Kashagan B.V., the Fund has concluded an agreement of financial aid with KMG, according to which on 25 December 2015 the Fund received the first tranche in the amount of 36,950 million tenge. The period of repayment of financial aid is 1 year from the date of receipt of the first tranche with the possibility of extending the period of repayment and with zero interest rate. Also, repayment of financial aid can be made by the Fund by offsetting of counter claim to KMG or to Cooperative KazMunaiGaz U.A. when they repurchase KMG Kashagan B.V. shares from the Fund after 1 January 2018.

The loan was recognized at fair value on the date of receiving and was equal to 32,190 million tenge. The difference between the nominal value and the fair value of the loan as at the recognition date in the amount of 4,760 million tenge was recognized as finance income in a separate statement of comprehensive income.

Loan of the Bank "Tokyo-Mitsubishi UFJ, LTD"

On 30 October 2015 the Fund entered into a loan agreement with the Bank "Tokyo-Mitshubishi UFJ, LTD" in the amount of 1,500 million US dollars (equivalent to 466,350 million tenge converted using the exchange rate as at the payment date) to acquire a 50% of shares of "KMG Kashagan B.V." PLLC. The loan is issued for a period of 5 years with a grace period of 3.5 years at annual rate of 1.8% + 6 month Libor. The loan issued in cash in two tranches.

Bonds issued and purchased by other companies

In 2009 the Fund issued 750,000,000 coupon bonds at the total amount of 750 billion tenge with maturity of 15 years and 6% coupon rate, which was acquired by BTA Bank for the total amount of 645 billion tenge and by Alliance Bank for the amount of 105 billion tenge. In 2015 these bonds were realized by mentioned banks to the National Bank.

In 2015, the Fund repurchased from the National Bank the bonds in the total amount of 750,000 million tenge.

In 2015, part of the repurchased bonds with a nominal value of 210 billion tenge and coupon rate of 6% (1,000 tenge per share) has been re-issued on the "Kazakhstan Stock Exchange" JSC with a yield to maturity of 8% per annum, and 197 billion tenge was obtained through specialized trades, open to all market participants. The annual coupon rate is 6% per annum.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

14. BORROWINGS (continued)

Bonds issued and purchased by other companies (continued)

These funds were partly used to finance the acquisition of shares of KMG Kashagan B.V. *(Note 6)*.

Within the framework of the second release of the Second bond program in 2010 the Fund placed bonds on the open market for the total amount of 75,000 million tenge. The bonds have a maturity of 10 years and the interest rate of 6.5% per annum. As of 31 December 2015 the carrying value of these bonds and accrued interest amounted to 76,332 million tenge.

Within the framework of the first release of the Second bond program in 2011 the Fund has placed bonds on the open market for a total amount of 75,000 million tenge. The bonds have a maturity of 7 years and the interest rate of 5.9% per annum. As of 31 December 2015 the carrying value of these bonds and accrued interest amounted to 76,185 million tenge.

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

As at 31 December loans from the Government of the Republic of Kazakhstan comprised the following:

In millions of tenge	**31 December 2015**	31 December 2014
Bonds repurchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	**727,882**	279,141
Bonds repurchased by the National Bank of the Republic of Kazakhstan	**61,306**	60,566
Other loans from the Government	**77,249**	74,037
Total amounts due to the Government	**866,437**	413,744
Less: current portion	**(6,722)**	(1,111)
Non-current portion	**859,715**	412,633

2015

On 15 October 2015 the Fund made a registration of bonds in the amount of 769,500 million tenge with coupon rate of 3% per annum. The bonds were purchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund. In the period from 20 to 29 October 2015 there was a placement of Fund's bonds in the amount of 751,631 million tenge. Proceeds from the sale of these bonds were used to finance the acquisition of shares of KMG Kashagan B.V. PLLC *(Note 6)*.

The fair value of funds received amounted to 432,967 million tenge. The difference between the nominal value and fair value in the amount of 318,664 million tenge was recognized as Discount on loans from the Government in the separate statement of changes in equity.

In July 2015 the Fund received a loan from the Ministry of Finance of the Republic of Kazakhstan in the amount of 8,862 million tenge with an interest rate of 0.05%. The loan was obtained for a period of 30 years with a 10 year grace period on repayment of principal for the purpose of providing KTZh with a loan in the amount of 8,862 million tenge. The interest rate on this loan should not exceed 0.075% *(Note 7)*.

The fair value of this loan on the date of receiving amounted to 2,408 million tenge. The difference between the nominal value and fair value in the amount of 6,454 million tenge was recognized as Discount on loans from the Government in the separate statement of changes in equity.

2014

In January 2014 the Fund placed 300,000,000 coupon bonds in the nominal amount of 1,000 tenge each for the total amount of 300,000 million tenge with the maturity of 15 years and 3% coupon interest per annum. The bonds were purchased by the National Bank of the Republic of Kazakhstan using resources of the National Fund at a discount of 33.3% from the nominal value of the bonds. Funds received from the issue of these bonds in the amount of 200,000 million tenge were used by the Fund for provision of loan to "Samruk-Energy" JSC to finance acquisition of 50% interest in "Ekibastuzskaya GRES-1" LLP and 100% interest in "Kazhydrotechenergo" LLP.

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN (continued)

2014 (continued)

In June 2014 the Fund received loans from the Ministry of finance of the Republic of Kazakhstan in the amount of 18,931 million tenge with interest rates from 0.05% to 0.5%. Loans were issued for 25 and 30 years and are intended for the following purposes:

- providing loan to "National Company "Kazakhstan Temir Zholy" JSC in the amount of 9,226 million tenge with an interest rate not exceeding 0.75%;
- providing loan to "National Company "Kazakhstan Temir Zholy" JSC in the amount of 9,705 million tenge with an interest rate not exceeding 0.075%.

The fair value of loans received was equal to 6,568 million tenge. The difference between nominal value of loans and their fair value in the amount of 12,363 million tenge was recognized as Discount on loans from the Government in the separate statement of changes in equity.

16. FINANCIAL GUARANTEE LIABILITIES

As at 31 December the financial guarantee liabilities comprised the following:

In millions of tenge	2015	2014
As at 1 January	**38,825**	37,145
Guarantees issued during the year	**330**	3,111
Amortization of financial guarantees liabilities	**(6,657)**	(7,182)
Effect of changes in foreign currency rates	**–**	5,751
As at 31 December	**32,498**	38,825
Less: current portion	**(5,093)**	(6,855)
Non-current portion	**27,405**	31,970

Financial guarantees liabilities include the Fund's liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries *(Note 5)*. The main part of guarantee contracts is concluded on free-of-charge compensation terms to the Fund. Total outstanding amount of guarantees as at 31 December 2015 was equal to 2,256 million US dollars, 14,230 million tenge and 2,589 million Russian rubles (2014: 2,560 million US dollars, 13,020 million tenge and 2,589 million Russian rubles, respectively).

17. INTEREST INCOME

Interest income for the years ended 31 December comprised the following:

In millions of tenge	2015	2014
Interest on loans issued	**52,910**	74,424
Unwinding of discount on loans issued	**17,972**	14,799
Interest on bonds	**11**	11
	70,893	89,234

18. INTEREST EXPENSES

Interest expenses for the years ended 31December comprised the following:

In millions of tenge	2015	2014
Interest on bonds issued	**59,893**	71,144
Unwinding of discount on financial liabilities	**17,592**	12,118
Interest on borrowings received	**4,631**	18,480
Loss on discounting of financial assets at initial recognition	**–**	1,487
	82,116	103,229

19. DIVIDEND INCOME

In millions of tenge	2015	2014
"KMG" JSC	**21,225**	83,115
"KEGOC" JSC	**9,952**	–
"Samruk-Energy" JSC	**4,781**	8,171
"KTZh" JSC	**4,560**	16,165
"NAC "KazAtomProm" JSC	**2,323**	5,386
"Temirbank" JSC	**–**	9,109
Other	**2,314**	2,296
	45,155	124,242

20. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprised the following:

In millions of tenge	2015	2014
Taxes, fines and penalties	**18,571**	305
Sponsorship and charitable donations	**9,221**	16,004
Consulting services	**4,782**	3,197
Personnel costs	**2,769**	2,243
Non-refundable VAT	**900**	676
Other	**6,923**	5,024
	43,166	27,449

Taxes, fines and penalties

In September 2010, the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan initiated a complex tax audit of the Fund's operations for 2009. As a result of tax inspection, the tax authorities consider deduction of provisions for corporate income tax calculation purposes for 2009 wrongful. The management of the Fund believes that its interpretation of the tax legislation is appropriate and has strong arguments in favour of its tax position, but in the light of the results of recent court trials of companies in the Group and current situation, management has changed its estimate of tax claims. Accordingly, in 2015 the Fund paid the fines and penalties of the corporate income tax in accordance with the Act of documentary inspection in the amount of 18,126 million tenge, including fines and penalties in the amount of 13,468 million tenge and 4,658 million tenge respectively.

Sponsorship and charitable donations

In 2015 the Fund provided sponsorship in accordance with the General Action Plan of the Fund on providing sponsorship and charity for 2015 (further – "Plan"). The sponsorship was provided to finance a number of projects, realized through Corporate fund "SK-Astana", which is the operator of financing sport federations aimed at developing certain types of sports and projects, approved in the Plan. Furthermore, the sponsorship was provided to other various organizations for the purpose of financing projects approved in the Plan.

Other

Other expenses include other administrative expenses, including the compensation to the members of the management body – the Board of Directors in the total amount of 576 million tenge (in 2014: 290 million tenge), members of the International Consulting Board in the total amount of 565 million tenge (in 2014: 548 million tenge), targeted transfers to subordinate organizations to sustain the operating activities in the total amount of 601 million tenge (in 2014: 403 million tenge) and other administrative expenses for maintaining operating activities of the Fund.

21. FINANCE INCOME

Finance income for the year ended 31 December comprised the following:

In millions of tenge	2015	2014
Interest on bank deposits	**38,887**	42,144
Amortisation of discount on financial assets	**12,583**	3,831
Income from financial guarantees	**7,115**	7,999
Discount on loans received	**4,760**	–
Interest on current bank accounts	**180**	2
Other	**801**	7,136
	64,326	61,112

22. FOREIGN EXCHANGE GAIN/LOSS, NET

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan decided to implement a new monetary policy based on inflation targeting regime, abolish the currency corridor and move to a free float exchange rate. The exchange rates before and after adjustment were 188.38 tenge per 1 US dollar and 255.26 tenge per 1 US dollar, respectively, which led to significant foreign exchange loss of the Fund in 2015. In 2015 the Fund recognized net forex loss in the amount of 5,289 million tenge.

On 11 February 2014 the National Bank of the Republic of Kazakhstan ceased to exercise control over the exchange rate of tenge to US dollar. As a result, tenge was adjusted against the US dollar and other major currencies. The exchange rates before and after adjustment were 155.56 tenge per 1 US dollar and 184.5 tenge per 1 US dollar, respectively, which led to significant foreign exchange gain of the Fund in 2014. In 2015 the Fund recognized net forex gain in the amount of 11,015 million tenge.

23. INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December comprised the following:

In millions of tenge	2015	2014
Withholding tax expense	**11,866**	13,522
Deferred income tax expense	**2,373**	3,413
Corporate income tax expense	**–**	–
	14,239	16,935

As at 31 December 2015 the Fund used official current income tax rate of 20% (as at 31 December 2014: 20%).

A reconciliation of income tax expenses applicable to its profit/loss before income tax at the statutory income tax rate to actual income tax expenses was as follows:

In millions of tenge	2015	2014
Profit before income tax	**670,679**	65,664
Statutory income tax rate	**20%**	20%
Theoretical income tax expenses	**134,136**	13,133
Change in unrecognised deferred tax assets	**9,768**	7,331
Adjustments for previous periods	**2,681**	3,303
Non-taxable income from dividends	**(9,031)**	(24,848)
Loss from tax penalties	**3,629**	–
Loss from changes in the value of options, net	**–**	8,400
Loss on derecognition of the option, net	**–**	1,059
Discounting and amortisation of discount on financial assets and financial liabilities	**(3,544)**	11,518
Charitable donations	**1,779**	3,006
Income from financial guarantees	**(1,332)**	(1,436)
Gain from sale of shares	**(124,344)**	(5,433)
Other permanent differences	**497**	902
Corporate income tax expenses presented in the separate statement of comprehensive income	**14,239**	16,935

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

23. INCOME TAX EXPENSES (continued)

Deferred income tax balances, calculated by applying the statutory tax rates effective at the reporting date to the temporary differences between the tax basis of assets and liabilities and the amounts reported in the separate financial statements, are comprised of the following:

In millions of tenge	2015	2014
Deferred tax assets		
Unrecognized deferred tax assets	**23,799**	13,982
Provisions on loans issued	**2,620**	2,969
Other liabilities	**738**	2,793
Less: unrecognized deferred tax assets	**(23,799)**	(13,982)
Deferred tax assets	**3,358**	5,762
Deferred tax liabilities		
Property, plant and equipment	**(24)**	(55)
Deferred tax liabilities	**(24)**	(55)
Net deferred tax assets	**3,334**	5,707

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

24. RELATED PARTY TRANSACTIONS

Related parties include entities of the Fund's group and other entities controlled by the Government, the Fund's key management personnel, and other related parties. Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs applicable to related and third parties.

The following tables provide the total amount of transactions that have been entered into with related parties during 2015 and 2014 and the balances as at 31 December 2015 and 31 December 2014, respectively:

In millions of tenge		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Subsidiaries	**31 December 2015**	**412,796**	**75,185**	**–**
	31 December 2014	429,043	42,520	–
Associates and joint ventures of subsidiaries	**31 December 2015**	**14,525**	**–**	**–**
	31 December 2014	16,785	–	–
Other entities controlled by the Government	**31 December 2015**	**276,500**	**997,178**	**138,218**
	31 December 2014	107,063	470,078	145,610

In millions of tenge		Dividends received	Purchases from related parties	Interest received from related parties	Interest incurred to related parties
Subsidiaries	**2015**	**45,155**	**2,684**	**29,740**	**4,759**
	2014	124,242	2,957	49,239	30,106
Associates and joint ventures of subsidiaries	**2015**	**–**	**–**	**2,028**	**–**
	2014	–	–	1,007	–
Other entities controlled by the Government	**2015**	**–**	**–**	**14,114**	**41,994**
	2014	–	–	5,206	29,343
Other related parties	**2015**	**–**	**–**	**–**	**–**
	2014	–	–	–	–

24. RELATED PARTY TRANSACTIONS (continued)

The nature of transactions entered into with related parties during 2015 and 2014 is disclosed in the respective notes to the separate financial statements.

Total compensation to key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income was equal to 885 million tenge for year ended 31 December 2015 (2014: 635 million tenge). The indicated amount includes the compensation to the members of management personnel, the Management Board, in the total amount of 309 million tenge for year ended 31 December 2015 (2014: 345 million tenge). Compensation to key management personnel consists of salary expenses including taxes, pension contributions and other yearly performance based payments.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's principal financial liabilities consist of borrowings from credit institutions and the Government, bonds issued, financial guarantees and other accounts payable. The main purpose of these financial instruments is to raise financing for the Fund's operations. The Fund's financial assets comprise loans issued to subsidiaries and credit institutions, bank deposits, other financial assets, other accounts receivable, bonds and government securities acquired, cash and cash equivalents arising directly from its operating activity.

The Fund is exposed to market risk, interest rate risk, credit risk, currency risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to interest rate risk relates primarily to the Fund's loans received with floating interest rate *(Note 14)*. Sensitivity of the Fund's profit before income tax to the potential changes in interest rates with all other variables held constant. There is no impact on the Fund's equity.

In thousands of tenge	**Increase/decrease in basis points**	**Impact on profit before tax**
2015		
US dollar	**+0.5**	**(2,515)**
	-0.12	**604**
2014		
US dollar	+3	–
	-3	–

Credit risk

Credit risk arising from the inability of parties to meet terms of the Fund's financial instrument contracts is generally limited to the amounts, if any, by which the counterparties' obligations exceed the obligations of the Fund to those parties.

It is the Fund's policy to enter into financial instruments with a number of creditworthy parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The Fund considers that its maximum exposure is reflected by the amount of loans issued *(Note 7)*, amount due from credit institutions *(Note 8)*, other financial assets *(Note 9)*, other current assets *(Note 11)*, and cash and cash equivalents *(Note 12)*, net of allowances for impairment recognized at the reporting date.

Concentration of credit risk may arise from exposure to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected by changes in economic or other conditions.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity risk may arise as a result of inabilities to sell a financial asset quickly at cost close to its fair value.

Liquidity requirements are monitored on a regular basis and management of the Fund ensures that sufficient funds are available to meet any commitments as they arise.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Fund's financial liabilities at 31 December 2015 and 2014 based on contractual undiscounted payments.

In millions of tenge	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	>5 years	Total
As at 31 December 2015						
Borrowings	4,440	10,958	59,411	997,105	335,093	1,407,007
Loans from the Government of the Republic of Kazakhstan	13	24	36,168	166,616	2,831,991	3,034,812
Total	**4,453**	**10,982**	**95,579**	**1,163,721**	**3,167,084**	**4,441,819**

In millions of tenge	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	>5 years	Total
As at 31 December 2014						
Borrowings	58,606	361,984	27,152	301,141	1,371,920	2,120,803
Loans from the Government of the Republic of Kazakhstan	13	24	12,604	76,320	1,650,019	1,738,980
Total	58,619	362,008	39,756	377,461	3,021,939	3,859,783

Currency risk

Except for current accounts with banks in foreign currency, the Fund attracts substantial amount of foreign currency denominated long-term loans and borrowings and is thus exposed to currency risk.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies' exchange rate, with all other variables held constant, of the Fund's profit/(loss) before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Fund's equity.

In millions of tenge	Increase/ (decrease) in currency rate	Effect on loss/profit before income tax
2015		
Euro	**60.00%**	**1,653**
	(20.00%)	**(551)**
US dollar	**60.00%**	**(182,276)**
	(20.00%)	**60,759**
2014		
Euro	18.36%	320
	(18.36%)	(320)
US dollar	17.37%	14,058
	(17.37%)	(14,058)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Fund's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize value of parties concerned. The Fund manages its capital structure and makes adjustments to structure and volume in light of changes in economic conditions. To maintain optimal structure of the capital, the Fund may issue new shares or attract borrowings.

The Fund performs capital management through attracting financial resources at optimally advantageous conditions for further financing of its activity and to invest it for achieving strategic tasks assigned to the Fund. The process of capital management also includes regular monitoring of current conditions at the capital market, of cost of borrowed funds and risks related to the each class of capital.

The Fund has established the equity to debt ratio which should not exceed a ratio of 4:1. This coefficient was satisfied during the reporting period and as at the reporting date. According to the Fund's Policy of debt management the cost of borrowed funds include fair value of obligations incurred due to receiving loans, issuing securities, financial leases, acquisition or sale of derivative financial instruments and deferred payables for non-current financial assets in accordance with IFRS, and nominal amounts of guaranteed principal of liabilities due to legal entities.

Debt to equity ratio is presented as follows as at 31 December:

In millions of tenge	2015	2014
Share capital	**4,916,269**	4,620,562
Reserves	**5,131**	22,102
Accumulated loss	**164,673**	(759,520)
Total equity	**5,086,073**	3,883,144
Total borrowings	**2,551,938**	2,297,952
Total assets	**6,929,328**	5,693,156
Debt to equity ratio	**0.5**	0.6

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted market prices in active markets (unadjusted) for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable in the market, either directly or indirectly.
- Level 3: techniques in which inputs used which have a significant effect on the recorded fair value that is not based on observable market data.

A comparison of all of the Fund's financial instruments by category of carrying amounts and fair values (presented at fair value in the separate balance sheet) is set out below:

In millions of tenge	**31 December 2015**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets available-for-sale *(Note 9)*	**27,368**	**27,368**	**–**	**–**

	31 December 2014	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets available-for-sale *(Note 9)*	55,786	55,786	–	–

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments

The carrying (current) amount of the financial instruments of the Fund as at 31 December 2015 and 2014 is a reasonable estimate of their fair value except for the financial instruments presented below:

	2015				
			Fair value by level of assessment		
In millions of tenge	**Carrying amount**	**Fair value**	**Quotations in an active market (Level 1)**	**From the observed market (Level 2)**	**Based on the significant amount of unobserved (Level 3)**
Financial assets					
Amounts due from credit institutions	**615,878**	**596,292**	**–**	**596,292**	**–**
Loans with fixed interest rate *(Note 7)*	**589,890**	**557,995**	**–**	**557,995**	**–**
Other non-current assets *(Note 10)*	**84,184**	**82,150**	**–**	**–**	**82,150**
Financial liabilities					
Borrowings with fixed interest rate/bonds issued *(Note 14)*	**428,334**	**421,783**	**–**	**421,783**	**–**
Loans from the Government of the Republic of Kazakhstan *(Note 15)*	**866,437**	**849,567**	**–**	**849,567**	**–**
Financial guarantee liabilities *(Note 16)*	**32,498**	**92,499**	**–**	**92,499**	**–**

	2014				
			Fair value by level of assessment		
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Amounts due from credit institutions	617,414	586,458	–	586,458	–
Loans with fixed interest rate	557,892	552,868	–	552,868	–
Other non-current assets *(Note 10)*	67,059	67,059	–	–	67,059
Financial liabilities					
Borrowings with fixed interest rate/bonds issued *(Note 14)*	(959,505)	(971,721)	–	(971,721)	–
Loans from the Government of the Republic of Kazakhstan *(Note 15)*	(413,744)	(348,835)	–	(348,835)	–
Financial guarantee liabilities *(Note 16)*	(38,825)	(62,396)	–	(62,396)	–

26. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Political and economic conditions

Kazakhstan continues economic reforms and development of its legal, tax and regulatory infrastructure 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 measures taken by the Government in the field of economy, financial and monetary policy.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES (continued)

Political and economic conditions (continued)

In 2015 a significant decline in crude oil prices and a significant devaluation of the Kazakhstani tenge had a negative impact on Kazakhstan's economy. The sum of these factors led to a decrease in the availability of capital, an increase in the cost of capital, an increase in inflation and uncertainty about the economic growth, which may in the future adversely affect the financial condition, results of operations and business prospects of the Company. Management believes it is taking appropriate measures to support the sustainability of the Company in the current environment.

Contingent liabilities

The Fund assesses the likelihood of material liabilities and makes a corresponding provision in its separate financial statements only if it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated. No provision has been made in these separate financial statements for any of the contingent liabilities.

Commitments on secondary use of anti-crisis funds

In accordance with the minutes of the meetings of the State commission on economy modernization issues of the Republic of Kazakhstan No. 17-5/И-380 dated 5 April 2012, No. 17-5/11-10 dated 30 January 2013 and No. 17-5/И-788 dated 7 October 2013 the Fund is obliged to finance certain investment projects in the total amount of 571,852 million tenge.

Taking into account investments made in 2012-2015, the Fund's commitments as at 31 December 2015 were equal to 69,825 million tenge (as at 31 December 2014: 101,028 million tenge), including the Fund's commitments to finance investment projects in the amount of 26,589 million tenge (as at 31 December 2013: 48,913 million tenge) and the Fund's commitments to finance the program "Affordable housing – 2020" in the amount of 43,236 million tenge (as at 31 December 2014: 52,115 million tenge).

Commitments under investment projects using the funds from Republican budget

As at 31 December 2015 Fund's commitments on implementation of investment projects using funds from the Republican budget were equal to 2,030 million tenge (as at 31 December 2014: 2,030 million tenge).

In accordance with the minutes of the meetings of the Management Council of National Fund of the Republic of Kazakhstan dated 12 November 2014 and 14 November 2014 it is planned to provide funds for financing certain investment projects in the total amount of 127,200 million tenge during 2015-2016, including amount of 81,000 million for financing of infrastructure objects on SEZ "National oil and gas chemical technopark" and SEZ "Khorgos-East Gate" territories, 46,200 million tenge for construction of railway lines on routes Shu-Almaty-1 and Borzhakty-Yersai and construction of a ferry complex on Kuryk port and operation of universal cargo-passenger ferries.

Taking into account allocated and utilized funds in 2015, the liabilities of the Fund to be fulfilled as at 31 December 2015 were equal to 26,400 million tenge and were provided for financing of SEZ "Khorgos-East Gate" investment project. These funds are provided from the Republican budget and had been utilized by the Fund in the first quarter of 2016.

27. SUBSEQUENT EVENTS

Other changes in investments in subsidiaries

In January-April, 2016 the Fund has made cash contribution to the share capital of subsidiaries in the amount of 56,217 million tenge, including 36,400 million tenge for KTZh, 10,964 million tenge for Samruk-Energy, 7,507 million tenge for UCC, 1,345 for Samruk-Kazyna Invest LLP.

Investments in joint venture

In January-April, 2016 the Fund has made additional cash contribution to the share capital "KMG Kashagan B.V." PLLC in the amount of 85 million US dollars (equivalent to 30,353 million tenge converted using the exchange rate at the date of payment).

Contributions to share capital

In the first quarter of 2016 the Shareholder made cash contribution to the share capital of the Fund in the amount of 36,400 million tenge for the purposes of financing projects by KTZh.