

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed separate
financial statements (unaudited)

as at 30 June 2014 and for the six months then ended

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Report on review of interim condensed separate financial statements

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

Introduction

We have reviewed the accompanying interim condensed separate financial statements of Sovereign Wealth Fund "Samruk-Kazyna" JSC, comprising the interim separate balance sheet as at 30 June 2014, interim separate statement of comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our review.

Scope of review

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



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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements of Sovereign Wealth Fund "Samruk-Kazyna" JSC as at 30 June 2014 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34.

Consolidated financial statements presented separately

Without qualifying our conclusion, we draw attention to *Note 1* to the interim condensed 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 the interim condensed consolidated financial statements of Sovereign Wealth Fund "Samruk-Kazyna" JSC, prepared in accordance with IAS 34, have been issued separately. We have reviewed the interim condensed consolidated financial statements of Sovereign Wealth Fund "Samruk-Kazyna" JSC as at 30 June 2014 and for the six-month period then ended and expressed an unqualified conclusion thereon in our review report dated 10 September 2014.

Ernst & Young LLP


Bakhtiyor Eshonkulov
Auditor / Audit partner

Auditor qualification certificate
No. МФ-0000099 dated 27 August 2012

10 September 2014


Evgeny Zhemaletdinov
General director
Ernst and Young LLP

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

INTERIM SEPARATE BALANCE SHEET

<i>In millions of tenge</i>	Notes	30 June 2014 (unaudited)	31 December 2013 (audited)
Assets			
Non-current assets			
Property, plant and equipment		494	454
Intangible assets		500	588
Investments in subsidiaries	4	3,120,670	2,993,877
Investments in associates	5	18,455	18,455
Loans issued	6	862,156	611,631
Amounts due from credit institutions	7	332,803	346,152
Other non-current financial assets	8	16,720	12,171
Long-term bank deposits	9	203,839	196,680
Deferred tax asset		8,713	9,120
Other non-current assets	10	71,282	54
		4,635,632	4,189,182
Current assets			
Corporate income tax prepaid		14,590	14,206
Loans issued	6	149,567	193,788
Amounts due from credit institutions	7	41,095	41,160
Other current financial assets	8	32,362	24,558
Assets related to call/put options		35,936	46,376
Short-term bank deposits	9	312,263	321,735
Other current assets	11	42,463	19,902
Cash and cash equivalents	12	180,944	103,508
		809,220	765,233
Assets classified as held for sale	4	-	155,576
Total assets		5,444,852	5,109,991
Equity and liabilities			
Equity			
Share capital	13	4,549,791	4,484,676
Revaluation reserve for available-for-sale investments		6,292	(2,159)
Accumulated losses		(926,396)	(971,945)
Total equity		3,629,687	3,510,572
Non-current liabilities			
Borrowings	14	1,299,821	1,255,978
Amounts due to the Government	15	408,317	197,216
Financial guarantee liabilities		35,243	30,725
		1,743,381	1,483,919
Current liabilities			
Borrowings	14	61,277	106,712
Amounts due to the Government	15	930	331
Financial guarantee liabilities		6,826	6,420
Liabilities under call/put options		-	46
Other current liabilities		2,751	1,991
		71,784	115,500
Total liabilities		1,815,165	1,599,419
Total equity and liabilities		5,444,852	5,109,991

Finance director – Member of the Management Board


Nurlan Rakhmetov

Chief accountant



Almaz Aburakhmanova

The accounting policies and notes on pages 6 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of tenge</i>	Notes	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Interest income	16	44,650	39,531
Interest expenses	17	(49,892)	(44,881)
Dividend income		40,475	67,393
Gross profit		35,233	62,043
General and administrative expenses	18	(15,977)	(12,063)
Finance income	19	25,931	18,983
Impairment of investments in subsidiaries		-	(71,717)
Reversal of impairment/(impairment) of financial and other current assets		200	(774)
Foreign exchange gain, net	20	10,949	373
Loss from change in the value of options, net		(10,406)	(1,734)
Gain on disposal of subsidiaries, net	4	1,789	-
Other operating expenses, net		(2,446)	(269)
Profit/(loss) before income tax		45,273	(5,158)
Income tax expenses	21	(6,394)	(2,577)
Net profit/(loss) for the period		38,879	(7,735)
Other comprehensive income			
Net gain on revaluation of available-for-sale investments		8,451	2,671
Other comprehensive income subject to reclassification to profit or loss in subsequent periods, net of income tax		8,451	2,671
Total comprehensive income/(loss) for the period		47,330	(5,064)

Finance director – Member of the Management Board


Nurlan Rakhmetov

Chief accountant


Almaz Abdalakhmanova

The accounting policies and notes on pages 6 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Notes	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Cash flows from operating activities			
Profit/(loss) before income tax		45,273	(5,158)
<i>Adjustments for:</i>			
Depreciation and amortisation		151	157
Impairment of investments in subsidiaries		-	71,717
(Reversal of impairment) / impairment of financial assets and other current assets		(200)	774
Finance income	19	(25,931)	(18,983)
Gain from disposal of subsidiaries, net	4	(1,789)	-
Loss from change in the value of options, net		10,406	1,734
Unrealized foreign exchange gain	20	(10,949)	(443)
Income from disposal of financial assets		(181)	-
Operating cash flows before changes in working capital		16,780	49,798
Change in loans issued		(136,356)	(183,522)
Change in amounts due from credit institutions		13,414	3,607
Change in other current and non-current assets		(14,293)	(27,826)
Change in borrowings and amounts due to the Government		161,705	(8,560)
Change in other current liabilities		2,809	(342)
Cash flows from operating activities		44,059	(166,845)
Income tax paid		(6,371)	(3,950)
Interest received		16,531	14,271
Net cash flows from/(used in) operating activities		54,219	(156,524)
Cash flows from investing activities			
Withdrawal/(placement) of bank deposits, net		5,928	(86,167)
Acquisition of shares and interest in subsidiaries	4	(87,154)	(264,729)
Proceeds from sale of financial assets		1,248	-
Proceeds from sale of investments in subsidiaries		54,491	-
Purchase of property, plant and equipment and intangible assets		(103)	(6)
Net cash flows used in investing activities		(25,590)	(350,902)
Cash flows from financing activities			
Other distributions to the Shareholder	13	(5,693)	(4,091)
Contributions to the share capital	13	54,500	9,320
Amounts received from the Government	15	-	255,000
Net cash flows from financing activities		48,807	260,229
Net change in cash and cash equivalents		77,436	(247,197)
Cash and cash equivalents, at the beginning of the period		103,508	432,972
Cash and cash equivalents, at the end of the period		180,944	185,775

The accounting policies and notes on pages 6 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CASH FLOWS (continued)

NON-CASH TRANSACTIONS – ADDITIONAL DISCLOSURE:

Following significant non-cash transactions have been excluded from the interim separate statement of cash flows:

For the six months ended 30 June 2014:

- Recognition of discount on non-current accounts receivable and amounts due to the Government (*Notes 10, 15*).
- Contribution to the Fund’s share capital by the Shareholder in the form of property contributions (*Note 13*) and subsequent transfer of these assets to the Fund’s subsidiaries (*Note 4*).
- Transfer of loans issued to other non-current assets (*Note 10*).

For the six months ended 30 June 2013:

- Transfer of subsidiaries and financial assets. This transfer was recognised as transactions and other distributions to the Shareholder in the interim separate statement of changes in equity.
- Transfer of investments in subsidiary to assets classified as held for transfer to the Shareholder.
- Recognition of discount on loans issued and amounts due to the Government.

Finance director – Member of the Management Board



Nurlan Rakhmetov

Chief accountant



Almaz Abdulkhmanova

The accounting policies and notes on pages 6 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Share capital	Available-for-sale investments revaluation reserves	Accumulated losses	Total
As at 31 December 2012 (audited)	4,409,314	(595)	(557,989)	3,850,730
Loss for the period	-	-	(7,735)	(7,735)
Other comprehensive income	-	2,671	-	2,671
Total comprehensive loss for the period	-	2,671	(7,735)	(5,064)
Contributions to the share capital (Note 13)	9,320	-	-	9,320
Gain on transactions with amounts due to the Government (Note 15)	-	-	249,828	249,828
Transactions with the Shareholder (Note 13)	-	-	(402,867)	(402,867)
Other distributions to the Shareholder (Note 13)	-	-	(116,016)	(116,016)
As at 30 June 2013 (unaudited)	4,418,634	2,076	(834,779)	3,585,931
As at 31 December 2013 (audited)	4,484,676	(2,159)	(971,945)	3,510,572
Profit for the period	-	-	38,879	38,879
Other comprehensive income	-	8,451	-	8,451
Total comprehensive income for the period	-	8,451	38,879	47,330
Contributions to the share capital (Note 13)	65,115	-	-	65,115
Gain on transactions with amounts due to the Government (Note 15)	-	-	12,363	12,363
Other distributions to the Shareholder (Note 13)	-	-	(5,693)	(5,693)
As at 30 June 2014 (unaudited)	4,549,791	6,292	(926,396)	3,629,687

Finance director – Member of the Management Board


Nurlan Rakhmetov

Chief accountant


Almaz Abdrakhmanova

The accounting policies and notes on pages 6 to 24 are an integral part of these interim condensed separate financial statements.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**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, in the name of the 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 overall objective of the Government during the merger of "Kazyna" and "Samruk" was to increase management's efficiency and to optimise organisational structure of the Fund's subsidiaries for them to achieve successfully their strategic objectives as 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 state-owned enterprises and other entities listed in *Notes 4* and *5*.

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

These interim condensed separate financial statements were authorized for issue by the Finance director – Member of the Management Board and Chief accountant of the Fund on 10 September 2014.

The Stabilization Plan

In order to maintain stability of the country's economic and financial system during the global economic crisis the Government, by its resolution No. 1085 dated 25 November 2008, approved a Joint action plan of the Government, the National Bank and the Agency on regulation and supervision of financial market and financial organizations of the Republic of Kazakhstan on stabilization of the economy and financial system for 2009-2010 (the "Stabilization Plan"). The Stabilization Plan provided for certain measures aimed at the following:

- Stabilization of financial sector;
- Resolving real estate market issues;
- Small and medium business support;
- Development of agricultural sector;
- Implementation of innovation, industrial and infrastructure projects.

The Fund is the principal operator for the Government in the implementation of the Stabilization Plan.

2. BASIS OF PREPARATION

Interim condensed separate financial statements for the six months ended 30 June 2014 were prepared in accordance with International Accounting Standard 34 *Interim Financial Statements* ("IAS 34"). These interim condensed separate financial statements do not include all the information and disclosures required in the annual separate financial statements, and should be read in conjunction with the Fund's annual separate financial statements for the year ended 31 December 2013.

All amounts in these interim condensed separate financial statements are rounded to the nearest million tenge, except when otherwise indicated.

Foreign currency translation*Functional and presentation currency*

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

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

2. BASIS OF PREPARATION (continued)**Foreign currency translation (continued)***Transactions and balances*

Transactions in foreign currencies are initially recorded at the functional currency rate effective at the date of transaction. Monetary assets and liabilities denominated in the foreign currencies are translated to the functional currency using exchange rate effective at the balance sheet date. All translation differences are taken to the interim separate statement of comprehensive income.

Non-monetary items measured on a cost basis in a foreign currency are translated using the exchange rates at the dates of the 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.

Exchange rates

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

The official rate of tenge to US Dollar at 30 June 2014 and 31 December 2013 was 183.52 and 154.06 tenge to 1 US Dollar, respectively. The currency exchange rate as at 10 September 2014 was 182.00 tenge to 1 US Dollar.

New and amended standards and interpretations

The accounting policies applied in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Fund's annual separate financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations noted below:

Investment Entities -- Amendments to IFRS 10, IFRS 12 and IAS 27

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments did not have any effect to the interim condensed separate financial statements of the Fund, since none of the Fund's entities meet criteria to classify as investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments did not have any impact on interim condensed separate financial statements of the Fund.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments had no impact on the interim condensed separate financial statements of the Fund, since the Fund has not novated its derivatives during the reporting or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which the impairment loss has been recognized or reversed during the period. The amendments had no impact on the interim condensed separate financial statements of the Fund.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by the government under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Tax*) and fines and other penalties for breaches of legislation.

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

2. BASIS OF PREPARATION (continued)

New and amended standards and interpretations (continued)

IFRIC 21 Levies (continued)

The interpretation clarifies that an entity recognizes a liability for levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in the interim condensed separate financial statements of the Fund. The interpretation had no impact on the interim condensed separate financial statements of the Fund.

3. SEASONALITY OF OPERATIONS

The activities of the Fund are not seasonal in nature and are not subject to seasonal fluctuations.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

4. 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:

<i>In millions of tenge</i>	Activity	Country	Carrying value		Ownership	
			30 June 2014 (unaudited)	31 December 2013 (audited)	30 June 2014 (unaudited)	31 December 2013 (audited)
"National Company "Kazakhstan Temir Zholy" JSC	Cargo and passengers railway transportation	Kazakhstan	1,133,096	1,078,596	100.00%	100.00%
"National Company "KazMunayGas" JSC	Oil and gas industry	Kazakhstan	958,146	947,531	100.00%	100.00%
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	284,166	263,651	100.00%	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry of RK	Kazakhstan	219,863	211,546	100.00%	100.00%
"National Atomic Company "KazAtomProm" JSC	Uranium production	Kazakhstan	147,275	147,275	100.00%	100.00%
"Alliance Bank" JSC	Bank services	Kazakhstan	108,146	142,075	51.00%	67.00%
"Kazakhstan Electricity Grid Operating Company" JSC ("KEGOC")	Electricity transmission	Kazakhstan	113,532	113,532	100.00%	100.00%
"Kazakhtelecom" JSC	Fixed line telecommunication	Kazakhstan	88,733	88,733	51.00%	51.00%
"United Chemical Company" JSC	Development of chemical industry of RK	Kazakhstan	65,325	62,365	100.00%	100.00%
"Real Estate Fund "Samruk-Kazyna" JSC	Stabilization of real estate market	Kazakhstan	31,851	31,851	100.00%	100.00%
"Shalkiya Zinc" JSC	Exploration and refining of mineral raw material	Kazakhstan	31,000	-	100.00%	-
"Kazpost" JSC	Postal and financial services	Kazakhstan	11,648	11,648	100.00%	100.00%
"National Company "Kazakhstan Engineering" JSC	Engineering and defense industry	Kazakhstan	9,850	9,850	56.35%	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%
"Samruk-Kazyna Invest" LLP	Professional services on investment projects	Kazakhstan	3,804	3,427	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%
"Kazakh Research Institute named after Chokin" JSC	Research and development	Kazakhstan	219	219	50.00%	50.00%
"KOREM" JSC	Operator of electricity market	Kazakhstan	161	161	100.00%	100.00%
"Karagandagiprospekht and K" LLP	Design works	Kazakhstan	6	6	90.00%	90.00%

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

4. INVESTMENTS IN SUBSIDIARIES (continued)

<i>In millions of tenge</i>	Activity	Country	Ownership			
			30 June 2014 (unaudited)	31 December 2013 (audited)		
"Samruk-Kazyna Finance" LLP	Consulting services	Kazakhstan	-	-	100.00%	100.00%
"Temirbank" JSC	Bank services	Kazakhstan	-	23,488	-	79.90%
"BTA Bank" JSC	Bank services	Kazakhstan	-	132,088	-	97.28%
KGFI IM	Financial transactions	Cayman Islands	-	-	100.00%	100.00%
KGFI SLP	Financial transactions	Cayman Islands	-	-	-	100.00%
KGFI Management	Financial transactions	Cayman Islands	-	-	-	100.00%
Less: impairment provision						
"Alliance Bank" JSC			(103,390)	(135,626)		
Less: assets, classified as assets held for sale						
"Temirbank" JSC			-	(23,488)		
"BTA Bank" JSC			-	(132,088)		
			3,120,670	2,993,877		

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

4. INVESTMENTS IN SUBSIDIARIES (continued)**Changes in investments in subsidiaries**

During the six months ended 30 June 2014 the following changes in investments in subsidiaries took place:

- Contribution to the share capital of "National Company "Kazakhstan Temir Zholy" JSC in the amount of 54,500 million tenge in cash using the funds received from the Republican budget (*Note 13*);
- Contribution to the share capital of "Samruk-Energy" JSC, "National Mining Company "Tau-Ken Samruk" JSC ("Tau-Ken Samruk" JSC), "United Chemical Company" LLP, "Samruk-Kazyna Invest" LLP in the total amount of 21,000 million tenge, 8,317 million tenge, 2,960 million tenge and 377 million tenge, respectively. Contributions were made in cash;
- Contribution to the share capital of "National Company "KazMunayGas" JSC in the amount of 10,615 million tenge in the form of property contribution (*Note 13*);
- In May 2014 the Fund disposed 16% of common and preferred shares of Alliance Bank JSC in the amount of 1,491 million tenge;
- In June 2014 the Fund received 100% shares of "Shalkiya Zinc" JSC from Mr. Kenes Rakishev for the shares of BTA Bank. In July 2014 100% of shares of "Shalkiya Zinc" JSC were transferred to subsidiary "Tau-Ken Samruk" JSC;
- During the six months ended 30 June 2014 the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan has acquired 43.65% of the newly issued common shares of "National Company" Kazakhstan Engineering" JSC. Thus, the Fund's share in the "National Company" Kazakhstan Engineering" JSC was 56.35% as at 30 June 2014;
- During the six months ended 30 June 2014 the Fund liquidated subsidiaries KGF Management, KGF SLP.

Sale of shares of BTA

As at 30 June 2014 the Fund lost control over BTA Bank and recognized disposal of this asset classified as held for sale. All parties executed several conditions precedent including approval of the deal by the relevant corporate authorities of the counterparties and by the government authorities as well as changes in banking legislation of the Republic of Kazakhstan that allow KKB to make investments more than 10% of its equity.

KKB and Mr. Kenges Rakishev each acquired 46.5% shares of BTA with the aim of further merger of BTA and KKB in a single bank before the year end. The remaining 4.26% Fund's shares of BTA was transferred to KKB trust management until 31 January 2014 or date of merger. As a result as at 30 June 2014 KKB possesses the controlling share of BTA until their merger. The fair value of the remaining interest is 4,923 million tenge (*Note 8*).

The consideration amounted to 144,150 million tenge, including the first part of the payment in the amount of 62,000 million tenge received before the transaction was completed and 7,750 million tenge received on 4 July 2014, and 74,400 million tenge will be received during 3 (three) years after the deal is closed. The payment of the first half of consideration was made by KKB in cash in the amount of 31,000 million tenge and by Mr. Rakishev in form of 100% of shares of "Shalkiya Zinc" JSC with the assigned value of 31,000 million tenge. The fair value of the received consideration for sale of BTA is equal to 122,690 million tenge.

Sale of shares of Temirbank JSC and Alliance Bank JSC

On 15 May 2014 the Fund settled the deal on sale of 79.88% common shares of Temirbank JSC ("Temirbank") and 16% of common and preferred shares of Alliance Bank JSC ("Alliance Bank") in accordance with the agreement between the Fund and Mr. Bulat Utemuratov Dzhamitovich signed in December 2013.

The consideration received for shares of Temirbank amounted to 35,665 million tenge, including 22,000 million tenge received in May 2014 and 13,665 million tenge to be received within five (5) years after the deal is closed. The fair value of consideration amounted to 29,752 million tenge. Additionally, Temirbank paid dividends in the amount of 9,109 million tenge to the Fund from the retained earnings of 2010-2012. As a result of this transaction on sale of Temirbank Mr. Utemuratov became controlling shareholder of the bank.

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

4. INVESTMENTS IN SUBSIDIARIES (continued)

Sale of shares of Temirbank JSC and Alliance Bank JSC (continued)

Consideration received for 16% of the common and preferred shares of Alliance Bank as well as their current (carrying) value as at the date of disposal amounted to 1,491 million tenge.

As a result of this transaction the controlling interest of Alliance Bank with 51% of ordinary and preferred shares of Alliance Bank remains with the Fund. Respective approval of both transactions by regulatory authorities was received in March 2014.

5. INVESTMENTS IN ASSOCIATES

Investments in associates were presented as follows:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Shekerbank	18,174	18,174
Astana-Finance JSC	6,516	6,516
Maikainzoloto JSC	281	281
Less: impairment provision	(6,516)	(6,516)
	18,455	18,455

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

Company	Activity	Country	Ownership	
			30 June 2014 (unaudited)	31 December 2013 (audited)
Associates				
Shekerbank	Bank services	Turkey	21.93%	21.93%
Astana-Finance JSC	Finance organization	Kazakhstan	1.63%	1.63%
Maikainzoloto JSC	Gold production	Kazakhstan	25.00%	25.00%

The Fund has a significant influence over "Astana Finance" JSC due to the fact that two of three members of the Board of Directors of "Astana Finance" JSC are representatives of the Fund.

6. LOANS ISSUED

Loans issued comprised of the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Loans issued to third parties and related parties	519,271	516,587
Loans issued to subsidiaries	483,414	280,170
Bonds issued by subsidiaries	1,735	1,680
Interest accrued	18,944	19,109
Less: impairment provision	(11,641)	(12,127)
Total loans issued	1,011,723	805,419
Less: current portion	(149,567)	(193,788)
Non-current portion	862,156	611,631

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

6. LOANS ISSUED (continued)

As at 30 June 2014 the ageing analysis of loans issued is as follows:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Loans, on which no impairment indicators were identified		
Neither past due nor impaired	1,011,133	803,295
Past due but not impaired:		
- overdue from 90 to 180 days	-	-
- overdue from 180 to 360 days	-	1,534
- overdue over 360 days	590	590
- Impaired	11,641	12,127
Total overdue loans issued	12,231	14,251
Total loans issued	1,023,364	817,546

Loans issued to third parties and related parties

Kazakhmys Finance Plc

In January 2014 Kazakhmys Finance Plc made an early partial repayment of the loans provided in the amount of 400 million US dollars (equivalent to 61,808 million tenge using the exchange rate at the repayment date). These loans were provided for the purpose of development of Zhomart and Akbastau/Kosmurun copper fields. The loan was provided from the proceeds received under the credit facility of State China Development. Therefore, the Fund made an early repayment of the loan provided under credit facility of State China Development (*Note 14*). The loan for the development of the Zhomart copper field was provided in January 2013, the loan for the development of the Akbastau/Kosmurun copper field was provided in October 2012.

"AYT Housing Complex" LLP

During the six months ended 30 June 2014 "AYT Housing Complex" LLP made earlier repayment of the loan received from the Fund in the form of property in two residential complexes in Almaty city. The given property was recognized on the Fund's balance sheet on 5 May 2014 (*Note 10*).

Loans issued to subsidiaries

"Samruk-Energy" JSC

On 16 January 2014 the Fund concluded a loan agreement with Samruk-Energy JSC in accordance with which the Fund provided a loan in the amount of 200,000 million tenge with the maturity of 14 years. This loan was provided to acquire 50% interest in Ekibastuzskaya GRES-1 LLP and 100% interest in Kazhydrotechenergo LLP. The loan is funded by issuance of bonds (*Note 15*).

"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. In 2014 the Fund provided an additional tranches to "Real Estate Fund "Samruk-Kazyna" JSC in the amount of 5,000 million tenge maturing on 31 July 2022 to finance housing construction projects within the program "Affordable housing – 2020", approved by the resolution of the Government No. 821 dated 21 June 2012. This loan was provided using the funds of the National Fund.

In accordance with the credit facility terms, the Fund has a right to demand an early repayment of the loans from "Real Estate Fund "Samruk-Kazyna" JSC any time, and "Real Estate Fund "Samruk-Kazyna" JSC is obliged to make an early repayment on demand of the Fund. Therefore, the Fund classifies these loans as short-term.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
10 largest local banks	266,834	268,195
Other local credit institutions	99,117	110,793
Interest accrued	7,947	8,324
Total amounts due from credit institutions	373,898	387,312
Less: current portion	(41,095)	(41,160)
Non-current portion	332,803	346,152

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Ratings above BB+	21,167	23,454
Ratings from B to BB-	106,539	109,253
Rating B-	9,724	9,940
Rating lower than B-	164,307	163,114
No rating	72,161	81,551
	373,898	387,312

Amounts due from credit institutions mainly represent funds placed with banks and other financial institutions to finance activities approved within the framework of the Stabilization Plan.

As at 30 June 2014 the Fund had no past due or impaired amounts due from credit institutions.

8. OTHER FINANCIAL ASSETS

Financial assets comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Financial assets available-for-sale		
Equity securities of Kazkommertsbank JSC	31,945	23,237
Equity securities of BTA Bank JSC	4,923	-
Equity securities of Halyk Bank of Kazakhstan JSC	-	1,025
Debt securities	12,214	12,467
Total other financial assets	49,082	36,729
Less: current portion	(32,362)	(24,558)
Non-current portion	16,720	12,171

On 28 May 2012 Holding Group ALMEX JSC and Halyk Bank of Kazakhstan JSC ("Halyk Bank") signed an agreement on assignment of a right of demand option related to preferred shares of Halyk Bank.

In accordance with this agreement on 28 April 2014 Halyk Bank realized its right for partial execution of the option and re-acquired 6,232,399 of its preferred shares at the price of 200.28 tenge per share. As at 30 June 2014 the remaining amount of preferred shares of Halyk Bank is 100 shares.

After sale of preferred shares of Halyk Bank with a fair value at the disposal date of 997 million tenge the Fund ceased recognition of the relevant option obligation on purchase of preferred shares, the fair value of which on the disposal date was equal to 12 million tenge.

Unrealized gain of 82 million tenge on revaluation of available-for-sale investments on the preferred shares of Halyk Bank was reclassified from revaluation reserve for available-for-sale investments into net profit for the period. Resulting net gain on disposal of financial assets was recorded in the interim separate statement of comprehensive income in the amount of 181 million tenge.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

8. OTHER FINANCIAL ASSETS (continued)

During the six months ended 30 June 2014 the Fund sold a controlling interest in BTA Bank in the amount of 93% of the ordinary shares. The remaining ownership interest of the Fund in the amount of 4.26% (27,351,461,050 shares) shares were transferred to KKB trust management without the right to receive dividends and were recognized in other financial assets at a fair value in the amount of 4,923 million tenge (*Note 4*).

Fair value of equity securities of KKB, BTA and Halyk Bank as at 30 June 2014 and 31 December 2013 was determined based on published quotations from the active market.

9. BANK DEPOSITS

Bank deposits comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
10 largest local banks	361,629	399,737
Other local credit institutions	148,176	113,100
Interest accrued	6,297	5,578
Total bank deposits	516,102	518,415
Less: current portion	(312,263)	(321,735)
Non-current portion	203,839	196,680

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Ratings above BB+	-	20,302
Ratings from B to BB-	245,781	244,700
Rating B-	102,408	99,076
Ratings lower than B-	165,779	152,625
No rating	2,134	1,712
	516,102	518,415

As at 30 June 2014 the weighted average rate for the long-term deposits was 8.04% per annum (31 December 2013: 8.03%), weighted average rate for the short-term bank deposits was 8.07% per annum (31 December 2013: 7.88%).

10. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Non-current trade receivable	60,767	-
Property held for sale	10,453	-
Other	533	525
Less: impairment reserve	(471)	(471)
	71,282	54

Non-current trade receivable

During the six months ended 2014 the Fund sold shares of BTA and Temirbank (*Note 4*). Non-current trade receivable is the present value of discounted deferred payments for shares of BTA within 3 (three) years in the amount of 52.940 million tenge and for the shares Temirbank within 5 (five) years in the amount of 7.827 million tenge.

Property held for sale

On 5 May 2014 the Fund received property in the form of real estate in residential complexes in Almaty city for repayment of loans issued to "AYT Housing Complex" LLP (*Note 6*). As at 30 June 2014 the fair value of the property is 10.453 million tenge. All property will be transferred to Real Estate Fund "Samruk-Kazyna" JSC trust management, which will act as agent for the sales of real estate on behalf of the Fund.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

11. OTHER CURRENT ASSETS

Other current assets comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Dividends receivable	31,207	14,681
Other accounts receivable	14,066	7,694
Other	1,225	1,277
Less: impairment provision	(4,035)	(3,750)
	42,463	19,902

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Current accounts with banks – tenge	124,883	58,863
Current accounts with banks – US dollars	7,044	1,946
Current accounts with banks – euro	1,987	1,154
Term bank deposits – tenge	47,030	41,545
	180,944	103,508

As at 30 June 2014 the weighted average interest rate for current accounts is equal to 0.001% (31 December 2013: 0.001%), the weighted average interest rate on term deposits with banks is equal to 2.88% (31 December 2013: 4.01%).

Total cash balances on bank accounts include funds allocated from the State budget and the National Fund for the Government programs. As at 30 June 2014 these cash balances were accumulated on the accounts with the National Bank and were equal to 156 billion tenge (31 December 2013: 85 billion tenge), including:

- 68 billion tenge – National Fund's amounts, received under the Stabilization Plan (31 December 2013: 54 billion tenge);
- 2 billion tenge – amounts received from the State budget to provide financing to projects implemented by the Fund (31 December 2013: 2 billion tenge);
- 86 billion tenge – the Fund's remaining cash balance required for its operating and investing activities (31 December 2013: 29 billion tenge).

13. EQUITY

Share capital

	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
As at 31 December 2012 (audited)	3,481,526,139		4,409,314
Cash contributions	9,320	901,000; 1,000,000	9,320
As at 30 June 2013 (unaudited)	3,481,535,459		4,418,634
As at 31 December 2013 (audited)	3,481,602,341		4,484,676
Cash contributions	2,977	18,306,039; 1,200,359;	54,500
Property contributions	7,037	2,772,663	10,615
As at 30 June 2014 (unaudited)	3,481,612,355		4,549,791

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

Share capital (continued)

As at 30 June 2014 3,481,612,355 shares were fully paid (31 December 2013: 3,481,602,341 shares).

In accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2014-2016" No. 148-V dated 3 December 2013, for the six months ended 30 June 2014 the Shareholder made cash contribution to the Fund share capital in the amount of 54,500 million tenge. These funds are provided to finance projects implemented by "National Company "Kazakhstan Temir Zholy" JSC (Note 4).

During the six months ended 30 June 2014 state property and privatization committee made property contribution to the Fund share capital in the form of pipelines located in Kostanai and West-Kazakhstan regions. As at date of transfer the fair value of given pipelines amounted to 10,615 million tenge (Note 4).

Other distributions to Shareholder

During the six months ended 30 June 2014 based on the order of the Shareholder, the Fund financed various social projects for the total amount of 5,693 million tenge (for six months ended 30 June 2013: 4,091 million tenge). This financing was recognized as other distributions to the Shareholder in the interim separate statement of changes in equity.

On 6 June 2013 the Fund transferred common shares of Kazakhmys Plc (58,876,793 shares) to the state ownership, by their transfer to the State property and privatization committee of the Ministry of finance of the Republic of Kazakhstan. Disposal of these financial assets was recognised as a distribution to the Shareholder in the amount of 111,925 million tenge in the interim separate statement of changes in equity.

Transactions with the Shareholder

During the six months ended 30 June 2013 the Fund transferred organizations under common control of the Shareholder, the shares and ownership interests in subsidiaries (Development Bank of Kazakhstan JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation "KazExportGarant" JSC, Entrepreneurship Development Fund "Damu" JSC, Investment Fund of Kazakhstan JSC and SK Pharmacy LLP). As a result of above mentioned transactions, the Fund recognised transactions with the Shareholder in the total amount of 402,867 million tenge in the interim separate statement of changes in equity.

Book value of shares

In accordance with the decision of the Exchange Board of the Kazakhstan Stock Exchange 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.

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Total assets	5,444,852	5,109,991
Less: intangible assets	(500)	(588)
Less: total liabilities	(1,815,165)	(1,599,419)
Net assets for common shares	3,629,187	3,509,984
Number of common shares	3,481,612,355	3,481,602,341
Book value per common share, tenge	1,042	1,008

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

14. BORROWINGS

Borrowings comprised the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Bonds issued and purchased by subsidiaries:		
- Alliance Bank JSC	106,820	106,820
- National Company "KazMunayGas" JSC	39,707	41,811
- Samruk Energy JSC	223	223
Bonds issued and purchased by other companies	810,369	810,312
Loans received	403,979	403,524
Total borrowings	1,361,098	1,362,690
Less: amounts due for settlement within 12 months	(61,277)	(106,712)
Amounts due for settlement after 12 months	1,299,821	1,255,978

Borrowings comprised the following currencies

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
tenge-denominated borrowings	957,119	959,166
US dollar-denominated borrowings	403,979	403,524
	1,361,098	1,362,690

In January 2014 the Fund made an early partial repayment of the loans provided by the State China Development Bank in the amount of 400 million US dollars for the purpose of development of Zhomart and Akbastau/Kosmurun copper fields (equivalent to 61.904 million tenge converted using the exchange rate at the repayment date). These loans were repaid due to early repayment of the loans by Kazakhmys Finance Plc (*Note 6*).

15. AMOUNT DUE TO THE GOVERNMENT

Amounts due to the Government comprised of the following:

<i>In millions of tenge</i>	30 June 2014 (unaudited)	31 December 2013 (audited)
Bonds purchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	274,173	71,302
Bonds purchased by the National Bank of the Republic of Kazakhstan	60,207	59,867
Other loans from the Government	74,867	66,378
Total amounts due to the Government	409,247	197,547
Less: current portion	(930)	(331)
Non-current portion	408,317	197,216

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 acquired by the National Bank of the Republic of Kazakhstan. The funds received from the issue of these bonds in the amount of 200,000 million tenge were used for the provision of loan to "Samruk-Energy" JSC to finance acquisition of 50% interest in Ekibastuzskaya GRES-1 LLP and 100% interest in Kazhydrotechenergo LLP (*Note 6*).

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 TemirZholy" JSC in the amount of 9,226 million tenge with an interest rate not exceeding 0.75% (*Note 25*).
- providing loan to "National Company "Kazakhstan TemirZholy" JSC in the amount of 9,705 million tenge with an interest rate not exceeding 0.075% (*Note 25*).

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

15. AMOUNT DUE TO THE GOVERNMENT (continued)

The fair value of loans issued 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 in the interim separate statement of changes in equity.

Loans were provided to “National Company “Kazakhstan TemirZholy” JSC in July 2014.

In January 2013 the Fund placed 255,000,000 coupon bonds, with nominal amount of 1,000 tenge per bond for the total amount of 255,000 million tenge with maturity of 50 years and coupon interest of 0.01% per annum. All bonds were purchased by the National Bank of the Republic of Kazakhstan. These bonds were initially recognized at their fair value, calculated using market interest rates applicable to the Fund as of the date of the bonds’ placement and subsequently carried at amortised cost. The difference between nominal amount of the bonds and their fair value in the amount of 249,828 million tenge was recognized in the interim separate statement of changes in equity.

Funds received from the placement of these bonds were used to acquire 29.8221% ownership interest in “Kazzinc” LLP.

16. INTEREST INCOME

Interest income comprised the following:

<i>In millions of tenge</i>	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Interest on loans issued	37,897	31,790
Unwinding of discount on loans issued	6,747	6,574
Other	6	1,167
	44,650	39,531

17. INTEREST EXPENSES

Interest expenses comprised the following:

<i>In millions of tenge</i>	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Interest on bonds	35,810	30,834
Interest on borrowings	9,400	10,037
Unwinding of discount on financial liabilities	4,682	3,426
Other	-	584
	49,892	44,881

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following:

<i>In millions of tenge</i>	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Sponsorship and charitable donations	11,081	8,686
Personnel costs	1,254	978
Consulting services	1,450	647
Non-refundable VAT	296	210
Other	1,896	1,542
	15,977	12,063

During the six months ended 30 June 2014 the Fund provided sponsorships in accordance with the action plan of the Fund on sponsorship and charity for 2014 (“Plan”). The sponsorships were provided to finance a number of projects, developed through the Corporate fund “SK-Astana”, which is the operator of financing sport federations in order to develop certain types of sports and projects, approved by the Plan. Furthermore, the sponsorships were provided to other various organizations for the purpose of project financing as approved by the Plan.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

19. FINANCE INCOME

Finance income comprised the following:

<i>In millions of tenge</i>	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Interest on bank deposits	20,599	15,476
Amortisation of financial guarantees	3,806	2,701
Other	1,526	806
	25,931	18,983

20. FOREIGN EXCHANGE GAIN

On 11 February 2014 the National Bank of the Republic of Kazakhstan ceased control over the exchange rate of tenge to US dollar. As a result, tenge devalued against the US dollar and other major currencies. The exchange rates before and after devaluation were 155.56 tenge per 1 US dollar and 184.5 tenge per 1 US dollar, respectively, which led to significant foreign exchange gains of the Fund for six months ended 30 June 2014.

21. INCOME TAX EXPENSES

Income tax expenses comprised the following:

<i>In millions of tenge</i>	For six months ended 30 June 2014 (unaudited)	For six months ended 30 June 2013 (unaudited)
Withholding tax expense	5,987	4,139
Deferred income tax expense/(benefit)	407	(1,562)
Corporate income tax expense	–	–
	6,394	2,577

22. RELATED PARTY TRANSACTIONS

The following tables provides the total amount of transactions that have been entered into with related parties for the six months ended 30 June 2014 and 2013 and the balances as at 30 June 2014 and 31 December 2013, respectively:

<i>In millions of tenge</i>		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Other entities controlled by the Government	30 June 2014 (unaudited)	101,009	458,317	156,105
	31 December 2013 (audited)	112,577	246,623	84,979
Subsidiaries	30 June 2014 (unaudited)	528,709	147,070	67,108
	31 December 2013 (audited)	469,797	808,362	219,354
Other related parties	30 June 2014 (unaudited)	16,565	–	–
	31 December 2013 (audited)	16,115	–	–

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

22. RELATED PARTY TRANSACTIONS (continued)

<i>In millions of tenge</i>		Dividends received	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Other entities controlled by the Government	2014	-	-	2,370	12,619
	2013	-	-	3,555	5,751
Subsidiaries	2014	40,475	1,292	31,604	24,942
	2013	65,477	964	27,932	25,644
Other related parties	2014	-	-	559	-
	2013	-	-	413	-

Total compensation to key management personnel included in the general and administrative expenses in the accompanying interim separate statement of comprehensive income was equal to 203 million tenge and 158 million tenge for six months ended 30 June 2014 and 2013, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

23. FINANCIAL INSTRUMENTS

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 which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

<i>In millions of tenge</i>	30 June 2014	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets available for sale (Note 8)	49,082	49,082	-	-
Assets related to call/put options	35,936	-	35,936	-
Liabilities measured at fair value				
Liabilities under call/put options	-	-	-	-

<i>In millions of tenge</i>	31 December 2013	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets available for sale (Note 8)	36,729	36,729	-	-
Assets related to call/put options	46,376	-	46,376	-
Liabilities measured at fair value				
Liabilities under call/put options	(46)	-	(46)	-

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

23. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments

The carrying amount of the financial instruments of the Fund as at 30 June 2014 and 2013 is a reasonable estimate of their fair value except for the financial instruments presented below:

<i>In millions of tenge</i>	2014				
	Carrying amount	Fair value	Fair value by level of assessment		
			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 (Note 7)	373,898	380,531	-	380,531	-
Loans with fixed interest rate	607,450	603,787	-	603,787	-
Financial liabilities					
Borrowings with fixed interest rate (Note 14)	(957,119)	(987,336)	-	(987,336)	-
Amounts due to the Government and the National Bank (Note 15)	(409,247)	(326,764)	-	(326,764)	-
Financial guarantee liabilities	(42,069)	(29,762)	-	(29,762)	-

<i>In millions of tenge</i>	2013				
	Carrying amount	Fair value	Fair value by level assessment		
			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 (Note 7)	387,312	390,144	-	390,144	-
Loans with fixed interest rate	401,498	394,964	-	394,964	-
Financial liabilities					
Borrowings with fixed interest rate (Note 14)	(959,166)	(989,543)	-	(989,543)	-
Amounts due to the Government and the National Bank (Note 15)	(197,547)	(157,359)	-	(157,359)	-
Financial guarantee liabilities	(37,145)	(33,227)	-	(33,227)	-

The fair value of the above mentioned financial instruments was calculated by discounting the expected cash flows at prevailing interest rates.

24. FINANCIAL AND CONTINGENT LIABILITIES

Contingent liabilities

The Fund assesses the likelihood of material liabilities and makes a corresponding provision in its interim 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 interim separate financial statements for any of the contingent liabilities.

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

24. FINANCIAL AND CONTINGENT LIABILITIES (continued)**Taxation**

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and republican tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 2.5. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for 5 (five) calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 30 June 2014. As at 30 June 2014, management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Fund's tax positions will be sustained.

Commitments on secondary use of anti-crisis funds

In accordance with the minutes of the meeting of the State commission on economy modernization issues of the Republic of Kazakhstan No. 17-5/II-380 dated 5 April 2012, No. 17-5/II-10 dated 30 January 2013 and No. 17-5/II-788 dated 7 October 2013 the Fund is obliged to finance certain investment projects in the total amount of 571,852 million tenge during 2012-2014. Taking into account investments made in 2012-2013, the Fund's commitments for 2014 as at 30 June 2014 are equal to 217,314 million tenge (31 December 2013: 193,714 million tenge), including the Fund's commitments to finance investment projects which are equal to 214,214 million tenge (31 December 2013: 185,614 million tenge).

In accordance with the minutes of the meeting of the State commission on economy modernization issues of the Republic of Kazakhstan No. 17-5/II-10 dated 30 January 2013 the Fund is obliged to finance investment project "Construction of gas pipeline "West-North-Center" (through Kartaly-Tobol-Kokshetau-Astana) for the total amount of 126,940 million tenge using its own funds and/or funds of "National Company "KazMunayGas" JSC.

In addition, these funds and funds redistributed from the "Affordable housing" program are planned to be reimbursed from the Republican budget in 2014 by increasing the share capital of the Fund in the amount of 122,707 million tenge.

At the moment, the Fund sent a letter to the Administration of the President of the Republic of Kazakhstan and the President of the Republic of Kazakhstan on the current status of the project, including the issue about the financing of the investment project "Construction of gas pipeline "West-North-Center" (through Kartaly-Tobol-Kokshetau-Astana). On 5 September 2014 a meeting of the Interdepartmental Committee for the development of oil and gas and energy industries was held. It considered the question regarding the implementation of the project. The final distribution of funding resources will be made after the relevant decisions of the authorized bodies and persons are made.

Commitments under investment projects out of funds from Republican budget

As at 30 June 2014 Fund's commitments on implementation of investment projects using funds from the Republican budget were equal to 2,030 million tenge (31 December 2013: 2,030 million tenge).

Commitment on acquisition of Shekerbank shares

On 25 January 2012 the Fund signed an agreement to purchase 339,787,080 shares (33.98%) of the Turkish bank Shekerbank from BTA Securities JSC (a subsidiary of BTA Bank JSC). As at 30 June 2014 the Fund owns 219,310,353 shares (21.93%) (Note 5). Purchase of the remaining shares is not possible at the present time, due to an arrest of the shares of Shekerbank belonging to BTA Securities JSC related to a legal claim filed by Vakifbank T.A.O. against BTA Bank.

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)**

25. SUBSEQUENT EVENTS*Loans issued*

In July 2014 the Fund provided loans to "National Company "Kazakhstan Temir Zholy" JSC in the amount of 18,931 million tenge to finance renewal of railway carriers of "Passenger Transportation" JSC. These loan were provided using cash of the Republican budget in accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2014-2016" No. 148-V dated 3 December 2013 (*Note 15*).

In July 2014 the Fund provided a loan to "Elorda Damu" LLP in the amount of 20.000 million tenge to finance project on demolition of dangerous structures in Astana.

In July 2014 the Fund concluded a loan agreement with "Samruk Kazyna-United Green" JSC, in accordance with which provided the first tranche in the amount of 8.000 million tenge to finance the investment project "Construction of a solar power plant "Burnoe" with capacity of 50 MW in Zhambyl region maturing on the 31 December 2014.

In August 2014 the Fund provided an additional tranches to "Real Estate Fund "Samruk Kazyna" JSC in the amount of 3,800 million tenge to finance housing construction projects within the framework of the program "Affordable housing – 2020", approved by the resolution of the Government No. 821 dated 21 June 2012.

Investments in subsidiaries

In July 2014 100% shares of "Shalkiya Zinc" JSC was transferred to subsidiary "Tau-Ken Samruk" JSC by the Fund.

In July 2014 the Fund acquired 49% shares of "Aviation Company "Air Kazakhstan" JSC.

During the second quarter 2014 the Fund made cash contribution to the share capital of "National Mining Company "Tau-Ken Samruk" JSC, "Samruk-Kazyna Invest" JSC and "Kazpost" JSC in the amount of 12,296 million tenge, 1,103 million and 917 million, respectively.

Financial assets

In August 2014 KKB re-acquired 80.000.000 of own shares from the Fund (from the available 165,517,241 shares) in the total amount of 38,030 million tenge.