

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed separate
financial statements (unaudited)

as at 30 June 2016 and for the six months then ended

CONTENTS

Report on review of the interim condensed separate financial statements

Interim condensed separate financial statements (unaudited)

Interim separate balance sheet	1
Interim separate statement of comprehensive income	2
Interim separate statement of cash flows	3-4
Interim separate statement of changes in equity	5
Notes to the interim condensed separate financial statements	6-23



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«Эрнст энд Янг» ЖШС
Әл-Фараби дағы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

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 2016, 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 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. 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.

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 2016 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 2016 and for the six-month period then ended and expressed an unqualified conclusion thereon in our review report dated 7 September 2016.

Ernst & Young LLP

Paul Cohn
Audit partner

Adil Syzdykov
Auditor



Audit Qualification Certificate
No. МФ-0000172 dated 23 December 2013

7 September 2016

Evgeny Zhemaletdinov
General Director
Ernst & Young LLP



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

INTERIM SEPARATE BALANCE SHEET

<i>In millions of tenge</i>	Notes	30 June 2016 (unaudited)	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment		513	435
Intangible assets	4	13,648	567
Investments in subsidiaries	5	3,911,771	3,811,067
Investments in joint venture	6	1,391,219	1,335,215
Loans issued	7	463,728	450,133
Amounts due from credit institutions	8	598,888	592,791
Other non-current financial assets	9	23,182	26,300
Deferred tax assets		3,320	3,334
Other non-current assets	10	26,596	102,204
		6,432,865	6,322,046
Current assets			
Income tax prepaid		10,256	10,267
Loans issued	7	143,886	139,757
Amounts due from credit institutions	8	205,088	246,801
Other current financial assets	9	1,035	1,068
Other current assets	11	99,425	50,359
Cash and cash equivalents	12	235,085	140,575
		694,775	588,827
Assets classified as held for sale		18,455	18,455
Total assets		7,146,095	6,929,328
Equity and liabilities			
Equity			
Share capital	13	4,967,135	4,916,269
Revaluation reserve for available-for-sale investments		2,878	5,131
Retained earnings		156,277	164,673
Total equity		5,126,290	5,086,073
Non-current liabilities			
Borrowings	14	976,745	888,327
Loans from the Government of the Republic of Kazakhstan	15	919,782	859,715
Financial guarantee liabilities		30,948	27,405
Other non-current liabilities	15	10,787	-
		1,938,262	1,775,447
Current liabilities			
Borrowings	14	10,911	44,482
Loans from the Government of the Republic of Kazakhstan	15	7,197	6,722
Financial guarantee liabilities		6,088	5,093
Other current liabilities	15	57,347	11,511
		81,543	67,808
Total liabilities		2,019,805	1,843,255
Total equity and liabilities		7,146,095	6,929,328

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



Yelena Bakhmutova

Almaz Abdrakhmanova

Chief accountant

The accounting policies and notes on pages 6 to 23 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 the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Interest income	16	33,027	36,584
Interest expenses	17	(58,905)	(47,033)
Dividend income	18	18,366	46,066
Gross (loss)/profit		(7,512)	35,617
General and administrative expenses	19	(22,928)	(9,829)
Finance income	20	54,537	29,402
Finance expenses		(5,266)	(113)
Gain on reversal of impairment of financial and other current assets, net		183	1,858
Foreign exchange gain, net		1,630	1,534
Gain on disposal of subsidiaries		-	284
Other operating income/(expenses), net		647	(373)
Profit before income tax		21,291	58,380
Income tax expenses	21	(6,039)	(6,083)
Net profit for the period		15,252	52,297
Other comprehensive loss for the period, net of tax			
Unrealized loss on revaluation of available-for-sale investments	9	(2,253)	(10,987)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of income tax		(2,253)	(10,987)
Total comprehensive income for the period, net of tax		12,999	41,310

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 23 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 the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Cash flows from operating activities			
Profit before income tax		21,291	58,380
Adjustments for:			
Depreciation and amortisation		244	165
Gain on reversal of impairment of financial and other current assets		(183)	(1,858)
Finance income	20	(54,537)	(29,402)
Finance expenses		5,266	-
Gain on disposal of subsidiaries	5	-	(284)
Unrealized foreign exchange gain		(1,630)	(1,534)
Operating cash flows before working capital changes		(29,549)	25,467
Change in loans issued		(17,861)	386,429
Change in amounts due from credit institutions		35,616	4,387
Change in other financial assets		954	369
Change in other current and non-current assets		22,601	(24,028)
Change in borrowings and loans from the Government of the Republic of Kazakhstan		79,180	(387,376)
Change in other liabilities		52,367	277
Cash flows from operating activities		143,308	5,525
Income tax paid		(6,025)	(5,773)
Interest received		17,321	15,840
Net cash flows received from operating activities		154,604	15,592
Cash flows from investing activities			
Withdrawal/(placement) of bank deposits, net		10,565	(3,676)
Acquisition of shares in subsidiaries and joint venture	5, 6	(146,786)	(108,077)
Proceeds from sale of investments in subsidiaries		-	430
Purchase of property, plant and equipment and intangible assets		(2,544)	(457)
Net cash flows used in investing activities		(138,765)	(111,780)
Cash flows from financing activities			
Distributions to the Shareholder	13	(23,733)	(9,604)
Contributions to the share capital	13	46,400	105,810
Loans received	14	56,004	-
Net cash flows received from financing activities		78,671	96,206
Net increase in cash and cash equivalents		94,510	18
Cash and cash equivalents, at the beginning of the period		140,575	164,962
Cash and cash equivalents, at the end of the period		235,085	164,980

The accounting policies and notes on pages 6 to 23 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CASH FLOWS (continued)

NON-CASH TRANSACTIONS: SUPPLEMENTAL DISCLOSURE

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

For six months ended 30 June 2016

- 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 5*).

For six months ended 30 June 2015

- 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 5*).
- Netting of loans issued and amounts due to the Government by means of transfer of “Kazakhstan Petrochemical Industries Inc.” property to the Government of the Republic of Kazakhstan.

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



Yelena Bakhmutova

Chief accountant

Almaz Abdakhmanova

The accounting policies and notes on pages 6 to 23 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Notes	Share capital	Revaluation reserve for available-for-sale investments	(Accumulated loss) / retained earnings	Total
Balance as at 31 December 2014 (audited)		4,620,562	22,102	(759,520)	3,883,144
Net profit for the period		-	-	52,297	52,297
Other comprehensive loss		-	(10,987)	-	(10,987)
Total comprehensive income for the period		-	(10,987)	52,297	41,310
Issue of shares	13	232,401	-	-	232,401
Other distributions to the Shareholder	13	-	-	(2,298)	(2,298)
Balance as at 30 June 2015 (unaudited)		4,852,963	11,115	(709,521)	4,154,557
Balance as at 31 December 2015 (audited)		4,916,269	5,131	164,673	5,086,073
Net profit for the period		-	-	15,252	15,252
Other comprehensive loss		-	(2,253)	-	(2,253)
Total comprehensive income for the period		-	(2,253)	15,252	12,999
Issue of shares	13	50,866	-	-	50,866
Other transactions with the Shareholder		-	-	85	85
Other distributions to the Shareholder	13	-	-	(23,733)	(23,733)
Balance as at 30 June 2016 (unaudited)		4,967,135	2,878	156,277	5,126,290

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 23 are an integral part of these interim condensed separate financial statements.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

As at 30 June 2016 and for the six months then ended

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 4 and 5*.

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

These interim condensed separate financial statements were authorized for issue by the Managing Director for Finance and Operations and Chief accountant of the Fund on 7 September 2016.

These interim condensed separate financial statements were issued in addition to the interim condensed consolidated financial statements of the Fund. The consolidated financial statements were authorized for issue by the Managing Director for Finance and Operations and Chief accountant of the Fund on 7 September 2016.

2. BASIS OF PREPARATION

Interim condensed separate financial statements for the six months ended 30 June 2016 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 2015.

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

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.

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)****2. BASIS OF PREPARATION (continued)****Foreign currency translation (continued)***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 2016 and 31 December 2015 was 338.66 and 340.01 tenge to 1 US dollar, respectively. The currency exchange rate as at 7 September 2016 was 337.57 tenge to 1 US dollar.

New standards, interpretations and amendments adopted by the Fund

The accounting policies adopted 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 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual separate financial statements of the Fund or the interim condensed separate financial statements of the Fund. The nature and the impact of each new standard or amendment is described below:

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 *Business Combinations* principles for business combination 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 if 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 do not have any impact on the Fund as there has been no interest acquired in a joint operation during the period.

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

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a 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 do not have any impact to the given that the Fund has not used a revenue-based method to depreciate its non-current assets.

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 their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements 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 do not have any impact on the Fund's separate financial statements.

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

2. BASIS OF PREPARATION (continued)**New standards, interpretations and amendments adopted by the Fund (continued)***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 do not have any impact on the Fund.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 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.

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

2. BASIS OF PREPARATION (continued)

New standards, interpretations and amendments adopted by the Fund (continued)

Annual improvements 2012-2014 cycle (continued)

Amendments to IAS 1 Disclosure Initiative (continued)

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 and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Fund.

3. SEASONALITY OF OPERATIONS

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

4. INTANGIBLE ASSETS

In 2015 the Fund concluded a long-term agreement with SAP Kazakhstan LLP for acquisition of licenses and maintenance of the SAP software for the purposes of automation of business processes. Acquisition is divided into four phases. As at 30 June 2016 the Fund completed the first and second phases of the project for the total amount of 14,752 million tenge (31 December 2015: the first phase for the total amount of 7,376 million tenge). Subsequently, the Fund plans to conclude a trust management agreement with no transfer of control with subsidiary “Samruk-Kazyna Business-Service” LLP that will carry the distribution of the licenses to the companies within the group of the Fund.

NOTES TO THE INTERIM CONDENSED 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:

<i>In millions of tenge</i>	Activity	Country	Carrying amount		Ownership	
			30 June 2016 (unaudited)	31 December 2015 (audited)	30 June 2016 (unaudited)	31 December 2015 (audited)
"National Company "Kazakhstan Temir Zholy" JSC	Cargo and passengers railway transportation	Kazakhstan	1,297,169	1,250,684	100.00%	100.00%
"National Company "KazMunayGas" JSC	Oil and gas industry	Kazakhstan	1,187,542	1,187,544	90.00% - 1	90.00% - 1
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	445,907	434,050	100.00%	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry of RK	Kazakhstan	293,135	284,161	100.00%	100.00%
"United Chemical Company" LLP	Development of chemical industry of RK	Kazakhstan	211,402	195,429	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	Electricity transmission	Kazakhstan	120,648	120,648	90.00% + 1	90.00% + 1
"Kazakhtelecom" JSC	Fixed line telecommunication	Kazakhstan	93,212	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	23,028	18,028	100.00%	100.00%
"Samruk-Kazyna Invest" LLP	Professional services on investment projects	Kazakhstan	19,258	11,320	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%	53.55%
"Qazaq Air" JSC	Passengers air transportation	Kazakhstan	120	120	100.00%	100.00%
"Kazakh nuclear power stations" JSC	Implementation of projects on construction of nuclear power plants	Kazakhstan	93	93	100.00%	100.00%
"Samruk-Kazyna Business Service" LLP (former "Samruk-Kazyna Finance" LLP)	Transformation services	Kazakhstan	-	-	100.00%	100.00%
			3,911,771	3,811,067		

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

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries

During the six months ended 30 June 2016 the following changes in investments in subsidiaries took place:

- Contribution to the share capital of “National Company “Kazakhstan Temir Zholy” JSC (“KTZh”) in the amount of 46,485 million tenge, including 46,400 million tenge in cash and 85 million tenge in the form of property contribution (Note 13).
- Contribution to the share capital of “Samruk-Energy” JSC in the amount of 10,965 million tenge in cash.
- Contribution to the share capital of “National Mining Company “Tau-Ken Samruk” JSC (“NMC Tau-Ken Samruk JSC”) in the amount of 8,974 million tenge in cash.
- Contribution to the share capital of “United Chemical Company” LLP in the amount of 15,973 million tenge, including 11,507 million tenge in cash and 4,466 million tenge of property contribution in the form of design estimate documentation of gas-turbine station, which has been developed for the implementation of strategic investment project “Construction of the infrastructure of the first integrated gas chemical complex in Atyrau region” (Note 13).
- Contribution to “Kazakhtelecom” JSC in the amount of 4,479 million tenge through the recognition of obligations on guarantee provided.
- Cash contributions to the share capital of “Kazpost” JSC and “Samruk-Kazyna Invest” LLP in the amount of 5,000 million tenge and 7,938 million tenge, respectively.

6. INVESTMENTS IN JOINT VENTURE

Investments in joint venture were presented as follows:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Joint venture		
“KMG Kashagan B.V.” PLLC	1,391,219	1,335,215
	1,391,219	1,335,215

Activities of joint venture, country of residence and the Fund’s share is presented as follows:

Company	Activity	Country	Ownership	
			30 June 2016 (unaudited)	31 December 2015 (audited)
Joint venture				
“KMG Kashagan B.V.” PLLC	Oil and gas industry	Netherlands	50.00%	50.00%

During the six months ended 30 June 2016 the Fund made additional cash contributions to the charter capital of “KMG Kashagan B.V.” PLLC in the amount of 162,193 thousand US dollars (equivalent to 56,004 million tenge at the exchange rate as at the date of payment).

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

7. LOANS ISSUED

Loans issued comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Loans issued to subsidiaries	389,683	367,719
Loans issued to third parties and related parties	212,922	218,018
Bonds issued by third parties and related parties	2,771	2,083
Interest receivable	10,564	10,880
Less: impairment provision	(8,326)	(8,810)
Total loans issued	607,614	589,890
Less: current portion	(143,886)	(139,757)
Non-current portion	463,728	450,133

Loans issued comprised of the following currencies:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Loans denominated in tenge	434,651	416,237
Loans denominated in US dollars	172,963	173,653
	607,614	589,890

Loans issued to subsidiaries

“Real Estate Fund “Samruk-Kazyna” JSC

In 2012 the Fund concluded a revolving credit facility agreement (with a limit of facility to 99,053 million tenge) with “Real Estate Fund “Samruk-Kazyna” JSC (“Real Estate Fund”). In accordance with this credit line, during the six months ended 30 June 2016 the Fund provided additional tranche to Real Estate Fund in the amount of 8,800 million tenge with maturity till 31 July 2022 and interest rate of 2% to finance housing construction projects under the program “Affordable housing – 2020”. This loan was provided using the resources of the National Fund. As at 30 June 2016 principal amount under this revolving credit line amounts to 64,617 million tenge (at 31 December 2015: 55,817 million tenge).

In addition, on 31 March 2016 the Fund concluded a loan agreement with the Real Estate Fund, under which the Fund has provided loan in the amount of 11,500 million tenge with maturity till 31 March 2034 and annual interest rate of 2% for financing the implementation of “Green quarter” administrative-residential complex construction project. The loan was provided using the resources of the National Fund.

In accordance with the credit agreements terms, the Fund has a right to demand an early repayment of the loans 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 to the Real Estate Fund as at 30 June 2016 as current.

“Qazaq Air” JSC

On 6 April 2016 the Fund signed an addendum to the financial aid agreement with “Qazaq Air” JSC to finance its working capital. Under the addendum the amount of the additional tranche of financial aid provided by the Fund amounted to 2,967 million tenge. 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.

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

7. LOANS ISSUED (continued)

Loans issued to third parties and related parties

In July 2014 the Fund provided a loan to “Elorda Damu” LLP in the amount of 20,000 million tenge to finance pilot project on demolition of old housing in Astana with maturity till 30 July 2016 and interest rate of 0.02% per annum.

On 14 June 2016 the Fund concluded an addendum to extend maturity of the loan agreement till 29 July 2018. The principal amount and interest rate on the loan remain unchanged (20,000 million tenge and 0.02% per annum, respectively). The loan was re-measured at fair value as at the date of addendum, using the discounted cash flows method at the respective market interest rate of 12.53%.

The difference between the nominal amount of the loan issued and its fair value at the date of recognition in the amount of 4,298 million tenge was recognized as a loss on discounting in the interim separate statement of comprehensive income. As at 30 June 2016 net carrying value of the loan amounted to 15,656 million tenge (31 December 2015: 19,556 million tenge).

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
10 largest local banks	528,489	554,000
Other local credit institutions	267,348	276,917
Interest accrued	8,139	8,675
Total amounts due from credit institutions	803,976	839,592
Less: current portion	(205,088)	(246,801)
Non-current portion	598,888	592,791

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Rating from BBB+(Baa1) to BBB(Baa2)	-	47,596
Rating from BBB-(Baa3) to BB-(Ba3)	102,944	78,553
Rating from B+(B1) to B-(B3)	338,521	554,373
Rating from CCC+(Caa1) to CC(Ca)	199,360	-
No rating	163,151	159,070
	803,976	839,592

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

As at 30 June 2016 amounts placed with banks and other financial institutions, were mainly represented by the following tenge denominated loans:

- “Entrepreneurship Development Fund “Damu” JSC in the amount of 25,077 million tenge (31 December 2015: 25,117 million tenge) in order to finance small and medium businesses. 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 2,809 million tenge, 16,561 million tenge and 3,668 million tenge, respectively (31 December 2015: 2,773 million tenge, 16,115 million tenge and 3,591 million tenge, respectively). Interest on these loans was charged at rates from 0.2% to 0.6% per annum.

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

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

- To the second tier banks for refinancing mortgage loans, student loans, construction of housing in Astana and Almaty and provision of intermediary housing loans in the amount of 92,097 million tenge, 44,308 million tenge and 29,051 million tenge, respectively (as at 31 December 2015: 95,651 million tenge, 45,132 million tenge and 28,485 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.
- BTA Bank in the amount of 134,100 million tenge (31 December 2015: 130,586 million tenge) for the purpose of the restructuring of the financial liabilities of the BTA bank. 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 456,305 million tenge (31 December 2015: 492,142 million tenge). As of 30 June 2016 the weighted average interest rate on long-term bank deposits amounts to 5.33% per annum (31 December 2015: 5.29%), weighted average interest rate on short-term bank deposits amounts to 11.8% per annum (31 December 2015: 11.5%).

As at 30 June 2016 the Fund had no past due and impaired amounts due from credit institutions.

9. OTHER FINANCIAL ASSETS

Other financial assets comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Financial assets available-for-sale		
Equity securities of “Kazkommertsbank” JSC (KKB)	17,753	20,011
Equity securities of “Halyk Bank of Kazakhstan” JSC	-	-
Equity securities of “Astana Finance” JSC	6,516	6,516
Debt securities	6,464	7,357
Less: impairment provision	(6,516)	(6,516)
Total other financial assets	24,217	27,368
Less: current portion	(1,035)	(1,068)
Non-current portion	23,182	26,300

Equity securities of KKB

As at 30 June 2016 and 31 December 2015 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”)

On 10 June 2016 the registration of conversion of 100 (one hundred) preferred shares of Halyk Bank in 400 (four hundred) common shares was carried out at the offer price of 10 tenge per share in the amount of 4,000 tenge.

Thus, as at 30 June 2016 the remaining balance of common shares of Halyk Bank was equal to 400 shares (31 December 2015: 100 preferred shares).

Fair value of equity securities of KKB and Halyk Bank as at 30 June 2016 and 31 December 2015 was determined based on published quotations from the active market. Changes in revaluation reserve of shares of KKB and other equity securities amounted to 2,258 million tenge and 75 million tenge respectively.

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

10. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Non-current receivables	16,504	84,184
Property held for sale	4,897	7,837
Other	5,666	10,654
Less: impairment provision	(471)	(471)
	26,596	102,204

Non-current receivables

As at 30 June 2016 non-current receivables presented as discounted value of deferred payments for the shares of the following banks:

- for the shares of “Temirbank” JSC in the amount of 12,754 million tenge until 15 May 2019 (as at 31 December 2015: 12,148 million tenge);
- for the shares of “Alliance Bank” JSC in the amount of 3,750 million tenge until 3 March 2020 (as at 31 December 2015: 3,530 million tenge), respectively.

As at 31 December 2015 non-current receivables also contained receivable for the 97.26% of shares of BTA Bank in the amount of 68,506 million tenge with maturity until 30 June 2017. This receivable was reclassified to other current assets and amounted to 72,509 million tenge as at 30 June 2016 (*Note 11*).

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. As at 30 June 2016 the carrying amount of the property is 4,897 million tenge (as at 31 December 2015: 7,837 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.

11. OTHER CURRENT ASSETS

Other current assets comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Current receivables (<i>Note 10</i>)	72,509	–
Dividends receivable	22,426	46,794
Other trade receivable	6,736	6,273
Other	1,877	1,113
Less: impairment provision	(4,123)	(3,821)
	99,425	50,359

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Current accounts with banks in tenge	195,805	111,836
Current accounts with banks in US dollars and other foreign currency	472	236
Term bank deposit with National bank in tenge	27,001	27,001
Term bank deposits with banks in tenge	11,807	1,502
	235,085	140,575

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

12. CASH AND CASH EQUIVALENTS (continued)

As at 30 June 2016 the weighted average interest rate on current accounts is equal to 0.001% per annum (as at 31 December 2015: 0.001%), the weighted average interest rate on term deposits with banks is equal to 18.08% per annum (as at 31 December 2015: 15.07%).

13. EQUITY

Share capital

	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
Payment for shares			
As at 31 December 2014 (audited)	3,481,623,734		4,620,562
Cash contributions	9,013	11,619,075; 12,700,435	105,810
Property contributions	30,350	4,171,027	126,591
As at 30 June 2015 (unaudited)	3,481,663,097		4,852,963
As at 31 December 2015 (audited)			
As at 31 December 2015 (audited)	3,481,667,508		4,916,269
Cash contributions	1,500	20,000,000; 36,400,000	46,400
Property contributions	250	17,862,160	4,466
As at 30 June 2016 (unaudited)	3,481,669,258		4,967,135

As at 30 June 2016 3,481,669,258 shares of the Fund were fully paid (as at 31 December 2015: 3,481,667,508 shares).

Issue of shares

Cash contributions

During the six months ended 30 June 2016, the Shareholder made cash contribution to the Fund’s share capital in the amount of 46,400 million tenge. These amounts are aimed to finance projects implemented by the subsidiaries of the KTZh (Note 5).

Property contributions

In May 2016 the State property and privatization committee made in-kind contribution to the Fund’s share capital in the form of design estimate documentation of gas-turbine station, which has been developed for implementation of strategic investment project “Construction of the infrastructure of the first integrated gas chemical complex in Atyrau region” in the amount of 4,466 million tenge. This property is subject to subsequent transfer to the charter capital of subsidiary “United Chemical Company” LLP.

Other distributions to the Shareholder

During the six months ended 30 June 2016, in accordance with the order of the Shareholder, the Fund financed various social projects for the total amount of 23,733 million tenge (during the six months ended 30 June 2015: 2,298 million tenge). This financing was recognised as other distributions to the Shareholder in interim separate statement of changes in equity.

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

13. EQUITY (continued)

Book value of shares

In accordance with the decision of the Exchange Board of the “Kazakhstan Stock Exchange” JSC (“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.

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Total assets	7,146,095	6,929,328
Less: intangible assets	(13,648)	(567)
Less: total liabilities	(2,019,805)	(1,843,255)
Net assets for common shares	5,112,642	5,085,506
Number of common shares	3,481,669,258	3,481,667,508
Book value per common share (tenge)	1,468	1,461

14. BORROWINGS

Borrowings comprised the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Bonds issued and purchased by subsidiaries:		
- KMG	40,247	42,319
- “Samruk Energy” JSC	223	223
Loans received	591,446	536,702
Bonds issued and purchased by other companies	355,740	353,565
Total borrowings	987,656	932,809
Less: amounts due for settlement within 12 months	(10,911)	(44,482)
Amounts due for settlement after 12 months	976,745	888,327

Borrowings comprised the following currencies:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Borrowings, denominated in US dollars	504,076	504,475
Borrowings, denominated in tenge	483,580	428,334
	987,656	932,809

Loans received

Loans received by the Fund are subject to certain financial covenants, which have been met during the six months ended 30 June 2016.

Financial support from NC KazMunayGas JSC

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.” PLLC, in 2015 the Fund has concluded an agreement of financial aid with NC KazMunayGas JSC (“KMG”) in 2015.

On 30 May 2016 the Fund signed an addendum to the financial aid agreement, in accordance with which the loan amount can be increased to 700,000 million tenge and the maturity of the loan is extended till 25 December 2018. Extension of the maturity of the financial aid and validity of the agreement is permitted till the repurchase of KMG Kashagan B.V. shares from the Fund. The loan is issued without security, commissions and with zero interest rate.

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

14. BORROWINGS (continued)

Loans received (continued)

Financial support from NC KazMunayGas JSC (continued)

Repayment of financial aid may be also made by the Fund via setting-off counter claims to the KMG or Cooperative KazMunaiGaz U.A. upon repurchase of shares of "KMG Kashagan B.V." PLLC from the Fund after 1 January 2018.

During the six months ended 30 June 2016 the Fund received additional tranches in the amount of 73,547 million tenge including 56,004 million tenge to finance share in "KMG Kashagan B.V." PLLC. The difference between the nominal amount of principal and its fair value at the dates of the loan tranches in the amount of 21,133 million tenge was recognized as finance income in the separate statement of comprehensive income.

As at 30 June 2016 total amount of the principal equaled to 87,370 million tenge (31 December 2015: 32,226 million tenge).

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

Loans from the government of the Republic of Kazakhstan comprised of the following:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	31 December 2015 (audited)
Bonds repurchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	785,788	727,882
Bonds repurchased by the National Bank of the Republic of Kazakhstan	61,697	61,306
Other loans from the Government	79,494	77,249
Total amounts due to the Government	926,979	866,437
Less: current portion	(7,197)	(6,722)
Non-current portion	919,782	859,715

Bonds repurchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund

During the six months ended June 30, 2016 the Fund issued 0.1% 10-year bonds for the total amount of 97,000 million tenge to finance low interest rate loans to be given to construction companies under "Nurly Zhol" State infrastructure development program through its subsidiary Real Estate Fund (Note 25). These bonds were acquired by the National Bank of the Republic of Kazakhstan using the resources of the National Fund.

The fair value of loans received was equal to 44,681 million tenge as at the date of bond placement. The difference between nominal value of bonds and their fair value in the amount of 52,319 million tenge was recognized within other liabilities, including non-current liability in the amount of 10,787 million tenge and current liability in the amount of 41,532 million tenge, and will be amortized to profit and loss upon provision of the loans to Real Estate Fund.

16. INTEREST INCOME

Interest income comprised the following:

<i>In millions of tenge</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Interest on loans issued	22,714	27,412
Unwinding of discount on loans issued	10,306	9,166
Other	7	6
	33,027	36,584

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

17. INTEREST EXPENSES

Interest expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Interest on bonds issued	30,425	35,334
Unwinding of discount on financial liabilities	17,500	8,991
Interest on borrowings received	6,682	2,708
Discounting of financial assets	4,298	-
	58,905	47,033

18. DIVIDEND INCOME

<i>In millions of tenge</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
National Atomic Company “KazAtomProm” JSC	12,031	2,323
“Samruk-Energy” JSC	2,041	4,781
“Air Astana” JSC	1,585	889
National Company “KazMunayGas” JSC	-	24,336
“Kazakhstan Electricity Grid Operating Company” JSC	-	7,752
National Company “Kazakhstan Temir Zholy” JSC	-	4,560
Other subsidiaries	2,709	1,425
	18,366	46,066

19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Sponsorship and charitable donations	15,000	4,958
Non-refundable VAT	1,530	302
Personnel costs	1,136	1,052
Consulting services	991	909
Other	4,271	2,608
	22,928	9,829

For the six months ended 30 June 2016 the Fund made target donations in accordance with the Charity program in the total amount of 15 billion tenge. The target charity transfers were provided for financing the number of projects implemented through a single Operator – Corporate Fund “Samruk-Kazyna Trust”.

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

20. FINANCE INCOME

Finance income comprised the following:

<i>In millions of tenge</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Interest on bank deposits	23,494	18,488
Discount on loans received (Note 14)	21,133	-
Amortisation of discount on financial assets	7,106	6,025
Amortisation of financial guarantees	2,587	4,328
Other	217	561
	54,537	29,402

21. INCOME TAX EXPENSES

Income tax expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)
Withholding tax expense	6,024	5,773
Deferred income tax expense	15	310
	6,039	6,083

22. RELATED PARTY TRANSACTIONS

The following tables provide the total amount of transactions that have been entered into with related parties during six months ended 30 June 2016 and 2015 and balances on operations as at 30 June 2016 and 31 December 2015:

<i>In millions of tenge</i>		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Subsidiaries	30 June 2016 (unaudited)	414,606	138,502	-
	31 December 2015 (audited)	412,796	80,511	-
Associates and joint ventures of subsidiaries	30 June 2016 (unaudited)	14,850	-	-
	31 December 2015 (audited)	14,525	-	-
Other entities controlled by the Government	30 June 2016 (unaudited)	273,620	1,083,259	222,975
	31 December 2015 (audited)	276,500	1,022,629	138,218

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

22. RELATED PARTY TRANSACTIONS (continued)

As at June 30 2016 amount due to related parties includes the Fund's liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries and related parties.

<i>In millions of tenge</i>		Dividends received	Purchases from related parties	Interest received from related parties	Interest incurred to related parties
Other entities controlled by the Government	30 June 2016 (unaudited)	-	-	12,371	39,612
	30 June 2015 (unaudited)	-	-	8,716	19,154
Subsidiaries	30 June 2016 (unaudited)	18,366	3,012	9,850	5,103
	30 June 2015 (unaudited)	46,066	1,248	13,695	2,357
Other related parties	30 June 2016 (unaudited)	-	-	434	-
	30 June 2015 (unaudited)	-	-	1,606	-

Total compensation to key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income was equal to 347 million tenge for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 95 million tenge). The indicated amount includes the compensation to the members of the Management Board, in the total amount of 152 million tenge for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 72 million tenge). Compensation to key management personnel consists of salary expenses including taxes, pension contributions and other yearly performance based payments.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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:

<i>In millions of tenge</i>	30 June 2016 (unaudited)	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets available-for-sale (Note 9)	24,217	24,217	-	-
31 December 2015 (audited)				
<i>In millions of tenge</i>	31 December 2015 (audited)	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets available-for-sale (Note 9)	27,368	27,368	-	-

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

23. 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 30 June 2016 and 31 December 2015 is a reasonable estimate of their fair value except for the financial instruments presented below:

<i>In millions of tenge</i>	2016				
	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	621,741	715,457	-	715,457	-
Loans with fixed interest rate (Note 7)	607,614	581,068	-	581,068	-
Other non-current assets (Note 10)	89,013	86,264	-	-	86,264
Financial liabilities					
Borrowings with fixed interest rate / bonds issued (Note 14)	483,580	463,410	-	463,410	-
Loans from the Government of the Republic of Kazakhstan (Note 15)	926,979	873,973	-	873,973	-
Financial guarantee liabilities	37,036	66,136	-	66,136	-

<i>In millions of tenge</i>	2015				
	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	615,878	680,339	-	680,339	-
Loans with fixed interest rate (Note 7)	589,890	577,225	-	557,225	-
Other non-current assets (Note 10)	84,184	84,189	-	-	84,189
Financial liabilities					
Borrowings with fixed interest rate / bonds issued (Note 14)	428,334	444,725	-	444,725	-
Loans from the Government of the Republic of Kazakhstan (Note 15)	866,437	867,425	-	867,425	-
Financial guarantee liabilities (Note 16)	32,498	92,499	-	92,499	-

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

24. COMMITMENTS 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. COMMITMENTS AND CONTINGENT LIABILITIES (continued)**Commitments on secondary use of anti-crisis funds**

In accordance with the decisions of the State commission on economy modernization issues of the Republic of Kazakhstan dated 5 April 2012, 30 January 2013 and 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 and the six months ended 30 June 2016, the Fund's commitments as at 30 June 2016 were equal to 44,660 million tenge (as at 31 December 2015: 69,825 million tenge), including the Fund's commitments to finance investment projects in the amount of 10,224 million tenge (as at 31 December 2015: 26,589 million tenge) and the Fund's commitments to finance the program "Affordable housing – 2020" in the amount of 34,436 million tenge (as at 31 December 2015: 43,236 million tenge).

Commitments under investment projects using the funds from Republican budget

As at 30 June 2016 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 2015: 2,030 million tenge).

25. SUBSEQUENT EVENTS**Changes in the investments in subsidiaries**

In July 2016, the Fund made cash contributions to the share capital of Kazpost JSC and Samruk-Energy JSC in the amounts of 6,334 million tenge and 3,000 million tenge, respectively.

Changes in investments in joint ventures

In July-August 2016 the Fund made additional contributions to the share capital of "KMG Kashagan B.V." PLLC in amount of 63,986 thousand US dollars (equivalent to 21,934 million tenge using the exchange rate as at the date of payment).

Amounts with credit institutions

On 2 August 2016 the Fund placed a bank deposit with Development Bank of Kazakhstan JSC in amount of 20,000 million tenge with maturity on 30 June 2017 and interest rate of 0.15% per annum. The placement of deposit was made using the temporarily available funds of the National Fund provided for implementation of State infrastructure development program 'Nurly zhol' for the years 2015-2019 in accordance with the minute No. 20-5/07-494 of the meeting of State Commission on economy modernization issues of the Republic of Kazakhstan dated 28 June 2016.

Loans receivable

On 21 July 2016 the Fund provided a loan to KTZh in the amount of 5,500 million tenge using the funds from the Republican budget to finance the renewal of railway carriers of "Passenger Transportation" JSC.

On 4 August 2016 the Fund provided a loan to Real Estate Fund in the amount of 42,876 million tenge for financing of housing construction with subsequent sale to the population under the State infrastructure program 'Nurly zhol' for 2015-2019. The financing was carried using the resources of the National Fund according to the minute No. 01-9.1 of the meeting of Management Council of the National Fund of the Republic of Kazakhstan dated 20 February 2016.

Government Funds

On 19 July 2016 the fund received a loan from the Ministry of finance of the Republic of Kazakhstan in the amount of 5,500 million tenge for subsequent lending to KTZh. The funding was made using the resources of the Republican budget in accordance with the Law of the Republic of Kazakhstan dated 30 November 2015 *About the Republican Budget for 2016-2018*.