

**“Sovereign Wealth Fund “Samruk-Kazyna” JSC**

Interim condensed consolidated financial statements  
(unaudited)

*As at June 30, 2018 and for the three and six months then ended*

**CONTENTS**

---

Report on review of interim condensed consolidated financial statements

**Interim consolidated financial statements (unaudited)**

|  |      |
|--|------|
| Interim consolidated balance sheet .....                               | 1-2  |
| Interim consolidated statement of comprehensive income .....           | 3-4  |
| Interim consolidated statement of changes in equity .....              | 5-6  |
| Interim consolidated statement of cash flows .....                     | 7    |
| Notes to the interim condensed consolidated financial statements ..... | 8-47 |



«Эрнст энд Янг» ЖШС  
Әл-Фараби д-лы, 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 Consolidated Financial Information

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

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of “Sovereign Wealth Fund “Samruk-Kazyna” JSC and its subsidiaries, which comprise the interim consolidated balance sheet as at 30 June 2018 and the interim consolidated statement of comprehensive income for the three and six months then ended, interim consolidated statements of changes in equity and cash flows for the six months then ended and selected explanatory notes (interim condensed consolidated financial information). Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information of "Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

*Ernst & Young LLP*

---

Paul Cohn  
Audit partner

---

Adil Syzdykov  
Auditor

Auditor qualification certificate  
No. МФ-0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty  
Al-Farabi ave., 77/7, Esentai Tower

12 September 2018

---

Dinara Malayeva  
Acting 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 CONSOLIDATED BALANCE SHEET**

| <i>In millions of tenge</i>                  | <b>Note</b> | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated)* |
|--|-------------|--|--|
| <b>Assets</b>                                |             |  |  |
| <b>Non-current assets</b>                    |             |  |  |
| Property, plant and equipment                | 7           | 11,694,620                               | 11,503,317                                       |
| Intangible assets                            | 8           | 1,135,925                                | 993,585  |
| Exploration and evaluation assets            |             | 439,337                                  | 451,782  |
| Investment property                          |             | 11,270                                   | 11,601   |
| Investments in joint ventures and associates | 9           | 3,045,781                                | 2,856,767  |
| Loans issued and finance lease receivables   |             | 586,448                                  | 593,325  |
| Amounts due from credit institutions         | 10          | 373,658                                  | 502,493  |
| Deferred tax assets                          |             | 160,960                                  | 169,280  |
| Other non-current financial assets           |             | 72,748                                   | 95,620   |
| Other non-current assets                     | 11          | 837,456                                  | 691,328  |
|  |             | <b>18,358,203</b>                        | <b>17,869,098</b>                                |
| <b>Current assets</b>                        |             |  |  |
| Inventories                                  |             | 583,601                                  | 538,416  |
| VAT receivable                               |             | 121,225                                  | 145,954  |
| Income tax prepaid                           |             | 51,013                                   | 54,626   |
| Trade accounts receivable                    | 12          | 943,776                                  | 641,453  |
| Loans issued and finance lease receivables   |             | 240,574                                  | 250,362  |
| Amounts due from credit institutions         | 10          | 651,076                                  | 1,951,384  |
| Other current financial assets               |             | 32,145                                   | 30,250   |
| Other current assets                         | 12          | 395,249                                  | 381,753  |
| Cash and cash equivalents                    | 13          | 2,685,087                                | 2,263,938  |
|  |             | <b>5,703,746</b>                         | <b>6,258,136</b>                                 |
| Assets classified as held for sale           | 6           | 331,540                                  | 199,874  |
| <b>Total assets</b>                          |             | <b>24,393,489</b>                        | <b>24,327,108</b>                                |

*The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).*

**INTERIM CONSOLIDATED BALANCE SHEET (continued)**

| <i>In millions of tenge</i>   | Note | June 30,<br>2018<br>(unaudited) | December 31,<br>2017<br>(audited)<br>(restated)* |
|---|------|---------------------------------|--|
| <b>Equity and liabilities</b>   |      |                                 |  |
| <b>Equity attributable to equity holder of the Parent</b>                           |      |                                 |  |
| Share capital   |      | 5,133,476                       | 5,133,476  |
| Additional paid-in capital  | 14.1 | 17,168                          | 13,189   |
| Currency translation reserve  |      | 946,387                         | 919,146  |
| Revaluation reserve of investments at fair value through other comprehensive income |      | 29,448                          | 26,177   |
| Hedging reserve   |      | (54,702)                        | (54,666)   |
| Other capital reserves  |      | (16,743)                        | (16,742)   |
| Retained earnings   |      | 4,516,286                       | 3,982,070  |
|   |      | <b>10,571,320</b>               | <b>10,002,650</b>                                |
| Non-controlling interest  |      | 1,155,479                       | 1,821,720  |
| <b>Total equity</b>   |      | <b>11,726,799</b>               | <b>11,824,370</b>                                |
| <b>Non-current liabilities</b>  |      |                                 |  |
| Borrowings  | 15   | 5,630,335                       | 5,417,510  |
| Loans from the Government of the Republic of Kazakhstan                             |      | 787,221                         | 776,141  |
| Finance lease liabilities   |      | 114,985                         | 120,091  |
| Provisions  |      | 252,443                         | 247,285  |
| Deferred tax liabilities  |      | 767,747                         | 707,447  |
| Employee benefit liability  |      | 82,285                          | 81,172   |
| Prepayment on oil supply agreements   | 16   | 1,082,109                       | 1,109,265  |
| Other non-current liabilities   |      | 112,343                         | 106,148  |
|   |      | <b>8,829,468</b>                | <b>8,565,059</b>                                 |
| <b>Current liabilities</b>  |      |                                 |  |
| Borrowings  | 15   | 1,183,224                       | 1,636,757  |
| Loans from the Government of the Republic of Kazakhstan                             |      | 6,121                           | 5,907  |
| Finance lease liabilities   |      | 19,665                          | 19,755   |
| Provisions  |      | 123,206                         | 115,967  |
| Employee benefit liability  |      | 6,776                           | 6,883  |
| Income tax payable  |      | 49,132                          | 16,252   |
| Trade and other payables  |      | 943,130                         | 849,216  |
| Prepayment on oil supply agreements   | 16   | 397,927                         | 332,330  |
| Other current liabilities   | 17   | 852,715                         | 865,963  |
|   |      | <b>3,581,896</b>                | <b>3,849,030</b>                                 |
| Liabilities associated with assets classified as held for sale                      | 6    | 255,326                         | 88,649   |
| <b>Total liabilities</b>  |      | <b>12,666,690</b>               | <b>12,502,738</b>                                |
| <b>Total equity and liabilities</b>   |      | <b>24,393,489</b>               | <b>24,327,108</b>                                |

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2017 and reflect adjustments made, refer to Note 6.

Managing Director for Economy and Finance



*[Signature]*  
Beibit Karymsakov

Chief accountant

*[Signature]*  
Almaz Abdрахmanova

The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| <i>In millions of tenge</i>                                 | Note | For the three months ended<br>June 30 |                                    | For the six months ended<br>June 30 |                                    |
|---|------|---------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|   |      | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated*) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated*) |
| <b>Continuing operations</b>                                |      |                                       |                                    |                                     |                                    |
| Revenue   | 18   | 2,639,284                             | 1,725,761                          | 4,757,865                           | 3,338,665                          |
| Government grants   |      | 7,135                                 | 5,130                              | 12,154                              | 9,058                              |
|   |      | <b>2,646,419</b>                      | <b>1,730,891</b>                   | <b>4,770,019</b>                    | <b>3,347,723</b>                   |
| Cost of sales   | 19   | (2,047,487)                           | (1,317,682)                        | (3,685,947)                         | (2,607,503)                        |
| <b>Gross profit</b>   |      | <b>598,932</b>                        | <b>413,209</b>                     | <b>1,084,072</b>                    | <b>740,220</b>                     |
| General and administrative expenses                         | 20   | (117,746)                             | (99,945)                           | (209,848)                           | (190,410)                          |
| Transportation and selling expenses                         | 21   | (168,846)                             | (91,200)                           | (329,991)                           | (207,673)                          |
| Impairment loss, net  | 22   | (67,194)                              | (33,653)                           | (76,392)                            | (25,183)                           |
| Gain on disposal of subsidiaries                            |      | 3,259                                 | 188                                | 11,012                              | 1,684                              |
| Bargain purchase gain                                       | 5    | –                                     | –                                  | 96,858                              | –                                  |
| <b>Operating profit</b>                                     |      | <b>248,405</b>                        | <b>188,599</b>                     | <b>575,711</b>                      | <b>318,638</b>                     |
| Finance costs   | 23   | (251,084)                             | (116,152)                          | (376,010)                           | (224,386)                          |
| Finance income  | 24   | 93,819                                | 52,319                             | 135,885                             | 95,676                             |
| Other non-operating loss                                    |      | (2,004)                               | (14,648)                           | (10,653)                            | (20,310)                           |
| Other non-operating income                                  |      | 6,062                                 | 21,802                             | 17,560                              | 28,376                             |
| Share in profit of joint ventures and associates, net       | 25   | 178,235                               | 114,485                            | 357,776                             | 239,110                            |
| Net foreign exchange gain/(loss)                            |      | 131,457                               | 58,019                             | 57,555                              | (6,999)                            |
| <b>Profit before income tax</b>                             |      | <b>404,890</b>                        | <b>304,424</b>                     | <b>757,824</b>                      | <b>430,105</b>                     |
| Income tax expenses   |      | (100,953)                             | (75,554)                           | (164,735)                           | (136,492)                          |
| <b>Net profit for the period from continuing operations</b> |      | <b>303,937</b>                        | <b>228,870</b>                     | <b>593,089</b>                      | <b>293,613</b>                     |
| <b>Discontinued operations</b>                              |      |                                       |                                    |                                     |                                    |
| Loss from discontinued operations, net of income tax        | 6    | (2,920)                               | (2,776)                            | (3,542)                             | (6,035)                            |
| <b>Net profit for the period</b>                            |      | <b>301,017</b>                        | <b>226,094</b>                     | <b>589,547</b>                      | <b>287,578</b>                     |
| <b>Net profit for the period attributable to:</b>           |      |                                       |                                    |                                     |                                    |
| Equity holder of the Parent                                 |      | 273,720                               | 190,033                            | 535,447                             | 236,867                            |
| Non-controlling interest                                    |      | 27,297                                | 36,061                             | 54,100                              | 50,711                             |
|   |      | <b>301,017</b>                        | <b>226,094</b>                     | <b>589,547</b>                      | <b>287,578</b>                     |

The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

| <i>In millions of tenge</i>  | For the three months ended<br>June 30 |                                    | For the six months ended<br>June 30 |                                    |
|--|---------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|  | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated*) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated*) |
| <b>Other comprehensive income, net of tax</b>  |                                       |                                    |                                     |                                    |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>                           |                                       |                                    |                                     |                                    |
| Exchange differences on translation of foreign operations  | 95,159                                | (25,465)                           | 12,919                              | (118,223)                          |
| Unrealized loss from revaluation of available-for-sale investments   | –                                     | (10,325)                           | –                                   | (12,150)                           |
| Unrealized gain from revaluation of investments at fair value through other comprehensive income                       | 25                                    | –                                  | 36                                  | –                                  |
| (Loss)/gain on cash flow hedge   | (2,384)                               | (7,584)                            | 655                                 | 1,904                              |
| Net realized gain on available-for-sale investments  | –                                     | 6,634                              | –                                   | 7,014                              |
| Reclassification of cumulative loss on disposal of debt instruments at fair value through other comprehensive income   | 13                                    | –                                  | 149                                 | –                                  |
| Reclassification to profit or loss of a foreign currency translation reserve upon the disposal of foreign subsidiaries | (476)                                 | –                                  | (476)                               | –                                  |
| Share of the OCI items of associates and joint ventures  | 919                                   | 1,083                              | 634                                 | (593)                              |
| Tax effect on transactions of OCI components   | –                                     | 214                                | –                                   | (827)                              |
| <b>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>                    | <b>93,256</b>                         | <b>(35,443)</b>                    | <b>13,917</b>                       | <b>(122,875)</b>                   |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>                       |                                       |                                    |                                     |                                    |
| Share of the OCI items of associates and joint ventures  | 15                                    | (20)                               | 134                                 | (170)                              |
| Actuarial gain/(loss) on defined benefit plans   | 805                                   | (1,080)                            | 805                                 | (1,795)                            |
| Tax effect on transactions of OCI components   | (196)                                 | 183                                | (166)                               | 184                                |
| <b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>                | <b>624</b>                            | <b>(917)</b>                       | <b>773</b>                          | <b>(1,781)</b>                     |
| <b>Other comprehensive income/(loss) for the period, net of tax</b>  | <b>93,880</b>                         | <b>(36,360)</b>                    | <b>14,690</b>                       | <b>(124,656)</b>                   |
| <b>Total comprehensive income for the period, net of tax</b>   | <b>394,897</b>                        | <b>189,734</b>                     | <b>604,237</b>                      | <b>162,922</b>                     |
| <b>Total comprehensive income for the period, net of tax, attributable to:</b>   |                                       |                                    |                                     |                                    |
| Equity holder of the Parent  | 345,736                               | 135,064                            | 541,369                             | 117,410                            |
| Non-controlling interest   | 49,161                                | 54,670                             | 62,868                              | 45,512                             |
|  | <b>394,897</b>                        | <b>189,734</b>                     | <b>604,237</b>                      | <b>162,922</b>                     |

\* Certain numbers shown here do not correspond to the consolidated financial statements for the three and six months ended June 30, 2017 and reflect adjustments made, refer to Notes 2, 6.

Managing Director for Economy and Finance



*[Signature]*  
Beibit Karymsakov

Chief accountant

*[Signature]*  
Almaz Abdрахmanova

The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).



**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| In millions of tenge  | Note | Attributable to the equity holder of the Parent |                            |  |                              |                 |                        |                   | Total     | Non-controlling interest | Total      |
|---|------|---|----------------------------|--|------------------------------|-----------------|------------------------|-------------------|-----------|--------------------------|------------|
|   |      | Share capital                                   | Additional paid-in capital | Revaluation reserve for available-for-sale investments | Currency translation reserve | Hedging reserve | Other capital reserves | Retained earnings |           |                          |            |
| <b>Balance as at December 31, 2016 (audited) (restated)</b>                             |      | 5,058,658                                       | -                          | 31,032   | 1,006,189                    | (52,712)        | (16,522)               | 3,480,564         | 9,507,209 | 1,640,592                | 11,147,801 |
| Total comprehensive income for the period   |      | -   | -                          | (5,136)  | (133,377)                    | (544)           | -                      | 256,467           | 117,410   | 45,512                   | 162,922    |
| Issue of shares   |      | 50,266  | -                          | -  | -                            | -               | -                      | -                 | 50,266    | -                        | 50,266     |
| Other contributions of the Shareholder  |      | -   | 11,196                     | -  | -                            | -               | -                      | -                 | 11,196    | -                        | 11,196     |
| Dividends   |      | -   | -                          | -  | -                            | -               | -                      | -                 | -         | (20,758)                 | (20,758)   |
| Other distributions to the Shareholder  |      | -   | -                          | -  | -                            | -               | -                      | (80,667)          | (80,667)  | -                        | (80,667)   |
| Disposal of subsidiaries  |      | -   | -                          | -  | (108)                        | -               | -                      | -                 | (108)     | (9)                      | (117)      |
| Acquisition of subsidiaries   |      | -   | -                          | -  | -                            | -               | -                      | (306)             | (306)     | 27,661                   | 27,355     |
| Change in ownership interests of subsidiaries – acquisition of non-controlling interest |      | -   | -                          | -  | 1,209                        | -               | -                      | 3,559             | 4,768     | (4,768)                  | -          |
| Other equity movements  |      | -   | -                          | -  | -                            | -               | (97)                   | 7                 | (90)      | 82                       | (8)        |
| <b>Balance as at June 30, 2017 (unaudited)</b>  |      | 5,108,924                                       | 11,196                     | 25,896   | 873,913                      | (53,256)        | (16,619)               | 3,659,624         | 9,609,678 | 1,688,312                | 11,297,990 |

The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

| In millions of tenge  | Note | Attributable to the equity holder of the Parent |                            |   |                              |                 |                        |                   | Total     |                          |
|---|------|---|----------------------------|---|------------------------------|-----------------|------------------------|-------------------|-----------|--------------------------|
|   |      | Share capital                                   | Additional paid-in capital | Revaluation reserve of investments at fair value through other comprehensive income | Currency translation reserve | Hedging reserve | Other capital reserves | Retained earnings |           | Non-controlling interest |
| <b>Balance as at December 31, 2017 (audited) (restated)</b>                             |      | 5,133,476                                       | 13,189                     | 26,177  | 919,146                      | (54,666)        | (16,742)               | 3,982,070         | 1,821,720 | 11,824,370               |
| Effect of adoption of new standards   | 2    | -   | -                          | 3,022   | -                            | -               | -                      | (51,277)          | (5,131)   | (53,386)                 |
| <b>Balance as at January 1, 2018 (audited) (restated*)</b>                              |      | 5,133,476                                       | 13,189                     | 29,199  | 919,146                      | (54,666)        | (16,742)               | 3,930,793         | 1,816,589 | 11,770,984               |
| Total comprehensive income for the period   |      | -   | -                          | 185   | 26,015                       | (36)            | (1)                    | 515,206           | 62,868    | 604,237                  |
| Issue of shares   |      | -   | -                          | -   | -                            | -               | -                      | -                 | 566       | 566                      |
| Other contributions of the Shareholder  | 14.1 | -   | 3,979                      | -   | -                            | -               | -                      | -                 | 3,979     | 3,979                    |
| Dividends   | 14.2 | -   | -                          | -   | -                            | -               | -                      | -                 | (22,687)  | (22,687)                 |
| Other distributions to the Shareholder  | 14.3 | -   | -                          | -   | -                            | -               | -                      | (22,476)          | -         | (22,476)                 |
| Acquisition of subsidiaries   | 5    | -   | -                          | -   | -                            | -               | -                      | -                 | 76,761    | 76,761                   |
| Change in ownership interests of subsidiaries - acquisition of non-controlling interest | 14.4 | -   | -                          | -   | 1,196                        | -               | -                      | 15,084            | (72,980)  | (56,700)                 |
| Share buyback by subsidiary   | 14.6 | -   | -                          | 64  | 30                           | -               | -                      | 77,636            | (705,639) | (628,003)                |
| Other equity movements  |      | -   | -                          | -   | -                            | -               | -                      | 43                | 1         | 138                      |
| <b>Balance as at June 30, 2018 (unaudited)</b>  |      | 5,133,476                                       | 17,168                     | 29,448  | 946,387                      | (54,702)        | (16,743)               | 4,516,286         | 1,155,479 | 11,726,799               |

\* Certain numbers shown here do not correspond to the consolidated financial statements for the three and six months ended June 30, 2017 and reflect adjustments made, refer to Note 6.

Managing Director for Economy and Finance

*Beibit Karysasakov*

Beibit Karysasakov

Chief accountant

*Almaz Abdrazhmanova*

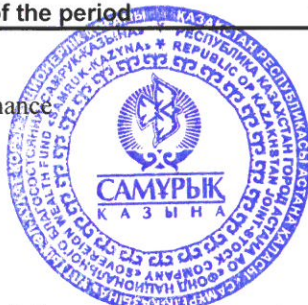
Almaz Abdrazhmanova

The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

| <i>In millions of tenge</i>  | Note | For the<br>six months<br>ended June 30,<br>2018<br>(unaudited) | For the<br>six months<br>ended June 30,<br>2017<br>(unaudited) |
|--|------|--|--|
| <b>Cash flows from operating activities</b>                                    |      |  |  |
| Receipts from customers  |      | 4,954,145  | 3,747,386  |
| Payments to suppliers  |      | (3,116,929)  | (2,311,939)  |
| Payments to employees  |      | (458,337)  | (390,484)  |
| Other taxes and payments   |      | (676,371)  | (487,387)  |
| Operations with financial instruments  |      | (82,456)   | 5,013  |
| Other payments   |      | (69,630)   | (29,063)   |
| VAT received   |      | 32,188   | 44,701   |
| Income taxes paid  |      | (91,614)   | (70,000)   |
| Interest paid  |      | (196,829)  | (178,439)  |
| Interest received  |      | 94,841   | 76,463   |
| <b>Net cash flows received from operating activities</b>                       |      | <b>389,008</b>   | <b>406,251</b>   |
| <b>Cash flows from investing activities</b>                                    |      |  |  |
| Withdrawal/(placement) of bank deposits, net                                   |      | 1,377,219  | (551,666)  |
| (Acquisition)/sale of joint ventures and associates, net                       |      | (1,254)  | 16,720   |
| Cash and cash equivalents of acquired subsidiaries                             | 5    | 2,921  | 424  |
| Purchase of property, plant and equipment                                      |      | (434,555)  | (421,931)  |
| Purchase of intangible assets  |      | (5,128)  | (10,210)   |
| Dividends received from joint ventures and associates                          | 9    | 154,967  | 127,195  |
| Provision of loans   |      | (22,806)   | (34,214)   |
| Other receipts   |      | 54,307   | 7,723  |
| <b>Net cash flows received from / (used in) investing activities</b>           |      | <b>1,125,671</b>   | <b>(865,959)</b>   |
| <b>Cash flows from financing activities</b>                                    |      |  |  |
| Proceeds from borrowings   |      | 1,431,111  | 1,090,621  |
| Repayment of borrowings  |      | (1,843,174)  | (318,846)  |
| Share buyback by subsidiary  | 14.6 | (628,003)  | -  |
| Repayment of finance lease liabilities   |      | (8,956)  | (9,183)  |
| Contributions to the share capital   |      | -  | 50,000   |
| Distributions to the Shareholder   |      | (28,859)   | (28,738)   |
| Acquisition of non-controlling interest  | 14.4 | (56,700)   | -  |
| Dividends paid to non-controlling interest of subsidiaries                     |      | (20,015)   | (8,947)  |
| Sale of non-controlling interest   |      | -  | 23,096   |
| Other payments   |      | (106)  | (3,388)  |
| <b>Net cash flows (used in)/received from financing activities</b>             |      | <b>(1,154,702)</b>   | <b>794,615</b>   |
| <b>Net increase in cash and cash equivalents</b>                               |      | <b>359,977</b>   | <b>334,907</b>   |
| Effects of exchange rate changes on cash and cash equivalents                  |      | 64,395   | (7,740)  |
| Impairment of cash and cash equivalents  |      | (1,931)  | -  |
| Changes in cash and cash equivalents disclosed as part of assets held for sale |      | (1,292)  | 14,955   |
| Cash and cash equivalents at the beginning of the period                       |      | 2,263,938  | 1,554,035  |
| <b>Cash and cash equivalents at the end of the period</b>                      | 13   | <b>2,685,087</b>   | <b>1,896,157</b>   |

Managing Director for Economy and Finance



*[Signature]*  
Beibit Karymsakov

Chief accountant

*[Signature]*  
Almaz Abdrakhmanova

The accounting policies and explanatory notes on pages 8 through 47 form an integral part of these interim condensed consolidated financial statements (unaudited).



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

---

**1. GENERAL INFORMATION****Corporate information**

“Sovereign Wealth Fund “Samruk-Kazyna” JSC (the “Fund” or “Samruk-Kazyna”) was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Resolution of the Government of the Republic of Kazakhstan dated October 17, 2008. The formation was enacted 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 interests in certain entities owned by the Government of the Republic of Kazakhstan (the “State” or the “Government”). The Government, represented by the State property and privatization committee of the Ministry of finance of the Republic of Kazakhstan, is the sole shareholder of the Fund (the “Shareholder” or the “Parent”).

During this process the Government’s overall objective was to increase management efficiency and to optimise organisational structures in these entities for them to successfully achieve their strategic objectives as set in the respective Government programs and development plans of these entities.

The Fund is a holding company combining state-owned enterprises listed in *Note 26* (the “Group”). Prior to February 1, 2012, the Fund’s activities were governed by the Law of the Republic of Kazakhstan *On National Welfare Fund # 134-4* dated February 13, 2009 and were aimed to assist in provision of stable development of the state economy, modernization and diversification of economy, and improvement of the Group companies’ efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 *On Sovereign Wealth Fund #550-4*, the Fund’s activity is focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Group companies and by effective management of the Group assets.

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments as follows (*Note 30*):

- Oil and gas segment includes operations related to exploration and production of oil and gas, transportation of oil and gas and refining and trading of crude oil, gas and refined products;
- Transportation segment includes operations related to railway and air transportation of cargo and passengers;
- Communication segment includes operation of fixed line communication, including local, long-distance intercity and international telecommunication services (including CIS and non-CIS countries); and also renting out of lines, data transfer services and wireless communication services;
- Energy segment includes operations related to production and distribution of electricity, the function of oversight over the input of electricity into the energy system and consumption of imported electricity, the function of centralized operation and dispatch of facilities in the Unified Energy System of Kazakhstan;
- Mining segment includes exploration, mining, processing, sales of mineral resources and geological exploration;
- Industrial segment includes projects for the development of chemical industry;
- Corporate center segment covers Fund’s investing and financing activities, including provision of loans to related and third parties;
- Other segment includes operations related to assisting the Government in increasing housing availability by investing into residential development and other operations.

The address of the Fund’s registered office is Block B, 8 Kunayev str., Esil Region, Astana, the Republic of Kazakhstan.

These interim condensed consolidated financial statements were authorised for issue by the Managing Director for Economy and Finance and Chief accountant of the Fund on September 12, 2018.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**2. BASIS OF PREPARATION**

These interim condensed consolidated financial statements for the three and six months ended June, 30 2018 were prepared in accordance with International Accounting Standard No. 34 *Interim Financial Statements* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2017.

**Restatement affecting comparative information**

Due to the fact that in 2017 the Group revised its interpretation and accounting for the sale of uranium products for swap transactions, the consolidated statement of comprehensive income for the three and six months ended June 30, 2017 was revised.

The transactions for the supply and sale of the same volume of uranium with the same counterparty, in the opinion of the Group’s management, are related and should be reflected on a net basis in the financial statements, reflecting the economic nature of this transaction.

Additionally, the Group NC KMG made reclassification of cost of sales and transportation and selling expenses since the Group believes that this reclassification is more relevant to users of interim condensed consolidated financial statements.

*Effect of restatement for the six months ended June 30, 2017*

| <i>In millions of tenge</i>         | For the six months ended June 30, 2017 (unaudited) | Swap transactions | NC KMG Group reclassification | KMG International N.V.* | Kazakhstan Engineering JSC* | For the six months ended June 30, 2017 (unaudited) (restated) |
|-------------------------------------|--|-------------------|-------------------------------|-------------------------|-----------------------------|---|
| Revenue                             | 2,448,080  | (20,875)          | –                             | 927,058                 | (15,598)                    | 3,338,665   |
| Cost of sales                       | (2,044,720)  | 15,633            | 33,828                        | (630,034)               | 17,790                      | (2,607,503)   |
| <b>Gross profit</b>                 | <b>412,418</b>                                     | <b>(5,242)</b>    | <b>33,828</b>                 | <b>297,024</b>          | <b>2,192</b>                | <b>740,220</b>  |
| Transportation and selling expenses | (147,854)  | –                 | (33,828)                      | (26,355)                | 364                         | (207,673)   |
| <b>Net profit for the period</b>    | <b>294,912</b>                                     | <b>(5,242)</b>    | <b>–</b>                      | <b>(2,092)</b>          | <b>–</b>                    | <b>287,578</b>  |

\* Other items of the consolidated statement of comprehensive income are disclosed in Note 6.

*Effect of restatement for the three months ended June 30, 2017*

| <i>In millions of tenge</i>         | For the three months ended June 30, 2017 (unaudited) | Swap transactions | NC KMG Group reclassification | KMG International N.V.* | Kazakhstan Engineering JSC* | For the three months ended June 30, 2017 (unaudited) (restated) |
|-------------------------------------|--|-------------------|-------------------------------|-------------------------|-----------------------------|---|
| Revenue                             | 1,289,590  | (9,761)           | –                             | 454,685                 | (8,753)                     | 1,725,761   |
| Cost of sales                       | (1,054,680)  | 6,886             | 4,656                         | (283,837)               | 9,293                       | (1,317,682)   |
| <b>Gross profit</b>                 | <b>240,040</b>                                       | <b>(2,875)</b>    | <b>4,656</b>                  | <b>170,848</b>          | <b>540</b>                  | <b>413,209</b>  |
| Transportation and selling expenses | (73,192)   | –                 | (4,656)                       | (13,547)                | 195                         | (91,200)  |
| <b>Net profit for the period</b>    | <b>230,739</b>                                       | <b>(2,875)</b>    | <b>–</b>                      | <b>(1,770)</b>          | <b>–</b>                    | <b>226,094</b>  |

\* Other items of the consolidated statement of comprehensive income are disclosed in Note 6.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**2. BASIS OF PREPARATION (continued)**

**Foreign currency translation**

*Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities included in these interim condensed consolidated financial statements for the three and six months ended June 30, 2018 are measured using the currency of the primary economic environment in which the entities operate (“the functional currency”). The interim condensed consolidated financial statements are presented in tenge (“tenge”), which is the Group’s presentation currency.

*Transactions and balances*

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

*Group entities*

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates; in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

*Exchange rates*

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

The following table presents foreign currency exchange rate to tenge:

|                                 | June 30,<br>2018 | December 31,<br>2017 | Weighted<br>average for the<br>six months<br>ended June 30,<br>2018 | Weighted<br>average for the<br>six months<br>ended June 30,<br>2017 | September 12,<br>2018 |
|---------------------------------|------------------|----------------------|---|---|-----------------------|
| United States dollar<br>(“USD”) | 341.08           | 332.33               | 326.53  | 318.69  | 377.74                |
| Euro (“EUR”)                    | 397.26           | 398.23               | 395.39  | 344.68  | 437.88                |
| Russian ruble (“RUR”)           | 5.44             | 5.77                 | 5.5   | 5.5   | 5.44                  |

**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards and interpretations effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

---

### 2. BASIS OF PREPARATION (continued)

#### New and amended standards and interpretations (continued)

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments*. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified restrospective method.

Adoption of IFRS 15 did not have significant effect on the interim condensed consolidated financial statements of the Group. As of January 1, 2018, the Group adjusted the balance of retained earnings in the amount of 960 million tenge and the non-controlling interest by 209 million tenge.

#### (a) *Sale of goods*

The Group’s contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

#### (b) *Rendering of services*

The Group fulfills performance obligation on a monthly basis and recognizes revenue from rendering of oil and gas transportation services, based on the actual volumes of services rendered. Revenue from refining and oil support services is recognized over time given that the buyer simultaneously receives and consumes the benefits provided by the Group. The adoption of IFRS 15 did not have an impact on the Group’s revenue and profit or loss from rendering of services.

#### *IFRS 9 Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018.

The Group did not restate the comparative information for the annual period beginning January 1, 2017 and recognised the adjustment to the opening balance of retained earnings and non-controlling interest as at January 1, 2018.

#### (a) *Classification and measurement*

Under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding (the ‘SPPI criterion’).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

---

### 2. BASIS OF PREPARATION (continued)

#### New and amended standards and interpretations (continued)

##### *IFRS 9 Financial Instruments (continued)*

##### *(a) Classification and measurement (continued)*

The new classification and measurement of the Group’s debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the criterion of solely payments of principal and interest. This category includes the Group’s trade and other receivables, loans due from related parties and bank deposits.
- Debt instruments at FVOCI for financial assets that are held within a business model whose objective is achieved by both holding the financial assets in order to collect contractual cash flows that meet the criterion of solely payments of principal and interest and selling financial assets. This category includes the Group’s investments in debt securities included in other financial assets.
- Debt instruments at FVPL: this category includes certain loans due from related parties, which contain embedded derivative financial instruments, and coupon bonds included in other financial assets.

As result of adoption of classification requirements of IFRS 9, the Group recognised the adjustment to the opening balances of revaluation reserve for financial assets at FVOCI as of January 1, 2018 and financial assets at FVOCI for the difference between initial carrying amount and fair value of investments in equity instruments accounted at FVOCI by increasing the revaluation reserve by 2,701 million tenge.

The Group accounts the financial guarantee contracts after initial recognition at the higher of the initially recognized amount and the amount of the estimated provision for expected credit losses. As a result, the Group has adjusted the balance of retained earnings as of January 1, 2018 and other financial liabilities by 6,191 million tenge.

The assessment of the Group’s business models was made as of the date of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognised before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

##### *(b) Impairment*

The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVPL.

ECLs are calculated as a difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

For trade and other receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors, which are specific to the debtors and the economic environment.

For other debt financial assets (i.e., loans issued and bank deposits), the ECL is calculated for the 12-month period. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**2. BASIS OF PREPARATION (continued)**

**New and amended standards and interpretations (continued)**

*IFRS 9 Financial Instruments (continued)*

*(b) Impairment (continued)*

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group’s debt financial assets. As a result of this increase, the Group adjusted the balance of retained earnings, non-controlling interest and revaluation reserve for financial assets held at FVOCI as at January 1, 2018 in this interim consolidated statement of changes in equity for ECL for financial assets at amortized cost and financial assets held at FVOCI.

Impact on the consolidated balance sheet as at January 1, 2018, as follows:

| <i>In millions of tenge</i>                            | As at<br>December 31,<br>2017<br>(audited)<br>(restated) | Effects of<br>adoption of<br>IFRS 9 | As at<br>January 1,<br>2018<br>(unaudited)<br>(restated) |
|--|--|-------------------------------------|--|
| <b>Assets</b>  |  |                                     |  |
| <b>Non-current assets</b>                              |  |                                     |  |
| Investments in joint ventures and associates           | 2,856,767  | (3,615)                             | 2,853,152  |
| Amounts due from credit institutions                   | 502,493  | (13,887)                            | 488,606  |
| Loans issued and finance lease receivables             | 593,325  | (8,634)                             | 584,691  |
| Deferred tax assets                                    | 169,280  | 834                                 | 170,114  |
| Other non-current financial assets                     | 95,620   | (562)                               | 95,058   |
| Other non-current assets                               | 691,328  | (1,155)                             | 690,173  |
| <i>at cost</i>   | 750,028  | -                                   | 750,028  |
| <i>less: allowance for impairment</i>                  | (58,700)   | (1,155)                             | (59,855)   |
| <b>Current assets</b>                                  |  |                                     |  |
| Trade accounts receivable                              | 641,453  | (5,049)                             | 636,404  |
| <i>at cost</i>   | 714,102  | -                                   | 714,102  |
| <i>less: allowance for impairment</i>                  | (72,649)   | (5,049)                             | (77,698)   |
| Amounts due from credit institutions                   | 1,951,384  | (2,950)                             | 1,948,434  |
| Loans issued and finance lease receivables             | 250,362  | (5,653)                             | 244,709  |
| Other current financial assets                         | 30,251   | (70)                                | 30,181   |
| Other current assets                                   | 381,753  | (2,160)                             | 379,593  |
| <i>at cost</i>   | 505,791  | -                                   | 505,791  |
| <i>less: allowance for impairment</i>                  | (124,038)  | (2,160)                             | (126,198)  |
| Cash and cash equivalents                              | 2,263,938  | (552)                               | 2,263,386  |
| Assets classified as held for sale                     | 199,875  | (37)                                | 199,838  |
| <b>Equity and liabilities</b>                          |  |                                     |  |
| <b>Equity</b>  |  |                                     |  |
| Revaluation reserve for financial assets held at FVOCI | 26,177   | 321                                 | 26,498   |
| Retained earnings                                      | 3,982,070  | (38,889)                            | 3,943,181  |
| Non-controlling interest                               | 1,821,720  | (4,922)                             | 1,816,798  |

*(c) Accounting for modifications or exchange of promissory notes that do not lead to termination of recognition*

Profit or loss arising from modification of a financial liability measured at amortized cost is recognized in profit or loss. Income or expense is calculated as difference between the initial cash flows and the present value of future cash flows provided for in the agreement, discounted using the original effective interest rate of the financial instrument. As of January 1, 2018, the Group adjusted the opening balance of retained earnings and liabilities in the amount of 5,237 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

---

**2. BASIS OF PREPARATION (continued)****New standards, clarifications and amendments to existing standards and explanations***IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations*

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group’s interim condensed consolidated financial statements.

*Amendments to IAS 40 Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group’s interim condensed consolidated financial statements.

*Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions*

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group’s accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments.

In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group’s interim condensed consolidated financial statements.

*Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group’s interim condensed consolidated financial statements.

*Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 *Insurance Contracts*, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters*

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group’s interim condensed consolidated financial statements.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

---

**3. SEASONALITY OF OPERATIONS**

The Group’s operating expenses are subject to seasonal fluctuations, with higher expenses for various materials, production services, maintenance and other services usually expected in the second half of the year rather than in the first six months. These fluctuations are mainly due to requirements to conduct formal public tenders during the first six months with goods and services being purchased in the second six months of the year.

**4. SIGNIFICANT ACCOUNTING ESTIMATES, AND JUDGEMENTS**

The preparation of interim condensed consolidated financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2017.

**Valuation of uranium reserves**

In 2017, the Group engaged SRK Consulting (UK) Limited (hereinafter – “SRK”) to assess the Group’s uranium reserves and resources in accordance with the Australasian Code for reporting on geological exploration works, mineral resources and ore reserves (2012) (hereinafter “JORC Code”) as well as for the calculation of reserves for obligations to liquidate and restore the Group’s fields.

Data on reserves and obligations for the liquidation and restoration of deposits were updated by SRK as of June 30, 2018 and accounted for in preparing these condensed interim consolidated financial statements.

**Put option**

The Group recognized an impairment loss on investments in the Balkhash Thermal Power Plant JSC (hereinafter – “BTPP”) in the amount of 27,571 million tenge for the year ended December 31, 2017.

The Government of the Republic of Kazakhstan is conducting negotiations on resolution of issues related to the Samsung C&T’s exit from the the project “Construction of the Balkhash Thermal Power Plant” (hereinafter – “the Project”), including the Samsung’s claim in respect of their Option to sell their shares in the project back to the Group. Currently, the Government of the Republic of Kazakhstan and Samsung C&T are in the active phase of the negotiation process. Considering the government’s position and status of negotiations the Group believes that the likelihood of a material outflow of economic resources from the Group with respect to the Put Option is not probable. Accordingly, in the interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2018, the Group did not create any provision in respect of the option exercised by Samsung C&T.

The Group notes however that an uncertainty exists with respect to an a successful agreement being reached from the negotiations and resolution referred to above. In case the parties will not reach an agreement, there remains a possible risk that Samsung C&T will decide to proceed the dispute through judicial processes against Samruk-Energy JSC, which if this did arise, Samruk-Energy JSC would vigorously defend. Management of the Group believes that Samsung C&T did not have the right to exercise the option and that good defences exist to the claim, including the counterparty’s failure to prove that the claim complies with the contractual terms.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**5. ACQUISITIONS**

**JV Inkai LLP**

On December 11, 2017, the NAC Kazatomprom JSC (the Fund’s subsidiary) and Cameco Corporation completed the restructuring of JV Inkai LLP. In accordance with the terms of the restructuring agreement, the NAC Kazatomprom JSC increased its interest in JV Inkai LLP from 40% to 60% and from January 1, 2018 obtained control over the investee. In addition, within the framework of the restructuring agreement JV Inkai LLP received permission to extend the contract for subsoil use until 2045.

Prior to obtaining control, the Group accounted for JV Inkai LLP as an investment in a joint venture under the equity method.

The following table is the fair value of the assets acquired and liabilities as at the acquisition date:

| <i>In millions of tenge</i>                                       | <b>At acquisition date</b> |
|---|----------------------------|
| <b>Assets</b>   |                            |
| <b>Non-current assets</b>   |                            |
| Property, plant and equipment                                     | 76,253                     |
| Intangible assets   | 160,051                    |
| Other non-current financial assets                                | 447                        |
| Other non-current assets  | 3,407                      |
| <b>Current assets</b>   |                            |
| Inventories   | 5,579                      |
| Trade accounts receivable   | 19,162                     |
| Income tax prepaid  | 2,313                      |
| Other current assets  | 760                        |
| Cash and cash equivalents   | 1,036                      |
| <b>Total assets</b>   | <b>269,008</b>             |
| <b>Liabilities</b>  |                            |
| <b>Non-current liabilities</b>                                    |                            |
| Deferred tax liabilities  | 32,162                     |
| Provisions  | 1,346                      |
| Other non-current liabilities                                     | 44                         |
| <b>Current liabilities</b>  |                            |
| Borrowings  | 38,955                     |
| Trade and other payables  | 3,970                      |
| Provisions  | 234                        |
| Other current liabilities   | 392                        |
| <b>Total liabilities</b>  | <b>77,103</b>              |
| <b>Net identifiable assets</b>                                    | <b>191,905</b>             |
| Less:   |                            |
| Non-controlling interest  | (76,762)                   |
| Share in net assets previously held by the Group (40%)            | (40,388)                   |
| Cash paid   | (11)                       |
| Plus:   |                            |
| Income from previously recognized foreign currency reserve in OCI | 21,174                     |
| <b>Gain on acquisition</b>  | <b>95,918</b>              |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**5. ACQUISITIONS (continued)**

**JV Akbastau JSC and Karatau LLP**

The Group and Uranium One Inc hold 50% interest each in Karatau LLP and JV Akbastau JSC. In 2018, the Group and Uranium One Inc signed a number of agreements that formalised their obligation to purchase all production of the investees at equitable terms, as well as to provide financing to the joint arrangement in proportion to their shares. Both parties have direct rights to the assets and obligations for the liabilities of the investees, accordingly starting from 2018 the entities have been classified as joint operations. The Group recognised its direct right in joint assets, liabilities, income and expenses in proportion to 50% ownership interest, these items are consolidated in the Group’s financial statements on line by line basis. Until 2018, investments in Karatau LLP (50% interest) and JV Akbastau JSC (50% interest) were accounted for using equity method.

The following table is the provisional amounts of the assets acquired and liabilities assumed at the acquisition date:

| <i>In millions of tenge</i>                      | <b>JV Akbastau JSC</b> | <b>Karatau LLP</b> |
|--|------------------------|--------------------|
| <b>Assets</b>                                    |                        |                    |
| <b>Non-current assets</b>                        |                        |                    |
| Property, plant and equipment                    | 12,387                 | 9,792              |
| Intangible assets                                | 61                     | 107                |
| Other non-current financial assets               | 86                     | 270                |
| Deferred tax assets                              | 79                     | –                  |
| Other non-current assets                         | 442                    | 583                |
| <b>Current assets</b>                            |                        |                    |
| Inventories                                      | 1,716                  | 1,206              |
| Trade accounts receivable                        | 4,988                  | 6,027              |
| Income tax prepaid                               | –                      | 340                |
| Other current assets                             | 77                     | 77                 |
| Cash and cash equivalents                        | 372                    | 1,513              |
| <b>Total assets</b>                              | <b>20,208</b>          | <b>19,915</b>      |
| <b>Liabilities</b>                               |                        |                    |
| <b>Non-current liabilities</b>                   |                        |                    |
| Deferred tax liabilities                         | –                      | 65                 |
| Provisions                                       | 415                    | 513                |
| <b>Current liabilities</b>                       |                        |                    |
| Borrowings                                       | 2,235                  | –                  |
| Trade and other payables                         | 2,149                  | 1,066              |
| Income tax payable                               | 18                     | –                  |
| Provisions                                       | 79                     | 16                 |
| Other current liabilities                        | 85                     | 18                 |
| <b>Total liabilities</b>                         | <b>4,981</b>           | <b>1,678</b>       |
| <b>Net identifiable assets</b>                   | <b>15,227</b>          | <b>18,237</b>      |
| Less:  |                        |                    |
| Share in net assets previously held by the Group | (14,637)               | (17,887)           |
| <b>Gain on acquisition</b>                       | <b>590</b>             | <b>350</b>         |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**6. DISCONTINUED OPERATIONS, DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE**

**Discontinued operations in 2018**

In July 2018 the Group transferred its 100% share in Kazakhstan Engineering JSC to the Shareholder. The subsidiary represents a separate line of business and is, therefore, classified as discontinued operations in this interim condensed consolidated financial statements.

The results of Kazakhstan Engineering JSC are presented below:

| <i>In millions of tenge</i>   | For the three months<br>ended June 30 |                     | For the six months<br>ended June 30 |                     |
|---|---------------------------------------|---------------------|-------------------------------------|---------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited) | 2018<br>(unaudited)                 | 2017<br>(unaudited) |
| Revenue   | 9,005                                 | 8,753               | 12,592                              | 15,598              |
| Cost of sales   | (9,015)                               | (9,293)             | (12,282)                            | (17,790)            |
| <b>Gross profit</b>   | <b>(10)</b>                           | <b>(540)</b>        | <b>310</b>                          | <b>(2,192)</b>      |
| General and administrative expenses                                       | (928)                                 | (1,277)             | (1,845)                             | (2,264)             |
| Transportation and selling expenses                                       | (277)                                 | (195)               | (497)                               | (364)               |
| Impairment loss   | (848)                                 | (409)               | (846)                               | (393)               |
| <b>Operating loss</b>   | <b>(2,063)</b>                        | <b>(2,421)</b>      | <b>(2,878)</b>                      | <b>(5,213)</b>      |
| Finance costs   | (703)                                 | (1,028)             | (1,370)                             | (2,068)             |
| Finance income  | 568                                   | 479                 | 737                                 | 642                 |
| Other non-operating loss  | (209)                                 | (193)               | (308)                               | (327)               |
| Other non-operating income  | 239                                   | 119                 | 929                                 | 372                 |
| Share in (loss)/profit of joint ventures and associates, net              | (226)                                 | (97)                | (126)                               | 193                 |
| Foreign exchange gain/(loss), net   | 4                                     | (38)                | 48                                  | (21)                |
| <b>Loss before income tax for the period from discontinued operations</b> | <b>(2,390)</b>                        | <b>(3,179)</b>      | <b>(2,968)</b>                      | <b>(6,422)</b>      |
| Income tax (expenses)/benefit   | (530)                                 | 403                 | (574)                               | 387                 |
| <b>Loss after income tax for the period from discontinued operations</b>  | <b>(2,920)</b>                        | <b>(2,776)</b>      | <b>(3,542)</b>                      | <b>(6,035)</b>      |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**6. DISCONTINUED OPERATIONS, DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE  
(continued)**

**Discontinued operations in 2018 (continued)**

The major classes of assets and liabilities of Kazakhstan Engineering JSC, classified as held for sale, are as follows:

| <i>In millions of tenge</i>  | <b>June 30,<br/>2018<br/>(unaudited)</b> |
|--|--|
| <b>Assets</b>  |  |
| Property, plant and equipment  | 23,537                                   |
| Intangible assets  | 377                                      |
| Investments in joint ventures and associates                                       | 6,130                                    |
| Deferred tax assets  | 4,030                                    |
| Other non-current assets   | 791                                      |
| Inventories  | 18,656                                   |
| Trade accounts receivable  | 5,261                                    |
| Other current assets   | 74,230                                   |
| Cash and cash equivalents  | 19,298                                   |
| <b>Assets classified as held for sale</b>  | <b>152,310</b>                           |
| <b>Liabilities</b>   |  |
| Borrowings   | 25,590                                   |
| Deferred tax liabilities   | 966                                      |
| Provisions   | 650                                      |
| Other non-current liabilities  | 589                                      |
| Trade and other payables   | 7,290                                    |
| Other taxes payables   | 572                                      |
| Other current liabilities  | 94,870                                   |
| <b>Liabilities directly associated with the assets classified as held for sale</b> | <b>130,527</b>                           |
| <b>Net assets directly associated with the disposal group</b>                      | <b>21,783</b>                            |

For the six months ended June 30, the net cash flows of Kazakhstan Engineering JSC are as follows:

| <i>In millions of tenge</i> | <b>2018</b>    | <b>2017</b> |
|-----------------------------|----------------|-------------|
| Operating                   | <b>12,045</b>  | 9,145       |
| Investing                   | <b>(3,664)</b> | (3,380)     |
| Financing                   | <b>923</b>     | (1,359)     |
| <b>Net cash inflows</b>     | <b>9,304</b>   | 4,406       |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**6. DISCONTINUED OPERATIONS, DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE  
(continued)**

**Discontinued operations in 2018 (continued)**

*KMG International N.V.*

As at June 30, 2018, the Group ceased to classify KMG International N.V. (KMGI) as discontinued operation as the participants did not complete procedures provided by sale and purchase agreement (the SPA) to sell a 51% interest in KMGI by the long stop date and the transaction was automatically terminated. As such KMGI no longer meet the criteria of IFRS 5. The assets and liabilities of KMGI were transferred from discontinued operations to continuing operations.

The effect of the change on comparative data is presented below.

| <i>In millions of tenge</i>   | <b>For the three<br/>months ended<br/>June 30,<br/>2017</b> | <b>For the six<br/>months ended<br/>June 30,<br/>2017</b> |
|---|---|---|
| Revenue   | 454,685   | 927,058   |
| Cost of sales   | (283,837)   | (630,034)   |
| <b>Gross profit</b>   | <b>170,848</b>  | <b>297,024</b>  |
| General and administrative expenses   | (12,237)  | (21,293)  |
| Transportation and selling expenses   | (13,547)  | (26,355)  |
| Reversal of impairment / impairment of property, plant and equipment,<br>exploration and evaluation assets and intangible assets, other than goodwill | 3   | (851)   |
| <b>Operating profit</b>   | <b>145,067</b>  | <b>248,525</b>  |
| Finance costs   | (2,700)   | (5,255)   |
| Finance income  | 147   | 300   |
| Other non-operating loss  | (28)  | (111)   |
| Other non-operating income  | 2,223   | 2,223   |
| Share in profit of joint ventures and associates, net   | -   | 221   |
| Net foreign exchange gain   | 293   | 59  |
| <b>Profit before income tax</b>   | <b>145,002</b>  | <b>245,962</b>  |
| Income tax benefit  | 522   | 1,008   |
| <b>Profit for the period from continuing operations</b>   | <b>145,524</b>  | <b>246,970</b>  |
| <b>Discontinued operations</b>  |   |   |
| Reverse of profit after income tax for the period from discontinued operations  | (147,294)   | (249,062)   |
| <b>Net profit for the period</b>  | <b>(1,770)</b>  | <b>(2,092)</b>  |
| <b>Net profit for the period attributable to:</b>   |   |   |
| Equity holders of the Parent Company  | (1,770)   | (2,092)   |
| Non-controlling interests   | -   | -   |
|   | <b>(1,770)</b>  | <b>(2,092)</b>  |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**6. DISCONTINUED OPERATIONS, DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE  
(continued)**

**Discontinued operations in 2018 (continued)**

*KMG International N.V. (continued)*

| <i>In millions of tenge</i>   | <b>December 31,<br/>2017</b> |
|---|------------------------------|
| <b>Assets</b>   |                              |
| <b>Non-current assets</b>   |                              |
| Property, plant and equipment   | 721,070                      |
| Intangible assets   | 69,774                       |
| Investments in joint ventures and associates                                | 13,278                       |
| Deferred tax assets   | 33,545                       |
| Other non-current assets  | 3,374                        |
|   | <b>841,041</b>               |
| <b>Current assets</b>   |                              |
| Inventories   | 141,472                      |
| VAT receivable  | 1,361                        |
| Income tax prepaid  | 549                          |
| Trade accounts receivable   | 161,543                      |
| Other current financial assets  | 21                           |
| Other current assets  | 28,172                       |
| Cash and cash equivalents   | 73,831                       |
|   | <b>406,949</b>               |
| Assets classified as held for sale  | (1,086,785)                  |
| <b>Total assets</b>   | <b>161,205</b>               |
| <b>Equity and liabilities</b>   |                              |
| <b>Equity</b>   |                              |
| Currency translation reserve  | (3,351)                      |
| Retained earnings   | 164,556                      |
| <b>Attributable to equity holder of the Parent</b>                          | <b>161,205</b>               |
| Non-controlling interest  | -                            |
| <b>Total equity</b>   | <b>161,205</b>               |
| <b>Non-current liabilities</b>  |                              |
| Borrowings  | 17,624                       |
| Finance lease liabilities   | 70                           |
| Provisions  | 48,569                       |
| Deferred tax liabilities  | 68,725                       |
| Employee benefit liability  | 4,568                        |
| Other non-current liabilities   | 86                           |
|   | <b>139,642</b>               |
| <b>Current liabilities</b>  |                              |
| Borrowings  | 120,184                      |
| Financial lease liabilities   | 13                           |
| Income tax payable  | 2,376                        |
| Trade and other payables  | 188,729                      |
| Other current liabilities   | 80,059                       |
|   | <b>391,361</b>               |
| Liabilities directly associated with the assets classified as held for sale | (531,003)                    |
| <b>Total liabilities</b>  | <b>-</b>                     |
| <b>Total equity and liabilities</b>   | <b>161,205</b>               |



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

**6. DISCONTINUED OPERATIONS, DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE  
(continued)**

**Summary information**

Assets classified as held for sale comprised the following:

| <i>In millions of tenge</i>             | <b>Segment</b> | <b>June 30,<br/>2018<br/>(unaudited)</b> | <b>December 31,<br/>2017<br/>(audited)<br/>(restated)</b> |
|---|----------------|--|---|
| Kazakhstan Engineering JSC              | Industrial     | <b>152,310</b>                           | -   |
| Transtelecom JSC                        | Transportation | <b>92,032</b>                            | 89,436  |
| Kazakh-British Technical University JSC | Oil and gas    | <b>13,211</b>                            | 16,803  |
| Tulpar-Talgo LLP                        | Transportation | <b>15,201</b>                            | 28,514  |
| Other                                   |                | <b>58,786</b>                            | 65,121  |
|   |                | <b>331,540</b>                           | 199,874   |

Liabilities associated with assets classified as held for sale comprised the following:

| <i>In millions of tenge</i>             | <b>Segment</b> | <b>June 30,<br/>2018<br/>(unaudited)</b> | <b>December 31,<br/>2017<br/>(audited)<br/>(restated)</b> |
|---|----------------|--|---|
| Kazakhstan Engineering JSC              | Industrial     | <b>130,527</b>                           | -   |
| Transtelecom JSC                        | Transportation | <b>61,893</b>                            | 62,323  |
| Tulpar-Talgo LLP                        | Transportation | <b>21,472</b>                            | 24,069  |
| Kazakh-British Technical University JSC | Oil and gas    | <b>1,632</b>                             | 1,925   |
| Other                                   |                | <b>39,802</b>                            | 332   |
|   |                | <b>255,326</b>                           | 88,649  |

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

**7. PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment are presented as follows:

| <i>In millions of tenge</i>  | Oil and gas assets | Pipelines and refinery assets | Buildings and premises | Railway tracks and infrastructure | Machinery, equipment and vehicles | Mining assets | Other     | Construction in progress | Total       |
|--|--------------------|-------------------------------|------------------------|-----------------------------------|-----------------------------------|---------------|-----------|--------------------------|-------------|
| <b>Net book value at January 1, 2018 (audited) (restated)</b>              | 3,860,494          | 1,770,380                     | 1,020,028              | 992,446                           | 2,639,908                         | 55,470        | 78,104    | 1,086,487                | 11,503,317  |
| Foreign currency translation   | 89,439             | 13,630                        | 1,643                  | (47)                              | 4,254                             | -             | 270       | 177                      | 109,366     |
| Changes in estimates   | (3,074)            | 838                           | (451)                  | -                                 | 134                               | 2,419         | -         | -                        | (134)       |
| Additions  | 22,472             | 9,142                         | 1,272                  | 1                                 | 27,325                            | 11,051        | 4,246     | 275,659                  | 351,168     |
| Acquisition through business combinations (Note 5)                         | -                  | -                             | 19,504                 | -                                 | 18,716                            | 55,988        | 560       | 3,664                    | 98,432      |
| Disposals  | (5,391)            | (2,305)                       | (4,405)                | (961)                             | (13,277)                          | -             | (2,543)   | (1,412)                  | (30,294)    |
| Depreciation charge  | (95,899)           | (57,124)                      | (22,799)               | (16,841)                          | (113,030)                         | (9,134)       | (6,587)   | -                        | (321,414)   |
| Depreciation and impairment on disposals                                   | 4,164              | 2,104                         | 2,152                  | 657                               | 11,050                            | -             | 1,797     | 1,352                    | 23,276      |
| Impairment, net of reversal of impairment                                  | (1,472)            | (1)                           | (1,474)                | 3                                 | (2,844)                           | (519)         | 56        | 302                      | (5,949)     |
| Utilization of reserve   | -                  | -                             | -                      | -                                 | -                                 | -             | -         | (1,093)                  | (1,093)     |
| Discontinued operations / transfer to assets classified as held for sale   | -                  | (57)                          | (24,031)               | -                                 | (8,358)                           | -             | (3,794)   | (165)                    | (36,405)    |
| Transfers from/(to) intangible assets                                      | 520                | -                             | -                      | -                                 | -                                 | -             | 2         | (447)                    | 75          |
| Transfers from/(to) exploration and evaluation assets, investment property | 35                 | -                             | 315                    | -                                 | -                                 | -             | -         | (168)                    | 182         |
| Transfer from/(to) inventories, net  | 18                 | 54                            | 34                     | (213)                             | 472                               | 2,330         | 101       | 1,297                    | 4,093       |
| Other transfers and reclassifications                                      | 38,358             | 38,986                        | (11,890)               | 14,413                            | 97,882                            | 15            | 6,078     | (183,842)                | -           |
| <b>Net book value at June 30, 2018 (unaudited)</b>                         | 3,909,664          | 1,775,647                     | 979,898                | 989,458                           | 2,662,232                         | 117,620       | 78,290    | 1,181,811                | 11,694,620  |
| Historical cost  | 5,069,101          | 2,669,789                     | 1,403,297              | 1,199,203                         | 4,337,944                         | 231,344       | 182,111   | 1,335,617                | 16,428,406  |
| Accumulated depreciation and impairment                                    | (1,159,437)        | (894,142)                     | (423,399)              | (209,745)                         | (1,675,712)                       | (113,724)     | (103,821) | (153,806)                | (4,733,786) |
| <b>Net book value at June 30, 2018 (unaudited)</b>                         | 3,909,664          | 1,775,647                     | 979,898                | 989,458                           | 2,662,232                         | 117,620       | 78,290    | 1,181,811                | 11,694,620  |

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

**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

As at June 30, 2018 property, plant and equipment with net book value of 1,766,968 million tenge was pledged as collateral for some of the Group’s borrowings (December 31, 2017: 1,384,981 million tenge).

As at June 30, 2018 the carrying amount of property, plant and equipment acquired under finance lease agreements was equal to 128,293 million tenge (December 31, 2017: 113,688 million tenge).

As at June 30, 2018 the cost of fully amortized property, plant and equipment of the Group was equal to 741,292 million tenge (December 31, 2017: 511,072 million tenge).

For the six months ended June 30, 2018 the Group capitalized borrowing costs at an average interest rate of 2.3% in the amount of 18,275 million tenge (for the six months ended June 30, 2017: at an average interest rate of 1.3% in the amount of 15,861 million tenge).

**8. INTANGIBLE ASSETS**

| <i>In millions of tenge</i>  | Licenses       | Software      | Goodwill       | Marketing related intangible assets | Subsidiary use rights | Other         | Total            |
|--|----------------|---------------|----------------|-------------------------------------|-----------------------|---------------|------------------|
| <b>Net book value at January 1, 2018 (audited) (restated)</b>            | 480,010        | 55,595        | 106,570        | 48,714                              | 233,883               | 68,813        | 993,585          |
| Foreign currency translation   | 11,925         | 124           | 229            | 1,283                               | 4,580                 | 723           | 18,864           |
| Additions  | 654            | 2,507         | 697            | -                                   | 7                     | 888           | 4,753            |
| Acquisition through business combinations (Note 5)                       | -              | 129           | -              | -                                   | 160,090               | -             | 160,219          |
| Disposals  | (174)          | (837)         | -              | -                                   | -                     | (295)         | (1,306)          |
| Amortization charge  | (11,953)       | (6,622)       | -              | -                                   | (4,377)               | (3,815)       | (26,767)         |
| Accumulated amortization on disposals                                    | 160            | 755           | -              | -                                   | -                     | 290           | 1,205            |
| (Impairment)/reversal of impairment, net                                 | -              | 3             | (697)          | -                                   | -                     | 2             | (692)            |
| Discontinued operations / transfer to assets classified as held for sale | (97)           | (226)         | -              | -                                   | (2)                   | (103)         | (428)            |
| Transfers to other non-current assets                                    | -              | (13,433)      | -              | -                                   | -                     | -             | (13,433)         |
| Transfers from/(to) property, plant and equipment, net                   | 127            | 488           | -              | -                                   | (520)                 | (170)         | (75)             |
| Other transfers  | 232            | 411           | -              | -                                   | -                     | (643)         | -                |
| <b>Net book value at June 30, 2018 (unaudited)</b>                       | <b>480,884</b> | <b>38,894</b> | <b>106,799</b> | <b>49,997</b>                       | <b>393,661</b>        | <b>65,690</b> | <b>1,135,925</b> |
| Historical cost  | 532,271        | 130,202       | 183,040        | 51,636                              | 406,438               | 110,308       | 1,413,895        |
| Accumulated amortization and impairment                                  | (51,387)       | (91,308)      | (76,241)       | (1,639)                             | (12,777)              | (44,618)      | (277,970)        |
| <b>Net book value at June 30, 2018 (unaudited)</b>                       | <b>480,884</b> | <b>38,894</b> | <b>106,799</b> | <b>49,997</b>                       | <b>393,661</b>        | <b>65,690</b> | <b>1,135,925</b> |

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

**9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

Investments in joint ventures and associates comprised the following:

| <i>In millions of tenge</i>           | Main activity   | Place of business     | June 30, 2018<br>(unaudited) |                      | December 31, 2017<br>(audited) (restated) |                      |
|---------------------------------------|---|-----------------------|------------------------------|----------------------|---|----------------------|
|                                       |   |                       | Carrying amount              | Percentage ownership | Carrying amount                           | Percentage ownership |
| <b>Joint ventures</b>                 |   |                       |                              |                      |   |                      |
| Tengizchevroil LLP                    | Oil and gas exploration and production                            | Kazakhstan            | 1,577,337                    | 20.00%               | 1,353,084                                 | 20.00%               |
| Mangistau Investments B.V.            | Oil and gas exploration and production                            | Kazakhstan            | 183,431                      | 50.00%               | 135,781                                   | 50.00%               |
| Ural Group Limited BVI                | Oil and gas exploration and production                            | Kazakhstan            | 69,798                       | 50.00%               | 78,031                                    | 50.00%               |
| Forum Muider B. V.                    | Production and sale of coal                                       | Kazakhstan            | 36,957                       | 50.00%               | 30,624                                    | 50.00%               |
| KazRosGas LLP                         | Processing and sale of natural gas and refined gas                | Kazakhstan            | 31,441                       | 50.00%               | 33,761                                    | 50.00%               |
| Beineu-Shymkent Gas Pipeline LLP      | Transportation of natural gas                                     | Kazakhstan            | 30,937                       | 50.00%               | 17,701                                    | 50.00%               |
| Valsera Holdings B.V.                 | Oil and gas exploration and production                            | Kazakhstan            | 27,925                       | 50.00%               | 36,737                                    | 50.00%               |
| Kazakhoil-Aktobe LLP                  | Oil and gas exploration and production                            | Kazakhstan            | 26,947                       | 50.00%               | 22,716                                    | 50.00%               |
| Ekibastuzskaya GRES-2 JSC (“EGRES-2”) | Electricity production  | Kazakhstan            | 22,168                       | 50.00%               | 22,265                                    | 50.00%               |
| JV KazGenMunay LLP                    | Oil and gas exploration and production                            | Kazakhstan            | 19,325                       | 50.00%               | 47,537                                    | 50.00%               |
| Other                                 |   |                       | 92,675                       |                      | 125,054                                   |                      |
| <b>Total joint ventures</b>           |   |                       | <b>2,118,941</b>             |                      | <b>1,903,291</b>                          |                      |
| <b>Associates</b>                     |   |                       |                              |                      |   |                      |
| Kazzinc LLP                           | Mining and processing of metal ores, production of refined metals | Kazakhstan            | 410,253                      | 29.82%               | 443,336                                   | 29.82%               |
| Caspian Pipeline Consortium           | Transportation of crude oil                                       | Kazakhstan/<br>Russia | 225,799                      | 20.75%               | 195,095                                   | 20.75%               |
| PetroKazakhstan Inc. (“PKI”)          | Exploration, production and processing of oil and gas             | Kazakhstan            | 126,679                      | 33.00%               | 115,920                                   | 33.00%               |
| Khan Tengri Holding B.V.              | Telecommunications  | Kazakhstan            | 70,534                       | 51.00%               | 68,327                                    | 51.00%               |
| JV KATCO LLP                          | Exploration, production and processing of uranium                 | Kazakhstan            | 42,183                       | 49.00%               | 38,504                                    | 49.00%               |
| JV INKAI LLP (Note 5)                 | Production, processing and export of uranium                      | Kazakhstan            | -                            | -                    | 40,388                                    | 40.00%               |
| Other                                 |   |                       | 51,392                       |                      | 51,906                                    |                      |
| <b>Total associates</b>               |   |                       | <b>926,840</b>               |                      | <b>953,476</b>                            |                      |
|                                       |   |                       | <b>3,045,781</b>             |                      | <b>2,856,767</b>                          |                      |

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

**9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

Movements in investments in joint ventures and associates are presented as follows:

*In millions of tenge*

|   |                  |
|---|------------------|
| <b>Balance as at January 1, 2018 (audited) (restated)</b>           | 2,856,767        |
| Effect of adoption of IFRS 9 as at January 1, 2018 (Note 2)         | (3,615)          |
| Share in profit of joint ventures and associates, net (Note 25)     | 357,776          |
| Dividends received  | (154,967)        |
| Change in dividends receivable                                      | (4,858)          |
| Acquisitions  | 5,124            |
| Disposals (Note 5)  | (75,166)         |
| Foreign currency translation  | 64,260           |
| Other comprehensive income, other than foreign currency translation | 677              |
| Discount on loans given   | 1,928            |
| Contributions to share capital without changing the share ownership | 3,985            |
| Transfer to the discontinued operations (Note 6)                    | (6,130)          |
| <b>Balance as at June 30, 2018 (unaudited)</b>                      | <b>3,045,781</b> |

**10. AMOUNTS DUE FROM CREDIT INSTITUTIONS**

Amounts due from credit institutions comprised the following:

| <i>In millions of tenge</i>                      | June 30,<br>2018<br>(unaudited) | December 31,<br>2017<br>(audited)<br>(restated) |
|--|---------------------------------|---|
| Bank deposits                                    | 864,503                         | 2,260,052                                       |
| Loans to credit institutions                     | 179,236                         | 193,825   |
| Less: impairment allowance                       | (19,005)                        | -   |
| <b>Amounts due from credit institutions, net</b> | <b>1,024,734</b>                | <b>2,453,877</b>                                |
| Less: current portion                            | (651,076)                       | (1,951,384)                                     |
| <b>Non-current portion</b>                       | <b>373,658</b>                  | <b>502,493</b>                                  |

| <i>In millions of tenge</i>       | June 30,<br>2018<br>(unaudited) | December 31,<br>2017<br>(audited)<br>(restated) |
|-----------------------------------|---------------------------------|---|
| 10 largest local banks            | 562,245                         | 827,258   |
| International credit institutions | 399,569                         | 1,525,015                                       |
| Other local credit institutions   | 62,920                          | 101,604   |
|                                   | <b>1,024,734</b>                | <b>2,453,877</b>                                |

| <i>In millions of tenge</i>        | June 30,<br>2018<br>(unaudited) | December 31,<br>2017<br>(audited)<br>(restated) |
|------------------------------------|---------------------------------|---|
| Ratings from AAA (Aaa) to AA-(Aa3) | -                               | 106,428   |
| Rating from A+(A1) to A-(A3)       | 401,343                         | 1,337,930                                       |
| Rating from BBB-(Baa3) to BB-(Ba3) | 224,419                         | 296,456   |
| Rating from B+(B1) to B-(B3)       | 367,616                         | 681,226   |
| No rating                          | 31,356                          | 31,837  |
|                                    | <b>1,024,734</b>                | <b>2,453,877</b>                                |

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

**10. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)**

As at June 30, 2018 amounts in credit institutions with no rating are represented by loans issued to Zhilstroysberbank Kazakhstan JSC (as at December 31, 2017 – BTA Bank JSC and Zhilstroysberbank Kazakhstan JSC).

| <i>In millions of tenge</i>   | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|---|--|---|
| Amounts due from credit institutions, denominated in US dollars       | <b>535,787</b>                           | 1,771,886                                       |
| Amounts due from credit institutions, denominated in tenge            | <b>486,316</b>                           | 679,132   |
| Amounts due from credit institutions, denominated in other currencies | <b>2,631</b>                             | 2,859   |
|   | <b>1,024,734</b>                         | 2,453,877                                       |

As at June 30, 2018 the weighted average interest rate on amounts due from credit institutions was 5.12% (as at December 31, 2017: 3.54%).

**11. OTHER NON-CURRENT ASSETS**

Other non-current assets comprised the following:

| <i>In millions of tenge</i>          | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|--------------------------------------|--|---|
| Advances paid for non-current assets | <b>517,004</b>                           | 387,988   |
| Long-term VAT receivable             | <b>184,765</b>                           | 167,927   |
| Restricted cash                      | <b>94,487</b>                            | 88,139  |
| Long-term receivables                | <b>32,232</b>                            | 49,472  |
| Long-term inventories                | <b>12,465</b>                            | 14,200  |
| Prepaid expenses                     | <b>11,861</b>                            | 10,095  |
| Other                                | <b>41,308</b>                            | 32,208  |
| Less: impairment allowance           | <b>(56,666)</b>                          | (58,701)  |
|                                      | <b>837,456</b>                           | 691,328   |

**12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS**

Trade accounts receivable comprised the following:

| <i>In millions of tenge</i>        | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|------------------------------------|--|---|
| Trade accounts receivable          | <b>1,025,498</b>                         | 714,102   |
| Less: allowance for doubtful debts | <b>(81,722)</b>                          | (72,649)  |
|                                    | <b>943,776</b>                           | 641,453   |

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

**12. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)**

Other current assets comprised the following:

| <i>In millions of tenge</i>                              | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|--|--|---|
| Other accounts receivable                                | 162,298                                  | 133,393   |
| Advances paid and deferred expenses                      | 133,997                                  | 153,030   |
| Restricted cash  | 71,269                                   | 66,675  |
| Other prepaid taxes                                      | 50,262                                   | 52,682  |
| Dividends receivable                                     | 43,225                                   | 44,384  |
| Non-financial assets for distribution to the Shareholder | 13,603                                   | 12,916  |
| Amounts due from employees                               | 5,219                                    | 4,725   |
| Other  | 48,656                                   | 37,986  |
| Less: impairment allowance                               | (133,280)                                | (124,038)                                       |
|  | <b>395,249</b>                           | <b>381,753</b>                                  |

As at June 30, 2018 the Group’s receivables of 148,753 million tenge were pledged under certain Group borrowings (December 31, 2017: 111 million tenge).

**13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprised the following:

| <i>In millions of tenge</i>   | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|---|--|---|
| Bank deposits – US dollars  | 693,349                                  | 852,208   |
| Bank deposits – tenge   | 354,876                                  | 345,235   |
| Bank deposits – other currency  | 1,216                                    | 3,421   |
| Current accounts with banks – US dollars  | 663,024                                  | 641,243   |
| Current accounts with banks – tenge   | 358,961                                  | 367,343   |
| Current accounts with banks – other currency  | 23,217                                   | 21,985  |
| Cash in transit   | 580,635                                  | 18,049  |
| Cash on hand  | 9,236                                    | 7,934   |
| Reverse repurchase agreements with other banks with contractual maturity<br>of three months or less | 2,509                                    | 6,520   |
| Less: impairment allowance  | (1,936)                                  | –   |
|   | <b>2,685,087</b>                         | <b>2,263,938</b>                                |

As at June 30, 2018 cash in transit is mainly presented by cash equivalents in the amount of 570,627 million tenge, which was transferred to the account of the paying agent of Citibank N.A. by the June 29, 2018 for the full redemption of debt on bonds that issued in 2008 on the London Stock Exchange (LSE) in the total amount of 1,673 billion US dollars. In accordance to the repayment schedule, the paying agent paid these funds to the bondholder on July 2, 2018.

Short-term bank deposits are placed for varying periods of between 1 (one) day and 3 (three) months, depending on immediate cash needs of the Group. As at June 30, 2018 the weighted average interest rates for short-term bank deposits and current accounts were 4.59% and 0.74%, respectively (December 31, 2017: 3.2% and 0.8%, respectively).



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

---

**14. EQUITY**

**14.1 Other contributions of the Shareholder**

*Additional paid-in capital*

During the six months ended June 30, 2018 the Group increased additional paid in capital by 3,979 million tenge, which represents the fair value of gas pipelines contributed by the Government on trust management. The trust management is a short-term mechanism until the legal title for the pipelines transfers to the Group.

**14.2 Dividends**

*Dividends attributable to non-controlling interest*

During the six months ended June 30, 2018 the Group subsidiaries declared dividends of 19,092 million tenge to the holders of non-controlling interest in KMG EP JSC, Kaztransoil JSC, KEGOC JSC, Air Astana JSC and Kazakhtelecom JSC and others.

During the six months ended June 30, 2018 NC KMG declared dividends of 3,595 million tenge to the National Bank of the Republic of Kazakhstan as the holder of a non-controlling interest.

**14.3 Other distributions to the Shareholder**

*Social projects financing*

During the six months ended June 30, 2018 in accordance with the order of the Shareholder, the Fund recognized obligations to finance various social projects for the total amount of 20,871 million tenge.

*Other distributions*

During the six months ended June 30, 2017 the Group incurred costs of running of PSA LLP, which acts as the Government Body for the Production Sharing Agreements in oil and gas area, of 1,605 million tenge as Other distributions to the Shareholder.

**14.4 Acquisition of non-controlling interest in subsidiaries**

*NC KMG*

In February 2017 the Fund acquired an interest of 0.337% in NC KMG through property contribution of 207,196 million tenge. As a result of the transaction the non-controlling interest in NC KMG decreased by 17,772 million tenge.

*United Chemical Company LLP (UCC)*

In June 2018 the Group acquired an interest of 48% in KPI (subsidiary of UCC) through cash consideration of 56,700 million tenge. As a result of the transaction the non-controlling interest in KPI decreased by 55,208 million tenge.

**14.5 Currency translation reserve**

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in the consolidated financial statements.

Certain borrowings of the Group denominated in US dollars were designated as hedge instrument for the net investment in subsidiaries which conduct foreign operations. During the six months ended June 30, 2018 unrealized foreign currency loss of 153,725 million tenge resulting from translation of these borrowings were offset against currency translation reserve recognized in other comprehensive income.

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

**14. EQUITY (continued)**

**14.6 Share buyback by subsidiary**

On December 8, 2017 KMG EP announced the launch of a conditional tender offer (“Tender Offer”) to repurchase all of its outstanding GDRs at a price of 14.00 US dollars per GDR. On January 23, 2018 KMG EP also announced the launch of an offer to repurchase all of its common shares (“Share Offer”) placed on KASE at a price of 84.00 US dollars per a common share. On February 19, 2018, the first settlement date of the Tender Offer and the Share Offer (“First settlement date”), KMG EP acquired 134,070,054 GDRs and 320,688 common shares. On April 5, 2018 KMG EP made the final settlement under the Tender Offer and the Share Offer for the repurchase of 1,384,856 GDRs and 15,896 ordinary shares.

**14.7 Book value per share**

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

| <i>In millions of tenge</i>               | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|---|--|---|
| <b>Total assets</b>                       | <b>24,393,489</b>                        | 24,327,108                                      |
| Less: intangible assets                   | <b>(1,135,925)</b>                       | (993,585)                                       |
| Less: total liabilities                   | <b>(12,666,690)</b>                      | (12,502,738)                                    |
| <b>Net assets for common shares</b>       | <b>10,590,874</b>                        | 10,830,785                                      |
| Number of common shares                   | <b>3,481,938,318</b>                     | 3,481,938,318                                   |
| <b>Book value per common share, tenge</b> | <b>3,042</b>                             | 3,111   |

*Earnings per share*

| <i>In tenge</i>   | <b>For the<br/>six months<br/>ended June 30,<br/>2018<br/>(unaudited)</b> | For the<br>six months<br>ended June 30,<br>2017<br>(unaudited)<br>(restated) |
|---|---|--|
| Weighted average number of common shares for basic and diluted earnings per share | <b>3,481,938,318</b>  | 3,481,858,507  |
| Basic and diluted share in net profit for the period per share                    | <b>169.34</b>   | 82.59  |
| Basic and diluted share in net profit from continuing operations per share        | <b>170.36</b>   | 84.33  |

**15. BORROWINGS**

Borrowings, including interest payable, comprised the following:

| <i>In millions of tenge</i>                       | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|---|--|---|
| Fixed interest rate borrowings                    | <b>4,911,849</b>                         | 4,909,976                                       |
| Floating interest rate borrowings                 | <b>1,901,710</b>                         | 2,144,291                                       |
|   | <b>6,813,559</b>                         | 7,054,267                                       |
| Less: amounts due for settlement within 12 months | <b>(1,183,224)</b>                       | (1,636,757)                                     |
| <b>Amounts due for settlement after 12 months</b> | <b>5,630,335</b>                         | 5,417,510                                       |

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

**15. BORROWINGS (continued)**

| <i>In millions of tenge</i>           | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|---------------------------------------|--|---|
| US dollar-denominated borrowings      | 5,561,553                                | 5,634,180                                       |
| Tenge-denominated borrowings          | 962,938                                  | 1,112,828                                       |
| Other currency-denominated borrowings | 289,068                                  | 307,259   |
|                                       | <b>6,813,559</b>                         | <b>7,054,267</b>                                |

Under the terms of loan agreements, respective subsidiaries of the Group are obliged to comply with certain covenants. The Group reviews compliance with all the Group loan covenants at each reporting date. As at June 30, 2018 the total amount of borrowings with some covenant conditions not being met and for which waiver letter for non-compliance covenants in the reporting period has been received is 80,783 million tenge.

During the six months ended June 30, 2018 carrying amount of borrowings increased by 162,731 million tenge as a result of changes in exchange rates.

**Bonds issuance and repayment**

During the six months ended June 30, 2018 the Fund performed early redemption of bonds, placed on the Kazakhstan Stock Exchange, in the amount of 81,000 million tenge.

During the six months ended June 30, 2018 the Group placed Eurobonds due in 2025, 2030 and 2047 in the amount of 3,250 million US dollars (equivalent to 1,061,190 million tenge). The Group also made an early redemption of Eurobonds due in 2020, 2021 and 2043 in the amount of 3,463 million US dollars (equivalent to 1,143,982 million tenge).

**Other borrowings**

During the six months ended June 30, 2018 the Fund made an early partial repayment of loan from the bank Tokyo-Mitsubishi UFJ LTD in the amount of 900 million US dollars (equivalent to 307,179 million tenge).

During the six months ended June 30, 2018 the Group received a loan from the syndicate of banks (Citibank NA, Mizuho Bank Ltd., MUFG Bank Ltd., Societe Generale и ING Bank) in the amount of 200 million US dollars (equivalent to 65,832 million tenge as of the date of receipt) to finance construction of three compressor stations at main gas pipeline “Beineu – Bozoy – Shymkent”.

The carrying amount of borrowings by the Group subsidiaries is presented below:

| <i>In millions of tenge</i>        | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|------------------------------------|--|---|
| NC KMG and its subsidiaries        | 4,527,687                                | 4,301,253                                       |
| NC KTZh and its subsidiaries       | 1,166,186                                | 1,158,981                                       |
| The Fund                           | 412,445                                  | 808,453   |
| Samruk-Energy and its subsidiaries | 261,416                                  | 298,527   |
| KEGOC and its subsidiaries         | 158,330                                  | 161,789   |
| NAC KAP and its subsidiaries       | 94,943                                   | 121,284   |
| Other subsidiaries of the Fund     | 192,552                                  | 203,980   |
| <b>Total borrowings</b>            | <b>6,813,559</b>                         | <b>7,054,267</b>                                |

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

**16. PREPAYMENT ON OIL SUPPLY AGREEMENTS**

**NC KMG**

In 2016 the NC KMG Group entered into long-term crude oil and liquefied petroleum gas (“LPG”) supply agreement, which involved a prepayment. The total minimum delivery volume approximates 38 million tons of crude oil and 1 million tons of LPG in the period from the date of the contract to March 2021.

During six months ended June 30, 2018 in accordance with an amendment signed in December 2017, the NC KMG Group received an additional prepayment in the amount of 499 million US dollars (equivalent of 163,073 million tenge at the date of transaction) net of transaction costs.

The agreement stipulates pricing calculation with reference to market quotes and prepayments are settled through physical deliveries of crude oil and LPG.

The Group considers this agreement to be a regular way agreement to deliver non-financial items in accordance with the Group’s expected sale requirements.

For the six months ended June 30, 2018 the NC KMG Group has partially settled the prepayments by oil supply in the total amount of 500 million US dollars.

Interest at rate of LIBOR plus 1.85% is annually accrued on outstanding balance of prepayment.

**KMG Kashagan B.V.**

In 2017, the KMG Kashagan B.V. long-term agreement for the supply of crude oil was amended, which involved a prepayment. The total minimum delivery volume approximates 11.5 million tons of crude oil in the period from the date of the contract to September 2022. During 2017 the KMG Kashagan B.V. received additional prepayment in the amount of 597 million US dollars (equivalent of 197,224 million tenge at the date of received) less transaction costs, which will be repaid by supply of crude oil produced at Kashagan field starting from January 2019.

The Agreement stipulates price determination on the basis of current market quotations and prepayment is reimbursed by means of physical supply of crude oil.

The Group considers this agreement to be a regular way agreement to deliver non-financial items in accordance with the Group’s expected sale requirements.

In accordance with the terms of agreement, the KMG Kashagan B.V. must ensure that supplied volume of crude oil must be unencumbered.

**17. OTHER CURRENT LIABILITIES**

Other current liabilities comprised the following:

| <i>In millions of tenge</i>  | <b>June 30,<br/>2018<br/>(unaudited)</b> | December 31,<br>2017<br>(audited)<br>(restated) |
|--|--|---|
| Payables for acquisition of additional interest in the North-Caspian project | 286,390                                  | 272,148   |
| Advances received and deferred income  | 192,910                                  | 232,116   |
| Other taxes payable  | 140,459                                  | 125,012   |
| Due to employees   | 98,412                                   | 111,930   |
| Amounts due to customers   | 26,612                                   | 24,777  |
| Government grant liability   | 13,262                                   | 14,721  |
| Obligations under quarantine agreements                                      | 8,061                                    | 10,378  |
| Dividends payable  | 6,088                                    | 4,077   |
| Short-term obligations under contracts with buyers                           | 4,747                                    | -   |
| Obligations to the Shareholder on the financing of social projects           | 4,170                                    | 4,013   |
| Other financial liabilities  | 11,540                                   | 21,417  |
| Other non-financial liabilities  | 60,064                                   | 45,374  |
|  | <b>852,715</b>                           | <b>865,963</b>                                  |

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

**18. REVENUE**

Revenue comprised the following:

| <i>In millions of tenge</i>                   | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| Sales of crude oil                            | 1,050,303                             | 534,984                           | 1,813,876                           | 1,079,840                         |
| Sales of oil refined products                 | 709,707                               | 378,027                           | 1,246,201                           | 723,313                           |
| Railway cargo transportation                  | 213,515                               | 182,133                           | 408,206                             | 350,185                           |
| Sales of gas products                         | 189,566                               | 52,618                            | 352,150                             | 154,382                           |
| Oil and gas transportation fee                | 77,129                                | 74,657                            | 160,559                             | 157,470                           |
| Sales of uranium products                     | 76,480                                | 77,638                            | 127,647                             | 132,452                           |
| Air transportation                            | 70,360                                | 58,371                            | 127,196                             | 109,661                           |
| Sales of refined gold                         | 65,564                                | 54,923                            | 113,164                             | 94,097                            |
| Electricity complex                           | 60,362                                | 55,085                            | 137,434                             | 128,392                           |
| Telecommunication services                    | 51,338                                | 50,071                            | 102,126                             | 99,222                            |
| Oil processing fees                           | 44,278                                | 36,851                            | 86,462                              | 67,886                            |
| Electricity transmission services             | 35,457                                | 30,903                            | 72,690                              | 60,928                            |
| Railway passenger transportation              | 20,385                                | 20,187                            | 38,399                              | 38,211                            |
| Interest revenue                              | 10,981                                | 118,826                           | 22,039                              | 132,066                           |
| Postal services                               | 9,594                                 | 9,426                             | 19,755                              | 18,490                            |
| Other revenue                                 | 91,431                                | 84,756                            | 168,284                             | 168,855                           |
| Less: quality bank for crude oil              | (4,629)                               | (6,625)                           | (7,555)                             | (13,021)                          |
| Less: indirect taxes and commercial discounts | (132,537)                             | (87,070)                          | (230,768)                           | (163,764)                         |
|   | <b>2,639,284</b>                      | <b>1,725,761</b>                  | <b>4,757,865</b>                    | <b>3,338,665</b>                  |

**19. COST OF SALES**

Cost of sales comprised the following:

| <i>In millions of tenge</i>                             | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| Materials and supplies                                  | 1,385,412                             | 649,436                           | 2,337,212                           | 1,343,310                         |
| Personnel costs, including social tax and contributions | 190,042                               | 182,729                           | 385,649                             | 365,774                           |
| Depreciation, depletion and amortization                | 161,589                               | 118,848                           | 318,853                             | 249,607                           |
| Fuel and energy   | 71,217                                | 65,491                            | 161,560                             | 136,740                           |
| Mineral extraction tax                                  | 42,567                                | 23,099                            | 77,232                              | 49,118                            |
| Production services received                            | 40,491                                | 34,470                            | 88,914                              | 75,677                            |
| Repair and maintenance                                  | 37,335                                | 37,239                            | 74,602                              | 62,990                            |
| Rent  | 18,511                                | 14,641                            | 34,329                              | 29,835                            |
| Taxes other than social tax and withdrawals             | 18,267                                | 14,757                            | 36,624                              | 28,358                            |
| Interest expense  | 15,700                                | 97,473                            | 44,688                              | 129,465                           |
| Transportation expenses                                 | 6,491                                 | 6,223                             | 14,899                              | 9,743                             |
| Other   | 59,865                                | 73,276                            | 111,385                             | 126,886                           |
|   | <b>2,047,487</b>                      | <b>1,317,682</b>                  | <b>3,685,947</b>                    | <b>2,607,503</b>                  |

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

**20. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses comprised the following:

|   | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| <i>In millions of tenge</i>                             |                                       |                                   |                                     |                                   |
| Personnel costs, including social tax and contributions | 41,886                                | 42,826                            | 85,160                              | 83,234                            |
| Taxes other than social taxes and withdrawals           | 9,460                                 | 8,870                             | 18,143                              | 16,285                            |
| Consulting services                                     | 7,880                                 | 6,632                             | 14,845                              | 11,920                            |
| Depreciation and amortization                           | 7,842                                 | 9,966                             | 16,000                              | 18,172                            |
| Allowance for doubtful debts                            | 3,976                                 | 2,615                             | 6,537                               | 3,335                             |
| Rent  | 2,777                                 | 2,520                             | 5,203                               | 4,777                             |
| Business trips  | 1,863                                 | 1,917                             | 3,345                               | 3,233                             |
| Sponsorship and charitable donations                    | 1,491                                 | 274                               | 1,589                               | 15,395                            |
| Repair and maintenance                                  | 1,417                                 | 1,032                             | 2,239                               | 1,718                             |
| Transportation services                                 | 1,286                                 | 557                               | 2,299                               | 1,105                             |
| Other services by third parties                         | 1,280                                 | 974                               | 2,759                               | 1,998                             |
| Professional education and advanced trainings           | 905                                   | 708                               | 1,340                               | 1,005                             |
| Utilities expenses and maintenance of buildings         | 777                                   | 699                               | 1,800                               | 1,812                             |
| Bank services   | 681                                   | 718                               | 1,398                               | 1,437                             |
| Fines and penalties                                     | 461                                   | 2,123                             | 819                                 | (1,613)                           |
| Other   | 33,764                                | 17,514                            | 46,372                              | 26,597                            |
|   | <b>117,746</b>                        | <b>99,945</b>                     | <b>209,848</b>                      | <b>190,410</b>                    |

**21. TRANSPORTATION AND SELLING EXPENSES**

|   | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| <i>In millions of tenge</i>                             |                                       |                                   |                                     |                                   |
| Transportation  | 81,594                                | 33,311                            | 165,464                             | 89,220                            |
| Rent tax  | 38,287                                | 13,019                            | 67,348                              | 31,657                            |
| Custom duties   | 29,107                                | 26,633                            | 58,620                              | 51,761                            |
| Personnel costs, including social tax and contributions | 4,759                                 | 4,764                             | 9,130                               | 9,042                             |
| Commission fees to agents and advertising               | 2,759                                 | 2,314                             | 5,239                               | 4,345                             |
| Depreciation and amortization                           | 2,654                                 | 3,007                             | 5,565                               | 6,604                             |
| Other   | 9,686                                 | 8,152                             | 18,625                              | 15,044                            |
|   | <b>168,846</b>                        | <b>91,200</b>                     | <b>329,991</b>                      | <b>207,673</b>                    |



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

**22. IMPAIRMENT LOSS**

Impairment loss comprised the following for the period ended June 30:

|  | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|--|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|  | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| <i>In millions of tenge</i>  |                                       |                                   |                                     |                                   |
| Impairment of property, plant and equipment, intangible assets and exploration and evaluation assets | 41,379                                | 4,128                             | 42,195                              | 4,026                             |
| Impairment of assets held for sale   | 9,522                                 | 105                               | 15,068                              | 2,022                             |
| Impairment of other non-current assets   | 8,266                                 | 14,349                            | 8,428                               | 14,766                            |
| Impairment / (reversal of impairment) of investments in joint ventures and associates                | 4,084                                 | -                                 | -                                   | (14,654)                          |
| Impairment of amounts in credit institutions   | 2,425                                 | 7,148                             | 2,168                               | 7,148                             |
| Impairment of other financial assets   | 1,211                                 | 13,182                            | 5,033                               | 13,238                            |
| Impairment / (reversal of impairment) of VAT receivable  | 729                                   | (26,452)                          | 1,312                               | (25,694)                          |
| (Reversal of impairment)/ impairment of loans issued   | (1,171)                               | 13,156                            | (1,363)                             | 13,165                            |
| Other  | 749                                   | 8,037                             | 3,551                               | 11,166                            |
|  | <b>67,194</b>                         | <b>33,653</b>                     | <b>76,392</b>                       | <b>25,183</b>                     |

**23. FINANCE COSTS**

|   | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| <i>In millions of tenge</i>   |                                       |                                   |                                     |                                   |
| Interest on loans and debt securities issued  | 113,445                               | 82,470                            | 202,577                             | 158,029                           |
| Interest for the early redemption of Eurobonds  | 89,612                                | -                                 | 89,612                              | -                                 |
| Interest under oil supply agreement   | 8,928                                 | 6,635                             | 16,838                              | 12,983                            |
| Unwinding of discount on provisions and other payables                                  | 4,517                                 | 4,178                             | 8,424                               | 8,547                             |
| Interest on payable for the acquisition of additional interest in North Caspian Project | 3,441                                 | 5,830                             | 6,775                               | 11,593                            |
| Interest on finance lease liabilities   | 1,583                                 | 1,084                             | 3,040                               | 2,188                             |
| Other   | 29,558                                | 15,955                            | 48,744                              | 31,046                            |
|   | <b>251,084</b>                        | <b>116,152</b>                    | <b>376,010</b>                      | <b>224,386</b>                    |

**24. FINANCE INCOME**

|   | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|---|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|   | 2018<br>(unaudited)                   | 2017<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| <i>In millions of tenge</i>   |                                       |                                   |                                     |                                   |
| Write-off of loan   | 51,803                                | -                                 | 51,803                              | -                                 |
| Interest income on amounts due from credit institutions and cash and cash equivalents | 23,889                                | 31,736                            | 47,977                              | 57,170                            |
| Income from loans and financial assets  | 11,143                                | 10,359                            | 22,298                              | 20,361                            |
| Guarantee income  | 2,947                                 | 3,165                             | 3,483                               | 3,616                             |
| Unwinding of discount on long-term receivables  | 752                                   | 6,169                             | 2,234                               | 9,286                             |
| Other   | 3,285                                 | 890                               | 8,090                               | 5,243                             |
|   | <b>93,819</b>                         | <b>52,319</b>                     | <b>135,885</b>                      | <b>95,676</b>                     |



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

**24. FINANCE INCOME (continued)**

As of June 30, 2018, NC KMG wrote-off of the loan from ONGC Videsh, a partner in the Satpayev project, for the total amount of 51,214 million tenge, including an interest in the amount of 3,498 million tenge. The write-off of the loan is related to the planned withdrawal from the project and returning of the contract territory to the Government of Republic of Kazakhstan.

**25. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET**

Share in profit/(loss) of joint ventures and associates comprised the following:

|                               | For the three months ended<br>June 30 |                                   | For the six months ended<br>June 30 |                                   |
|-------------------------------|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|                               | 2018<br>(unaudited)                   | 2018<br>(unaudited)<br>(restated) | 2018<br>(unaudited)                 | 2017<br>(unaudited)<br>(restated) |
| <i>In millions of tenge</i>   |                                       |                                   |                                     |                                   |
| Tengizchevroil LLP            | 115,048                               | 75,900                            | 219,804                             | 140,054                           |
| Mangistau Investments B.V.    | 26,175                                | 12,786                            | 47,517                              | 21,604                            |
| Caspian Pipeline Consortium   | 12,935                                | 13,250                            | 24,487                              | 24,096                            |
| Kazzinc LLP                   | 9,072                                 | 12,625                            | 25,627                              | 29,800                            |
| KazRosGas LLP                 | 5,582                                 | 7,212                             | (403)                               | 1,093                             |
| JV Kazgermunai LLP            | 4,477                                 | 4,975                             | 11,436                              | 11,903                            |
| Petro Kazakhstan Inc. (“PKI”) | 4,423                                 | 1,520                             | 8,008                               | 3,346                             |
| JV KATCO LLP                  | 4,295                                 | 3,039                             | 3,679                               | 4,769                             |
| Kazakhoil Aktobe LLP          | 2,632                                 | (705)                             | 4,232                               | (2,707)                           |
| Forum Muider B.V.             | 2,535                                 | 1,815                             | 6,733                               | 5,079                             |
| Beineu-Shymkent Pipeline LLP  | (5,303)                               | (18,530)                          | 11,564                              | (17,523)                          |
| Valseira Holdings B.V.        | (7,617)                               | (1,068)                           | (6,302)                             | 4,633                             |
| Other                         | 3,981                                 | 1,666                             | 1,394                               | 12,963                            |
|                               | <b>178,235</b>                        | <b>114,485</b>                    | <b>357,776</b>                      | <b>239,110</b>                    |

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

**26. CONSOLIDATION**

Subsidiaries included in the interim condensed consolidated financial statements are presented as follows:

|    |   | <b>Ownership percentage</b>              |  |
|----|---|--|--|
|    |   | <b>June 30,<br/>2018<br/>(unaudited)</b> | <b>December 31,<br/>2017<br/>(audited)</b> |
| 1  | National Company “KazMunayGas” JSC (“NC KMG”) and subsidiaries                            | <b>90.42%</b>                            | 90.09%                                     |
| 2  | KMG Kashagan B.V.   | <b>100.00%</b>                           | 100.00%                                    |
| 3  | National Company “Kazakhstan Temir Zholy” JSC (“NC KTZh”) and subsidiaries                | <b>100.00%</b>                           | 100.00%                                    |
| 4  | National Atomic Company “Kazatomprom” JSC (“NAC KAP”) and subsidiaries                    | <b>100.00%</b>                           | 100.00%                                    |
| 5  | Samruk-Energy JSC (“Samruk-Energy”) and subsidiaries                                      | <b>100.00%</b>                           | 100.00%                                    |
| 6  | Kazakhstan Electricity Grid Operating Company JSC (“KEGOC”) and subsidiaries              | <b>90% + 1</b>                           | 90% + 1                                    |
| 7  | Kazpost JSC and subsidiaries  | <b>100.00%</b>                           | 100.00%                                    |
| 8  | Kazakhtelecom JSC (“KTC”) and subsidiaries  | <b>51.00%</b>                            | 51.00%                                     |
| 9  | Air Astana JSC (“Air Astana”)   | <b>51.00%</b>                            | 51.00%                                     |
| 10 | National Company “Kazakhstan Engineering” JSC (“Kazakhstan Engineering”) and subsidiaries | <b>100.00%</b>                           | 100.00%                                    |
| 11 | Real Estate Fund “Samruk-Kazyna” JSC and subsidiaries                                     | <b>100.00%</b>                           | 100.00%                                    |
| 12 | National Mining Company “Tau-Ken Samruk” and subsidiaries                                 | <b>100.00%</b>                           | 100.00%                                    |
| 13 | United Chemical Company LLP and subsidiaries (“UCC”)                                      | <b>100.00%</b>                           | 100.00%                                    |
| 14 | Samruk-Kazyna Invest LLP  | <b>100.00%</b>                           | 100.00%                                    |
| 15 | Samruk-Kazyna Contract LLP  | <b>100.00%</b>                           | 100.00%                                    |
| 16 | KOREM JSC   | <b>100.00%</b>                           | 100.00%                                    |
| 17 | International Airport Atyrau JSC  | <b>100.00%</b>                           | 100.00%                                    |
| 18 | International Airport Aktobe JSC  | <b>100.00%</b>                           | 100.00%                                    |
| 19 | Airport Pavlodar JSC  | <b>100.00%</b>                           | 100.00%                                    |
| 20 | SK Business Service LLP   | <b>100.00%</b>                           | 100.00%                                    |
| 21 | Qazaq Air JSC   | <b>100.00%</b>                           | 100.00%                                    |
| 22 | Kazakhstan nuclear electric plants JSC  | <b>100.00%</b>                           | –  |
| 23 | “Aviation Company “Air Kazakhstan” JSC  | <b>53.55%</b>                            | 53.55%                                     |

**27. RELATED PARTY DISCLOSURES**

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group’s key management personnel and other entities controlled by the Government. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

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

**27. RELATED PARTY DISCLOSURES (continued)**

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended June 30, 2018 and 2017 and the related balances as at June 30, 2018, and December 31, 2017, respectively:

| <i>In millions of tenge</i>   |                      | <b>Associates</b> | <b>Joint ventures<br/>where<br/>the Group is<br/>a venturer</b> | <b>Other state-<br/>controlled<br/>entities</b> |
|---|----------------------|-------------------|---|---|
| Due from related parties  | <b>June 30, 2018</b> | <b>46,278</b>     | <b>70,722</b>   | <b>14,058</b>                                   |
|   | December 31, 2017    | 47,153            | 95,944  | 14,466  |
| Due to related parties  | <b>June 30, 2018</b> | <b>48,874</b>     | <b>154,380</b>  | <b>12,539</b>                                   |
|   | December 31, 2017    | 50,936            | 203,208   | 4,734   |
| Sale of goods and services  | <b>June 30, 2018</b> | <b>37,007</b>     | <b>152,431</b>  | <b>72,928</b>                                   |
|   | June 30, 2017        | 37,905            | 146,826   | 126,346   |
| Purchase of goods and services  | <b>June 30, 2018</b> | <b>94,900</b>     | <b>731,185</b>  | <b>6,251</b>                                    |
|   | June 30, 2017        | 90,808            | 493,424   | 6,286   |
| Other income/(loss)   | <b>June 30, 2018</b> | <b>2,227</b>      | <b>10,832</b>   | <b>6,312</b>                                    |
|   | June 30, 2017        | (4,686)           | 10,254  | 16,512  |
| Cash and cash equivalents, and amounts due<br>from credit institutions (assets) | <b>June 30, 2018</b> | -                 | -   | <b>276,511</b>                                  |
|   | December 31, 2017    | -                 | -   | 334,546   |
| Loans issued  | <b>June 30, 2018</b> | <b>123,674</b>    | <b>385,182</b>  | <b>174,530</b>                                  |
|   | December 31, 2017    | 142,160           | 383,641   | 188,744   |
| Borrowings  | <b>June 30, 2018</b> | -                 | <b>5</b>  | <b>1,417,064</b>                                |
|   | December 31, 2017    | -                 | 5   | 1,442,348                                       |
| Other assets  | <b>June 30, 2018</b> | <b>57,392</b>     | <b>84,893</b>   | <b>26,249</b>                                   |
|   | December 31, 2017    | 18,148            | 90,459  | 23,173  |
| Other liabilities   | <b>June 30, 2018</b> | <b>14,245</b>     | <b>43,840</b>   | <b>55,675</b>                                   |
|   | December 31, 2017    | 12,838            | 13,388  | 60,499  |
| Interest received   | <b>June 30, 2018</b> | <b>5,898</b>      | <b>15,440</b>   | <b>785</b>                                      |
|   | June 30, 2017        | 6,419             | 11,605  | 10,052  |
| Interest accrued  | <b>June 30, 2018</b> | -                 | <b>196</b>  | <b>44,422</b>                                   |
|   | June 30, 2017        | 54                | 686   | 129,236   |

As at June 30, 2018 some of the Group’s borrowings in the amount of 62,410 million tenge were guaranteed by the Government of the Republic of Kazakhstan (as at December 31, 2017: 65,629 million tenge).

Total compensation to key management personnel included in personnel costs in the accompanying interim consolidated statement of comprehensive income was equal to 2,261 million tenge for the six months ended June 30, 2018 (for the six months ended June 30, 2017: 2,629 million tenge). Compensation to key management personnel consists primarily of contractual salary and performance bonus based on operating results.

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

**28. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

- Level 1: quoted (unadjusted) prices in active markets 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, 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.

The carrying (current) amount of the financial instruments of the Group as at June 30, 2018 and December 31, 2017 is a reasonable estimate of their fair value for the following financial instruments:

| <i>In millions of tenge</i>           | Level 1 | Level 2 | Level 3 | June 30,<br>2018<br>(unaudited) |
|---------------------------------------|---------|---------|---------|---------------------------------|
| <b>Financial instruments category</b> |         |         |         |                                 |
| <b>Assets</b>                         |         |         |         |                                 |
| Financial assets at FVOCI             | 3,754   | 12,002  | 3,846   | 19,602                          |
| Financial assets at FVTPL             | -       | 45,799  | 21,283  | 67,082                          |
| Derivative financial assets           | -       | 96      | 352     | 448                             |

| <i>In millions of tenge</i>                            | Level 1 | Level 2 | Level 3 | December 31,<br>2017<br>(audited)<br>(restated) |
|--|---------|---------|---------|---|
| <b>Financial instruments category</b>                  |         |         |         |   |
| <b>Assets</b>  |         |         |         |   |
| Available-for-sale financial assets                    | 3,611   | 11,702  | 235     | 15,548  |
| Financial assets at fair value through profit and loss | -       | -       | 22,129  | 22,129  |
| Derivative financial assets                            | -       | -       | 374     | 374   |

As at June 30, 2018 and December 31, 2017 the carrying amount of the Group’s financial instruments approximates their fair value except for the following financial instruments:

| <i>In millions of tenge</i>                             | Carrying amount | Fair value | June 30, 2018<br>(unaudited)             |                                    |   |
|---|-----------------|------------|--|------------------------------------|---|
|   |                 |            | 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) |
| <b>Financial assets</b>                                 |                 |            |  |                                    |   |
| Amounts due from credit institutions                    | 1,024,734       | 1,014,271  | 583,393                                  | 381,407                            | 49,471  |
| <b>Financial liabilities</b>                            |                 |            |  |                                    |   |
| Borrowings  | 6,813,559       | 6,816,094  | 4,256,564                                | 2,422,876                          | 136,654   |
| Loans from the Government of the Republic of Kazakhstan | 793,342         | 641,674    | -  | 641,674                            | -   |
| Guarantee obligations                                   | 46,346          | 40,767     | -  | 40,767                             | -   |

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

**28. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

| <i>In millions of tenge</i>                             | December 31, 2017<br>(audited)<br>(restated) |               |   |   |   |
|---|--|---------------|---|---|---|
|   | Carrying<br>amount                           | Fair<br>value | Fair value by level of assessment                 |   |   |
|   |  |               | Quotations in<br>an active<br>market<br>(Level 1) | From the<br>observed<br>market<br>(Level 2) | Based on the<br>significant<br>amount of<br>unobserved<br>(Level 3) |
| <b>Financial assets</b>                                 |  |               |   |   |   |
| Amounts due from credit institutions                    | 2,453,877                                    | 2,441,455     | 1,853,717   | 517,078                                     | 70,660  |
| <b>Financial liabilities</b>                            |  |               |   |   |   |
| Borrowings  | 7,054,267                                    | 7,179,801     | 4,764,020   | 2,320,864                                   | 94,917  |
| Loans from the Government of the Republic of Kazakhstan | 782,048                                      | 596,584       | -   | 596,584                                     | -   |
| Guarantee obligations                                   | 57,136                                       | 59,008        | -   | 59,008                                      | -   |

The fair value of the above financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates.

**29. COMMITMENTS AND CONTINGENCIES**

In addition to the contingent liabilities and commitments disclosed in the Group annual consolidated financial statements of the Group for the year ended December 31, 2017, the following changes have taken place during the six months ended June 30, 2018:

**KMG Drilling & Services LLP (KMG D&S) litigations with Consortium of companies Ersai Caspian Contractor LLP and Caspian Offshore and Marine Construction LLP**

KMG D&S (subsidiary of the Group) is involved in arbitration proceedings with a consortium of companies, Ersai Caspian Contractor LLP and Caspian Offshore and Marine Construction LLP (further – “Consortium”) according to a purchase contract to the construction of juck-up drilling rig (JUDR). The case is being heard in the London Court of International Arbitration.

On April 11, 2018 the Consortium decreased the amount of claim down to 140,017 thousand US dollars (equivalent of 46,329 million tenge).

There is uncertainty about the result of the judicial proceedings. As at June 30, 2018 the Group did not recognize any provision for this claim.

**2012-2015 Comprehensive tax audit of JSC “Ozenmunaigas” (Ozenmunaigas)**

On June 5, 2018 Ozenmunaigas, a subsidiary of KMG EP, received the final tax assessment related to the 2012-2015 Comprehensive tax audit for the amount of 7,913 million tenge, including additional taxes of 4,137 million tenge, 1,684 million tenge of penalties and 2,092 million tenge of fines. Ozenmunaigas does not agree with the results of the tax audit and has sent an appeal to the Ministry of Finance of the Republic of Kazakhstan on July 5, 2018. Pending the results of the appeal management of Ozenmunaigas will consider further actions including but not limited to appealing to appropriate courts. The Group has accrued provision of 7,913 million tenge in these interim condensed consolidated financial statements.

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

**29. COMMITMENTS AND CONTINGENCIES (continued)**

**JSC “Embamunaigas” environmental audit (Embamunaigas)**

On July 23, 2018 Embamunaigas, subsidiary of KMG EP, received a notification from the Department of Ecology of Atyrau region to pay a fine of 8,908 million tenge for violations of ecology law that were identified during an environmental audit conducted on April-June 2018. The fine was related to emissions of harmful substances above the established norms as a result of gas flaring during the period from November 1, 2017 to June 12, 2018. Embamunaigas has accepted that 3,974 million tenge of the claim is justified. The authorities also have the ability to assess additional amounts for ecological damage and Embamunaigas expects an additional amount of 1,325 million tenge to be assessed. The Group has accrued a provision of 5,299 million tenge in these interim condensed consolidated financial statements. The Group’s management believes that the balance of the claim is without legal merits and will appeal through the appropriate bodies, therefore no additional amounts beyond 5,299 million tenge related to the environmental audit been accrued.

**Cost recovery audits**

As at June 30, 2018 the Group’s share in the total disputed amounts of non-recoverable costs is 287,782 million tenge (as of December 31, 2017: 242,915 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government with respect to the recoverability of these costs.

**Kazakhstan local market obligation**

During six months ended June 30, 2018, in accordance with its obligations, the Group, including joint ventures, delivered 3,034 thousand tons of crude oil (six months ended June 30, 2017: 1,508 thousand tons) to the Kazakhstan market.

**Oil supply commitments**

As of June 30, 2018 the Group had commitments under the oil supply agreements in the total amount of 23.8 million ton (as at December 31, 2017: 28.7 million ton).

**Commitments under oilfield and mining field licenses and subsurface use contracts**

As at June 30, 2018 the Group had following commitments on fulfillment of minimal work programs with respect to the requirements of their oilfield and mining licenses and related subsurface use contracts with the Government (in millions of tenge):

| Year         | Capital expenditures | Operational expenditures |
|--------------|----------------------|--------------------------|
| 2018         | 184,557              | 83,343                   |
| 2019         | 139,395              | 81,085                   |
| 2020         | 129,689              | 82,790                   |
| 2021         | 112,161              | 81,217                   |
| 2022-2048    | 1,857,639            | 420,041                  |
| <b>Total</b> | <b>2,423,441</b>     | <b>748,476</b>           |

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

**29. COMMITMENTS AND CONTINGENCIES (continued)**

**Commitments to extend guarantees, letters of credit and other commitments related to settlement operations**

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to 15 (fifteen) years.

Contracted amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted.

Commitments to extend guarantees were as follows:

| <i>In millions of tenge</i> | <b>June 30,<br/>2018</b> | December 31,<br>2017 |
|-----------------------------|--------------------------|----------------------|
| <b>Guarantees</b>           | <b>435,131</b>           | 592,923              |

The Group uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

The total outstanding contractual commitments to extend guarantee indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded. The Group could also request collateral for credit instruments.

**Capital commitments**

As at June 30, 2018 the Group, including its joint ventures and associates, had capital commitments of 3,217,543 million tenge related to acquisition and construction of property, plant and equipment (as at December 31, 2017: 3,314,833 million tenge).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**30. SEGMENT REPORTING**

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group as at June 30, 2018 and for the six months then ended:

| <i>In millions of tenge</i>                                 | Oil and gas      | Mining         | Transportation | Communications | Energy         | Industrial      | Corporate center | Other         | Elimination      | Total            |
|---|------------------|----------------|----------------|----------------|----------------|-----------------|------------------|---------------|------------------|------------------|
| Revenues from sales to external customers                   | 3,518,879        | 286,642        | 615,201        | 122,692        | 188,288        | 2,360           | 15,209           | 8,594         | -                | 4,757,865        |
| Revenues from sales to other segments                       | 40,686           | 35             | 6,938          | 3,144          | 30,994         | 1,516           | 255,888          | 3,247         | (342,448)        | -                |
| <b>Total revenue</b>  | <b>3,559,565</b> | <b>286,677</b> | <b>622,139</b> | <b>125,836</b> | <b>219,282</b> | <b>3,876</b>    | <b>271,097</b>   | <b>11,841</b> | <b>(342,448)</b> | <b>4,757,865</b> |
| <b>Gross profit</b>   | <b>831,851</b>   | <b>54,140</b>  | <b>114,423</b> | <b>37,805</b>  | <b>87,384</b>  | <b>252</b>      | <b>223,104</b>   | <b>6,684</b>  | <b>(271,571)</b> | <b>1,084,072</b> |
| General and administrative expenses                         | (106,430)        | (15,462)       | (53,029)       | (12,970)       | (14,152)       | (2,282)         | (7,618)          | (1,481)       | 3,576            | (209,848)        |
| Transportation and selling expenses                         | (320,657)        | (3,798)        | (4,522)        | (1,297)        | (9,238)        | (209)           | -                | -             | 9,730            | (329,991)        |
| Finance income  | 110,928          | 4,123          | 3,638          | 3,158          | 3,733          | 484             | 102,767          | 1,196         | (94,142)         | 135,885          |
| Finance costs   | (295,121)        | (5,444)        | (55,023)       | (2,677)        | (19,460)       | (788)           | (18,819)         | (716)         | 22,038           | (376,010)        |
| Share in profit of joint ventures and associates            | 322,675          | 30,672         | (4,856)        | 2,301          | 6,994          | (24)            | -                | 14            | -                | 357,776          |
| Foreign exchange gain/(loss), net                           | 76,402           | 3,724          | 21,204         | 2,172          | 1,692          | (3,007)         | (44,631)         | (1)           | -                | 57,555           |
| Income tax expenses   | (134,539)        | (5,192)        | (480)          | (7,254)        | (12,359)       | (90)            | (3,498)          | (1,323)       | -                | (164,735)        |
| Net profit/(loss) for the period from continuing operations | 450,225          | 153,812        | 16,524         | 19,797         | 43,376         | (8,237)         | 239,270          | 7,531         | (329,209)        | 593,089          |
| Net loss for the period from discontinued operations        | -                | -              | -              | -              | -              | (3,542)         | -                | -             | -                | (3,542)          |
| <b>Total net profit/(loss) for the period</b>               | <b>450,225</b>   | <b>153,812</b> | <b>16,524</b>  | <b>19,797</b>  | <b>43,376</b>  | <b>(11,779)</b> | <b>239,270</b>   | <b>7,531</b>  | <b>(329,209)</b> | <b>589,547</b>   |
| <b>Other segment information</b>                            |                  |                |                |                |                |                 |                  |               |                  |                  |
| Total assets of the segment                                 | 15,896,329       | 1,657,295      | 3,376,308      | 563,725        | 1,392,165      | 443,615         | 7,352,086        | 277,383       | (6,565,417)      | 24,393,489       |
| Total liabilities of the segment                            | 8,104,909        | 408,305        | 2,125,298      | 163,254        | 656,572        | 223,389         | 1,525,430        | 185,580       | (726,047)        | 12,666,690       |
| Investments in joint ventures and associates                | 2,376,065        | 513,139        | 23,323         | 72,110         | 92,605         | 810             | -                | 70            | (32,341)         | 3,045,781        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**30. SEGMENT REPORTING (continued)**

The following table represents information about profit and loss of operating segments of the Group for the six months ended June 30, 2017 and assets and liabilities as at December 31, 2017:

| <i>In millions of tenge</i>                                 | Oil and gas      | Mining         | Transportation  | Communications | Energy         | Industrial      | Corporate center | Other        | Elimination      | Total            |
|---|------------------|----------------|-----------------|----------------|----------------|-----------------|------------------|--------------|------------------|------------------|
| Revenues from sales to external customers                   | 2,110,623        | 275,087        | 525,262         | 118,091        | 175,195        | 1,496           | 126,240          | 6,671        | -                | 3,338,665        |
| Revenues from sales to other segments                       | 38,247           | 8,653          | 5,488           | 2,227          | 29,349         | 3,588           | 131,418          | 1,435        | (220,405)        | -                |
| <b>Total revenue</b>  | <b>2,148,870</b> | <b>283,740</b> | <b>530,750</b>  | <b>120,318</b> | <b>204,544</b> | <b>5,084</b>    | <b>257,658</b>   | <b>8,106</b> | <b>(220,405)</b> | <b>3,338,665</b> |
| <b>Gross profit</b>   | <b>502,679</b>   | <b>35,770</b>  | <b>84,537</b>   | <b>38,174</b>  | <b>78,784</b>  | <b>2,801</b>    | <b>124,435</b>   | <b>5,420</b> | <b>(132,380)</b> | <b>740,220</b>   |
| General and administrative expenses                         | (80,141)         | (14,230)       | (45,658)        | (11,962)       | (14,565)       | (2,656)         | (22,373)         | (1,339)      | 2,514            | (190,410)        |
| Transportation and selling expenses                         | (200,305)        | (2,796)        | (3,837)         | (1,170)        | (7,377)        | (128)           | -                | -            | 7,940            | (207,673)        |
| Finance income  | 58,118           | 4,199          | 3,977           | 3,345          | 3,166          | 631             | 37,351           | 2,299        | (17,410)         | 95,676           |
| Finance costs   | (150,027)        | (4,768)        | (53,804)        | (2,917)        | (14,352)       | (2,577)         | (14,881)         | (805)        | 19,745           | (224,386)        |
| Share in profit of joint ventures and associates            | 189,203          | 55,107         | 588             | (3,070)        | (2,434)        | (284)           | -                | -            | -                | 239,110          |
| Foreign exchange gain/(loss), net                           | 18,817           | (1,311)        | 25,804          | (1,484)        | 4,943          | (1,849)         | (51,873)         | (23)         | (23)             | (6,999)          |
| Income tax expenses   | (91,253)         | (14,131)       | (9,356)         | (5,177)        | (10,530)       | (95)            | (5,094)          | (856)        | -                | (136,492)        |
| Net profit/(loss) for the period from continuing operations | 265,631          | 58,256         | (12,352)        | 17,328         | 34,676         | (4,322)         | 55,643           | 2,795        | (124,042)        | 293,613          |
| Net loss for the period from discontinued operations        | -                | -              | -               | -              | -              | (6,035)         | -                | -            | -                | (6,035)          |
| <b>Total net profit/(loss) for the period</b>               | <b>265,631</b>   | <b>58,256</b>  | <b>(12,352)</b> | <b>17,328</b>  | <b>34,676</b>  | <b>(10,357)</b> | <b>55,643</b>    | <b>2,795</b> | <b>(124,042)</b> | <b>287,578</b>   |
| <b>Other segment information</b>                            |                  |                |                 |                |                |                 |                  |              |                  |                  |
| Total assets of the segment                                 | 15,734,023       | 1,554,570      | 3,364,637       | 560,848        | 1,398,224      | 507,658         | 7,547,077        | 261,143      | (6,601,072)      | 24,327,108       |
| Total liabilities of the segment                            | 7,655,340        | 324,298        | 2,082,746       | 160,549        | 687,577        | 227,373         | 1,940,502        | 172,659      | (748,306)        | 12,502,738       |
| Investments in joint ventures and associates                | 2,080,134        | 619,312        | 27,404          | 69,246         | 86,010         | 6,945           | -                | 57           | (32,341)         | 2,856,767        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**30. SEGMENT REPORTING (continued)**

The following tables represents information about profit and loss of operating segments of the Group for the three months ended June 30, 2018 and June 30, 2017:

| <i>In millions of tenge</i>                                 | Oil and gas      | Mining         | Trans- portation | Communi- cations | Energy         | Industrial      | Corporate center | Other        | Elimi- nation    | Total            |
|---|------------------|----------------|------------------|------------------|----------------|-----------------|------------------|--------------|------------------|------------------|
| Revenues from sales to external customers                   | 1,987,127        | 167,227        | 322,922          | 61,420           | 87,004         | 1,261           | 7,936            | 4,387        | -                | 2,639,284        |
| Revenues from sales to other segments                       | 16,692           | (4,468)        | 3,895            | 2,069            | 14,294         | (191)           | 250,051          | 2,170        | (284,512)        | -                |
| <b>Total revenue</b>  | <b>2,003,819</b> | <b>162,759</b> | <b>326,817</b>   | <b>63,489</b>    | <b>101,298</b> | <b>1,070</b>    | <b>257,987</b>   | <b>6,557</b> | <b>(284,512)</b> | <b>2,639,284</b> |
| <b>Gross profit</b>   | <b>456,140</b>   | <b>35,139</b>  | <b>73,915</b>    | <b>16,665</b>    | <b>37,822</b>  | <b>(645)</b>    | <b>240,127</b>   | <b>3,515</b> | <b>(263,746)</b> | <b>598,932</b>   |
| General and administrative expenses                         | (64,089)         | (8,341)        | (26,478)         | (6,001)          | (7,742)        | (1,124)         | (5,354)          | (740)        | 2,123            | (117,746)        |
| Transportation and selling expenses                         | (164,394)        | (1,626)        | (2,394)          | (596)            | (4,557)        | (97)            | -                | -            | 4,818            | (168,846)        |
| Finance income  | 80,993           | 2,792          | 948              | 1,802            | 2,220          | 243             | 90,908           | 596          | (86,683)         | 93,819           |
| Finance costs   | (206,697)        | (2,394)        | (29,903)         | (1,486)          | (9,495)        | (490)           | (11,166)         | (360)        | 10,907           | (251,084)        |
| Share in profit of joint ventures and associates            | 167,584          | 11,950         | (2,710)          | 1,463            | (51)           | (14)            | -                | 13           | -                | 178,235          |
| Foreign exchange gain/(loss), net                           | 60,677           | 7,496          | (31,844)         | 5,477            | (2,898)        | (7,212)         | 99,762           | (1)          | -                | 131,457          |
| Income tax expenses   | (92,389)         | (5,153)        | 8,075            | (4,593)          | (4,561)        | (37)            | (1,433)          | (862)        | -                | (100,953)        |
| Net profit/(loss) for the period from continuing operations | 197,928          | 32,713         | (15,045)         | 10,526           | 11,719         | (12,206)        | 403,284          | 5,115        | (330,097)        | 303,937          |
| Net loss for the period from discontinued operations        | -                | -              | -                | -                | -              | (2,920)         | -                | -            | -                | (2,920)          |
| <b>Total net profit/(loss) for the period</b>               | <b>197,928</b>   | <b>32,713</b>  | <b>(15,045)</b>  | <b>10,526</b>    | <b>11,719</b>  | <b>(15,126)</b> | <b>403,284</b>   | <b>5,115</b> | <b>(330,097)</b> | <b>301,017</b>   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**30. SEGMENT REPORTING (continued)**

| <i>In millions of tenge</i>                                 | Oil and gas      | Mining         | Transportation | Communications | Energy        | Industrial     | Corporate center | Other        | Elimination      | Total            |
|---|------------------|----------------|----------------|----------------|---------------|----------------|------------------|--------------|------------------|------------------|
| Revenues from sales to external customers                   | 1,032,105        | 156,680        | 277,445        | 59,789         | 79,629        | 842            | 115,852          | 3,419        | -                | 1,725,761        |
| Revenues from sales to other segments                       | 14,343           | 4,101          | 2,716          | 836            | 12,819        | 2,108          | 126,764          | 827          | (164,514)        | -                |
| <b>Total revenue</b>  | <b>1,046,448</b> | <b>160,781</b> | <b>280,161</b> | <b>60,625</b>  | <b>92,448</b> | <b>2,950</b>   | <b>242,616</b>   | <b>4,246</b> | <b>(164,514)</b> | <b>1,725,761</b> |
| <b>Gross profit</b>   | 259,730          | 27,068         | 53,349         | 18,005         | 32,668        | 1,650          | 143,260          | 2,995        | (125,516)        | 413,209          |
| General and administrative expenses                         | (47,869)         | (7,951)        | (24,594)       | (6,628)        | (7,545)       | (1,330)        | (4,598)          | (684)        | 1,254            | (99,945)         |
| Transportation and selling expenses                         | (87,051)         | (1,482)        | (2,022)        | (570)          | (4,200)       | (84)           | -                | -            | 4,209            | (91,200)         |
| Finance income  | 30,219           | 2,694          | 2,137          | 1,844          | 1,708         | 320            | 22,438           | 1,004        | (10,045)         | 52,319           |
| Finance costs   | (78,623)         | (1,829)        | (26,644)       | (1,537)        | (7,244)       | (1,265)        | (9,075)          | (401)        | 10,466           | (116,152)        |
| Share in profit of joint ventures and associates            | 96,573           | 25,273         | 995            | (1,127)        | (7,224)       | (6)            | -                | 1            | -                | 114,485          |
| Foreign exchange gain/(loss), net                           | 46,950           | (122)          | (21,977)       | 1,042          | (9,077)       | 1,421          | 39,794           | (13)         | 1                | 58,019           |
| Income tax expenses   | (57,782)         | (12,070)       | 2,766          | (2,749)        | (3,415)       | (32)           | (1,849)          | (423)        | -                | (75,554)         |
| Net profit/(loss) for the period from continuing operations | 179,152          | 34,509         | 18,069         | 8,595          | 9,888         | 659            | 101,222          | 638          | (123,862)        | 228,870          |
| Net loss for the period from discontinued operations        | -                | -              | -              | -              | -             | (2,776)        | -                | -            | -                | (2,776)          |
| <b>Total net profit/(loss) for the period</b>               | <b>179,152</b>   | <b>34,509</b>  | <b>18,069</b>  | <b>8,595</b>   | <b>9,888</b>  | <b>(2,117)</b> | <b>101,222</b>   | <b>638</b>   | <b>(123,862)</b> | <b>226,094</b>   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

---

**31. SUBSEQUENT EVENTS**

On July 2, 2018 NC KMG made full redemption of bonds issued in 2008 on the LSE in the total amount of 1.673 billion US dollars (equivalent 570,627 million tenge) from the account of the paying agent of Citibank N.A.

On August 13, 2018 KMG EP announced a programme to repurchase up to 1,905,209 preferred shares from the KASE at a price of 12,800 tenge per preferred share. The repurchase programme will be held from August 13, 2018 till November 16, 2018.

On July 27, 2018 KMG Kashagan B.V. signed an additional agreement to increase the amount of the Prepayment under the crude oil supply contract for a total of 600 million US dollars (equivalent to 207,546 million tenge as at date of transaction). On August 6, 2018, KMG Kashagan B.V. received an amount of 593,986 thousand US dollars net of transaction costs (equivalent to 207,753 million tenge as at date of transaction).

On August 8, 2018, KMG Kashagan B.V. paid the amount of the third tranche under an agreement for the purchase of additional shares in the North Caspian purchase-sale agreement, the balance of the amount of 844,012 thousand US dollars (equivalent to 298,408 million tenge as at date of transaction).