Sovereign Wealth Fund "Samruk-Kazyna" JSC

Separate Financial Statements

For the year ended December 31, 2009
with Independent Auditors' Report

CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Sovereign Wealth Fund "Samruk-Kazyna" JSC ("the Fund"), which comprise the separate balance sheet as at 31 December 2009, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Elshad Aliyev
Audit Partner

Aisulu Narbayeva
Auditor / Acting General Director
Ernst & Young LLP

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

Auditor Qualification Certificate No. 0000137 dated 21 October 1994

21 June 2010

SEPARATE BALANCE SHEET

In millions of Tenge	Note	December 31, 2009	December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment		**6,529**	6,743
Intangible assets		**89**	102
Investments in subsidiaries	5	**2,124,629**	1,631,800
Investments in associates and joint venture	6	**132,697**	2,584
Loans issued	7	**716,904**	–
Amounts due from credit institutions	8	**499,510**	165,681
Long-term financial assets		**7,572**	9,453
Advances paid for non-current assets	9	**101,080**	–
Deferred income tax assets	20	**–**	5,261
		3,589,010	1,821,624
Current assets			
Corporate Income tax prepaid		**2,993**	1,208
Loans issued	7	**107,384**	3,877
Amounts due from credit institutions	8	**96,279**	23,154
Short-term financial assets		**1,933**	2,268
Short-term bank deposits	10	**76,168**	–
Other current assets	11	**34,637**	304
Cash and cash equivalents	12	**537,867**	715,287
		857,261	746,098
Assets classified as held for distribution to the shareholder	5	**42,457**	–
TOTAL ASSETS		**4,488,728**	2,567,722
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**3,748,299**	3,458,923
Revaluation reserve for available-for-sale investments		**(580)**	(232)
Accumulated losses		**(384,257)**	(892,945)
Total equity		**3,363,462**	2,565,746
Non-current liabilities			
Borrowings	14	**732,127**	–
Amounts due to the Government	15	**206,732**	–
Financial guarantee liabilities	16	**19,653**	1,037
Deferred tax liability	20	**19,354**	–
Option liabilities	6	**130,541**	–
		1,108,407	1,037
Current liabilities			
Borrowings	14	**13,622**	–
Amounts due to the Government	15	**130**	–
Financial guarantee liabilities	16	**2,315**	131
Other current liabilities		**792**	808
		16,859	939
TOTAL EQUITY AND LIABILITIES		**4,488,728**	2,567,722

The accounting policies and notes on pages 5 to 41 are an integral part of these separate financial statements

Managing Director – Member of the Management Board — Kairat Aitekenov

Chief Accountant — Almaz Abdrakhmanova

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

In millions of Tenge	Note	For the year ended December 31, 2009	For the period from November 3 through December 31, 2008
Interest income	17	156,954	2,835
Interest expenses	18	(43,337)	–
Dividend income		36,045	–
Gross profit		149,662	2,835
General and administrative expenses		(7,299)	(848)
Finance income		15,661	2,071
Impairment of investments in subsidiaries and associate	5, 6	(94,868)	(5,349)
Reversal / (impairment) of financial assets	8	28,311	(28,311)
Foreign exchange gain, net	19	139,043	7
Loss from change in the value of options, net	6	(94,124)	–
Other operating income, net		969	27
Profit / (loss) before income tax		137,355	(29,568)
Income tax (expense) / benefit	20	(31,306)	4,081
Net profit / (loss) for the period		106,049	(25,487)
Other comprehensive loss, net of tax			
Available-for-sale investments revaluation reserve		(348)	(232)
Total other comprehensive loss, net of tax		(348)	(232)
Total comprehensive income / (loss) for the period		105,701	(25,719)

The accounting policies and notes on pages 5 to 41 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board Kairat Aitekenov

Chief Accountant Almaz Abdrakhmanova

SEPARATE STATEMENT OF CASH FLOWS

In millions of Tenge	Note	For the year ended December 31, 2009	For the period from November 3 through December 31, 2008
Cash flows from operating activities:			
Profit / (loss) before income tax		**137,355**	(29,568)
Adjustments for:			
Depreciation and amortization		**228**	37
Impairment of investments in subsidiaries and associate	5, 6	**94,869**	5,349
(Reversal) / impairment of financial assets	8	**(28,311)**	28,311
Finance income		**(15,661)**	(2,071)
Loss from change in the value of options, net	6	**94,124**	–
Gain from disposal of subsidiaries	5	**(59)**	14
Unrealised foreign exchange gain		**(630)**	(10)
Cash flows from operating activities before changes in working capital		**281,915**	2,062
Increase in loans issued		**(1,130,998)**	(2,144)
Increase in amounts due from credit institutions		**(378,643)**	(41,164)
Increase / (decrease) in other current assets		**(25,969)**	327
Increase in amounts due to the Government		**1,713,967**	–
(Decrease) / increase in other current liabilities		**(16)**	53
Cash flows from operating activities		**460,256**	(40,866)
Income tax paid		**(8,478)**	(1,971)
Interest received		**13,183**	2,484
Net cash flows from operating activities		**464,961**	(40,353)
Cash flows from investing activities:			
Placement of bank deposits, net	10	**(74,000)**	–
Aquisitions of subsidiaries and associates	5	**(527,934)**	(7,851)
Purchase of property, plant and equipment and intangible assets		**(24)**	(3)
Proceeds from sale / (purchase) of financial assets		**1,956**	(198)
Advances paid for non-current assets	9	**(101,080)**	–
Net cash flows used in investing activities		**(701,082)**	(8,052)
Cash flows from financing activities:			
Prepayment on dividends to the Shareholder	11	**(8,645)**	–
Contributions to the share capital	13	**67,346**	610,590
Net cash flows from / (used in) financing activities		**58,701**	610,590
Net change in cash and cash equivalents		**(177,420)**	562,185
Cash and cash equivalents, at the beginning of the year	12	**715,287**	153,102
Cash and cash equivalents, at the end of the year	12	**537,867**	715,287

NON-CASH TRANSACTIONS

The following non-cash transactions were excluded from the separate statement of cash flows:

1. Increase of the Fund's share capital through transfer of a state-owned shares of certain companies (*Note 13*).
2. Recognition of call and put options to sell acquired shares of Kazkommertsbank JSC and Halyk Bank of Kazakhstan JSC (*Note 6*).
3. Recognition of financial guarantees issued in favour of creditors of subsidiaries (*Note 16*).

The accounting policies and notes on pages 5 to 41 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board — Kairat Aitekenov

Chief Accountant — Almaz Abdrakhmanova

SEPARATE STATEMENT OF CHANGES IN EQUITY

In millions of Tenge	Share capital	Available-for-sale investments revaluation reserves	Accumulated losses	Total
Notes	13			
At November 3, 2008	–	–	–	–
Net loss for the period	–	–	(25,487)	**(25,487)**
Other comprehensive loss	–	(232)	–	**(232)**
Total comprehensive loss for the period	**–**	**(232)**	**(25,487)**	**(25,719)**
Contributions to the share capital (*Note 13*)	3,458,923	–	(867,458)	**2,591,465**
At December 31, 2008	**3,458,923**	**(232)**	**(892,945)**	**2,565,746**
Net profit for the year	–	–	106,049	**106,049**
Other comprehensive loss	–	(348)	–	**(348)**
Total comprehensive income for the year	**–**	**(348)**	**106,049**	**105,701**
Contributions to the share capital (*Note 13*)	289,376	–	(58,616)	**230,760**
Income from initial recognition of amounts due to the Government (*Note 15*)	–	–	461,255	**461,255**
At December 31, 2009	**3,748,299**	**(580)**	**(384,257)**	**3,363,462**

The accounting policies and notes on pages 5 to 41 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board ______ Kairat Aitekenov

Chief Accountant ______ Almaz Abdrakhmanova

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2009

1. GENERAL INFORMATION

Sovereign Wealth Fund "Samruk-Kazyna" JSC (the "Fund" or "Samruk-Kazyna") was established on November 3, 2008 in conjunction with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Decree 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 of ownership in certain entities owned by the Government of the Republic of Kazakhstan (the "Government" or the "State") to the Fund. The Government, represented by the State Assets and Privatization Committee of the Ministry of Finance is the sole shareholder of the Fund (the "Shareholder").

The Government's overall objective of the reorganization is to increase management efficiency and to optimise organisational structures in the Fund's subsidiaries in order to achieve successfully their strategic objectives set in the respective Government programs and development plans.

The Fund is a holding company for state-owned enterprises listed in *Notes 5 and 6*. The Fund activities are governed by the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" No. 134-4 dated February 13, 2009. During the period since November 3, 2008 through February 13, 2009 the Fund performed certain types of financial activities based on the license for conducting banking activities in national and foreign currency issued by the Agency of the Republic of Kazakhstan on regulating and supervision of financial market and financial organizations dated November 27, 2008, license number 5.2.66 No. 0001231.

The Fund has its registered office in the Republic of Kazakhstan, Astana, 19, Kabanbay Batyr Avenue.

These separate financial statements were authorized for issue by the Managing Director – Member of the Management Board and Chief Accountant of the Fund on June 21, 2010.

Economic environment

Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. These reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government are aimed to support the future stability of the Kazakhstan economy.

The Kazakhstan economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The ongoing global financial crisis has resulted in capital markets instability, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Kazakhstan.

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

Plan of stabilization of economic and financial systems for 2009-2010

In order to maintain stability of economic and financial system of the country during the world economic crisis the Government by Decree No. 1085 dated November 25, 2008 approved a Joint action plan of the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations on stabilization of the economy and financial system for 2009-2010 ("Stabilization Plan"). The Stabilization Plan provides certain measures aimed at the following:

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

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

2. BASIS OF PREPARATION

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

In addition to these separate financial statements, the Fund prepares consolidated financial statements as required by IAS 27. A copy of the consolidated financial statements can be obtained from the Fund's head office (*Note 1*).

These separate financial statements are prepared in accordance with requirements of the Kazakhstani legislation.

Statement of compliance

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

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

Foreign currency translation

Functional and presentation currency

The separate financial statements are presented in Tenge, which is the Fund's functional and presentation currency.

Transactions and balances

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

Exchange rates

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

As at December 31, 2009 and 2008 the currency exchange rate of KASE was 148.36 Tenge to 1 US Dollar and 120.77 Tenge to 1 US Dollar respectively. These rates were used to translate monetary assets and liabilities denominated in US Dollars as at December 31, 2009 and 2008. The currency exchange rate of KASE as at June 21, 2010 was 146.99 Tenge to 1 US Dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

The Fund has adopted the following new and amended IFRS and IFRIC interpretations as of January 1, 2009:

- *IFRS 2 Share-based Payment: Vesting Conditions and Cancellations, effective January 1, 2009*
- *IFRS 7 Financial Instruments: Disclosures, effective January 1, 2009*
- *IFRS 8 Operating Segments, effective January 1, 2009*
- *IAS 1 Presentation of Financial Statements, effective January 1, 2009*
- *IAS 23 Borrowing Costs (Revised), effective January 1, 2009 (early adopted)*
- *IAS 27 Consolidated and Separate Financial Statements (Revised), effective January 1, 2009*
- *IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation, effective January 1, 2009*
- *IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement, effective for periods ending on or after June 30, 2009*
- *IFRIC 13 Customer Loyalty Programmes, effective July 1, 2008*
- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective October 1, 2008*
- *Improvements to IFRSs (May 2008)*
- *Improvements to IFRSs (April 2009, early adopted)*

When the adoption of the standard or interpretation is deemed to have an impact on the separate financial statements or performance of the Fund, its impact is described below:

IAS 1 Presentation of Financial Statements (Revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present one single statement.

IFRS 7 *Financial Instruments: Disclosures (Amended)*

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in *Note 22*. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in *Note 22*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policy (continued)

IAS 27 Consolidated and separate financial statements (Revised)

Amended standard permits to account for investments into subsidiaries acquired in the course of reorganisation at cost, which is equal to the share in "equity items" of a subsidiary. However, the standard does not provide definitions of "equity items", but it implies that "equity items" comprise share capital and reserves. Accordingly, the Fund concluded that "equity item" of a subsidiary represents capital of a subsidiary recorded in the separate financial statements of a subsidiary on the date of reorganization. Amendments to the standard also provides definition of a reorganisation. The Fund concluded that Samruk and Kazyna merger which took place on November 3, 2008 meets reorganization criteria in accordance with amended standard, retrospectively. Thus, the Fund recorded investments in subsidiaries at cost, which is equal to the share of capital in subsidiaries, recorded in separate financial statements of subsidiaries at the date of the merger.

Standards and interpretations issued but not yet effective

The Fund did not apply the following IFRS and IFRIC interpretations that were issued but not yet effective:

- *IFRS 2 Share–based Payment: Group Cash-settled Share-based Payment Transactions effective January 1, 2010;*
- *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective July 1, 2009 (early adopted) including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39;*
- *IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective July 1, 2009;*
- *IFRIC 17 Distributions of Non-cash Assets to Owners;*
- *IFRIC 18 Transfer of Assets from Customers, effective July 1, 2009;*
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, effective July 1, 2010;*
- *IFRS 9 Financial Instruments;*
- *IAS 24 Related Party Disclosures – (Amendment);*
- *IAS 32 Classifications of rights issues;*
- *IAS 39 Eligible hedged items.*

Management does not expect the above standards and interpretations to have a material impact on the Fund's separate financial statements, except for below:

IFRS 9 Financial Instruments: specifies how an entity should classify and measure its financial assets. IFRS 9 requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash from characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value. Future effect of adoption of IFRS 9 on the separate financial statements of the Fund cannot be reliably measured.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Fund.

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with *IAS 39 Financial Instruments: Recognition and Measurement* are not automatically classified as current in the statement of financial position. The Fund does not have assets or liabilities classified as held for trading hence the improvement did not have any impact on the financial position and performance of the Fund.

IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Fund amended its accounting policy accordingly, which did not result in any change in the financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Improvements to IFRSs (continued)

IAS 18 Revenue: The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- Has primary responsibility for providing the goods or service
- Has inventory risk
- Has discretion in establishing prices
- Bears the credit risk

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Loans granted with no or low interest will not be exempt from the requirement to impute interest. Interest is to be imputed on loans granted with below–market interest rates. This amendment did not impact the Fund, as the Fund did not receive government subsidies.

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

IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. As, deny with "value in use" model, the Fund uses "fair value less cost to sell" for the purposes of valuation of recoverable amount of certain investments, the Fund disclosed respective information as in the *Note 5*, as required by amendment.

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Fund either has the right to access the goods or has received the service. This amendment has no impact on the Fund because it does not enter into such promotional activities.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Fund:

- *IFRS 2 Share-based Payment*
- *IFRS 7 Financial Instruments: Disclosures*
- *IAS 8 Accounting Policies, Change in Accounting Estimates and Errors*
- *IAS 10 Events after the Reporting Period*
- *IAS 19 Employee Benefit*
- *IAS 27 Consolidated and Separate Financial Statements*
- *IAS 28 Investments in Associates*
- *IAS 31 Interest in Joint Ventures*
- *IAS 34 Interim Financial Reporting*
- *IAS 38 Intangible Assets*
- *IAS 39 Financial Instruments: Recognition and Measurement*
- *IAS 40 Investment Properties*
- *IFRIC 9 Reassessment of Embedded Derivatives*
- *IFRIC 16 Hedge of a Net Investment in a Foreign Operation*

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost, less any impairment losses. Cost of investments in subsidiaries acquired on reorganisation was valued as a share in subsidiaries' "equity items".

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in joint ventures and associates

The Fundy's investments in its joint ventures and associates are accounted for at cost, less any impairment losses. Associates are entities in which the Fund has significant influence and which are neither subsidiaries nor joint ventures of the Fund.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, and accumulated impairment.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of any decommissioning obligation, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Property, plant and equipment are depreciated on a straight-line basis over useful lives of each class of assets, as follows (in years):

	Years
Buildings and constructions	8 – 100
Machinery and equipment, and vehicles	3 – 50
Other	2 – 20

The expected useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expenses in the period when such costs are incurred. The expenditures that have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard performance (increase of useful life, capacity, etc.) are capitalized as an additional cost of fixed assets.

When property, plant and equipment is sold or retired, the cost and related accumulated depreciation are eliminated from accounts. Any resulting gains or losses are included in other operating income and expenses.

Intangible assets

Intangible assets, which represent the cost of software acquired and other intangible assets, are recorded at historical cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over the estimated useful economic life of the assets. Intangible assets are generally amortized over five years. The amortization of intangible assets is recognized expenses for the period consistent with the function of the intangible asset.

Impairment of non-financial assets

The Fund assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the Fund makes an estimate of its recoverable amount. An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

Investments in associates

The Fund determines at each reporting date whether there is any objective evidence that the investment in subsidiaries, associates and joint ventures is impaired. If this is the case the Fund calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognizes the amount in the separate statement of comprehensive income.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives. The Fund determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. The Fund's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables. The subsequent measurement of financial assets depends on their classification as follows:

Amounts due from credit institutions, loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are carried at amortized cost using the effective interest rate (EIR) method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the separate statement of comprehensive income. The losses arising from impairment are recognised as a separate line in the statement of comprehensive income.

Held-to-maturity investments

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

Available-for-sale financial investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. The comprise equity instruments, short-term and other debt instruments. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the separate statement of comprehensive income. Interest calculated using EIR, is recorded in the separate statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Fair value determination

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

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities

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

Impairment of financial assets

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

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

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the separate statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of revenue in the separate line of the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been sold or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit and losses in the separate statement of comprehensive income.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Fund first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the separate statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of revenue in the separate statement of comprehensive income. Financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been sold or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in finance income.

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

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

- are available for immediate transfer in their current condition;
- there is a firm intention to ensure their planned transfer;
- actions have been taken to execute the plan;
- there is a high possibility of making a transfer, and it is expected that the transfer will be made within one year from classification.

Non-current assets classified as held for transfer to the shareholder have been presented separately in the separate financial statements within current assets category on the face of the separate balance sheet.

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

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value on weighted average cost method. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Value Added Tax (VAT)

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on demand deposits, other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Fund's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and financial guarantee contracts.

Subsequent measurement

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

Loans and amounts due to the Government

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the separate statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in the statement of comprehensive income.

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to Government and credit institutions and initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently, amounts due are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the separate statement of comprehensive income over the period of the borrowings using the effective interest method. If the Fund purchases its own debt, it is removed from the separate balance sheets and the difference between the carrying amount of the liability and the consideration paid is recognised in net interest income.

Debt securities issued

Debt securities issued represent bonds issued by the Fund. They are accounted for according to the same principles used for loans and amounts due to the Government.

Financial guarantee contracts

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

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Options arising on investments acquisition

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

If a call-option does not provide a third party with access to benefit and risk of ownership of an interest, a call option is not accounted for the purposes of determination of Fund's significant influence. Fair value of the liability for the Fund under the option is recognized as a part of acquired investments. The financial liability is subsequently measured in accordance with the requirements of IAS 39. Changes in the fair value of a financial liability as well as any income or loss related to the settlement of these options are recorded directly in separate statement of comprehensive income.

Revenue recognition

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

Interest and similar income and expenses

For all financial instruments measured at amortised cost and interest bearing securities classified as available-for-sale, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Fund. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

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

Dividends

Revenue is recognized when the Fund's right to receive the payment is established.

Expense recognition

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

Income tax

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

Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

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

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

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is charged to retained earnings.

Dividends

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

Related Parties

Related parties include the Fund's Shareholder, key management personnel, associates and enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Fund's shareholders or key management personnel.

Contingent liabilities and contingent assets

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

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

Offsetting

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

Subsequent Events

The results of post-year-end events that provide evidence of conditions that existed at the reporting date (adjusting events) are reflected in the separate financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

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

Fair value of financial instruments

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

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

Allowance on impairment of amounts due from credit institutions

The Fund reviews its individually significant loans to credit institutions at each reporting date to assess whether an impairment loss should be recorded in the profit and losses. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Fund makes judgement about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans that have been assessed individually and found not to be impaired and all individually insignificant loans are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

The collective assessment takes account of data from loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc), concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risks and the performance of different individual groups). During 2009 the Fund management decided to reverse the reserve created in 2008. In 2008 the Fund accrued reserve for impairment of amounts due from credit institutions of 28,311 million Tenge. In 2009 the Fund decided to reverse allowance formed in 2008 (*Note 8*).

Impairment of Property, Plant and Equipment

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

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as expectations of growth in the industry, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate an impairment exists.

The recoverable amount and the fair values are typically determined using a discounted cash flow method, which incorporates reasonable market participant assumptions. The identification of impairment indicators, the estimation of future cash flows and the determination of fair values for assets (or group of assets) requires management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods. These estimates, including the methodologies used, can have a material impact on the fair value and ultimately the amount of any property, plant and equipment impairment. During 2009 and 2008 the Fund did not recognize impairment losses on property, plant and equipment.

Useful lives of items of property, plant and equipment

The Fund assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

Taxation

Taxable income is computed in accordance with the tax legislation enacted as of January 1, 2009. The Group accrues and pays corporate income tax (CIT) at a rate of 20% of taxable income in 2009. In November 2009 the Government of the Republic of Kazakhstan passed the legislation deferring the initially adopted gradual reduction of CIT rates in 2010 and 2011 down to 17.5% and 15%, respectively. According to the amendments introduced CIT rates will be reduced to 17.5% in 2013 and to 15% in 2014 onwards. As a result, the 2009 rates will remain in force through 2012, while the increase will take place in 2013 and 2014, respectively.

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the Fund would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, the determination of expected outcomes from pending tax proceedings and the outcome of ongoing compliance audits by tax authorities.

Deferred tax assets

Deferred tax assets are recognized for all allowances on doubtful accounts and other liabilities to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved, as well as successful application of tax planning strategies. The recognised deferred tax assets amounted to 15,089 million Tenge as at December 31, 2009 (2008: 5,501 million Tenge) (*Note 20*).

5. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2009 and 2008 investments in subsidiaries are presented as follows:

In millions of Tenge	**2009**	2008
"National Company Kazakhstan "Temir Zholy" JSC	**591,832**	590,254
"National Company "KazMunayGas" JSC	**544,354**	542,756
"Development Bank of Kazakhstan" JSC	**283,246**	96,878
"BTA Bank" JSC	**212,095**	–
"National Atomic Company "KazAtomProm" JSC	**147,275**	–
"Kazakhstan Electricity Grid Operating Company" JSC	**111,529**	89,142
"Kazakhtelecom" JSC	**88,733**	88,733
"Kazyna Capital Management" JSC	**54,444**	54,444
"Entrepreneurship development Fund "Damu" JSC	**39,521**	39,521
"Samruk-Energy" JSC	**28,984**	19,495
"Real Estate Fund "Samruk-Kazyna" JSC	**26,052**	–
"Investment Fund of Kazakhstan" JSC	**25,895**	24,383
"House Construction Saving Bank of Kazakhstan" JSC ("HCSBK" JSC)	**14,500**	–
"KazPost" JSC	**9,387**	9,387
"State Corporation for Insurance of Export Credit and Investments" JSC	**8,031**	8,031
"Air Astana" JSC	**7,276**	7,276
"Kazakhstan Fund of Guarantee of Mortgage Loans" JSC	**5,675**	4,208
"National Company "Kazakhstan Engineering" JSC	**3,462**	3,462
"International Airport Aktobe" JSC	**3,021**	3,021
"Samruk-Kazyna Contract" LLP	**2,193**	2,193
"United Chemical Company" JSC	**2,000**	–
"National Mining Company "Tau-Ken Samruk" JSC	**1,937**	–
"International Airport Atyrau" JSC	**1,196**	–
"KAMKOR" LLP	**932**	932
"SK Farmacy" LLP	**700**	–
"Samruk-Kazyna Invest" JSC	**394**	94
"Kazakh Research Institute named after Chokin" JSC	**219**	219
"KOREM" JSC	**161**	161
"Airport Pavlodar" JSC	**80**	80
"Alliance Bank" JSC	**–**	–
KGF IM	**–**	–
KGF Management	**–**	–
KGF SLP	**–**	–

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

In millions of Tenge	2009	2008
"Kazakhstan Investment Promotion Centre "KazInvest" JSC	–	–
"National Innovation Fund" JSC	–	23,001
"National Company Social-Entrepreneurship Corporation "Batys" JSC	–	2,100
"National Company Social-Entrepreneurship Corporation "Caspiy" JSC	–	3,523
"National Company Social-Entrepreneurship Corporation "Zhetysu" JSC	–	822
"National Company Social-Entrepreneurship Corporation "Ontustik" JSC	–	3,559
"National Company Social-Entrepreneurship Corporation "Sary-arka" JSC	–	8,904
"National Company Social-Entrepreneurship Corporation "Tobol" JSC	–	2,103
"National Company Social-Entrepreneurship Corporation "Ertis" JSC	–	1,651
"Corporation for Export Development and Promotion" JSC	–	1,467
Less: Impairment	(90,495)	
	2,124,629	1,631,800

The following table represents activity, country of incorporation or location of the Funds subsidiaries, as well as the Funds share in these subsidiaries:

Company	Activity	Country	Ownership 2009	Ownership 2008
"National Company "Kazakhstan Temir Zholy" JSC	Freight and passengers railway transportation	Kazakhstan	**100.00%**	100.00%
"National Company "KazMunaiGas" JSC	Oil and gas industry	Kazakhstan	**100.00%**	100.00%
"Development Bank of Kazakhstan" JSC	State investment activity	Kazakhstan	**100.00%**	100.00%
"BTA Bank" JSC	Bank services	Kazakhstan	**75.10%**	0.00%
"National Atomic Company "KazAtomProm" JSC	Uranium production	Kazakhstan	**100.00%**	0.00%
"Kazakhstan Electrical Grid Operating Company" JSC (KEGOC)	Transfer of electricity	Kazakhstan	**100.00%**	100.00%
"Kazakhtelecom" JSC	Services of fixed communication	Kazakhstan	**51.00%**	51.00%
"Kazyna Capital Management" JSC	Creation of investment funds	Kazakhstan	**100.00%**	100.00%
"Entrepreneurship Development Fund" "Damu" JSC	Development of small entrepreneurship	Kazakhstan	**100.00%**	100.00%
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	**94.01%**	94.17%
"Real Estate Fund "Samruk-Kazyna" JSC	Stabilization of real estate market	Kazakhstan	**100.00%**	0.00%
"Investment Fund of Kazakhstan" JSC	Assistance in realization of the strategy of industrial and innovation development	Kazakhstan	**100.00%**	100.00%
"House Construction Saving Bank of Kazakhstan" JSC	Development of house construction savings system	Kazakhstan	**100.00%**	0.00%
"Kazpost" JSC	Postal activity and financial services	Kazakhstan	**100.00%**	100.00%
"State Corporation for Insurance of Export Credit and Investments" JSC	Insurance services	Kazakhstan	**100.00%**	100.00%
"Air Astana" JSC	Passengers air transportation	Kazakhstan	**51.00%**	51.00%
"Kazakh Fund of Guarantee of Mortgage Loan" JSC	Guarantee of mortgage loan	Kazakhstan	**100.00%**	88.70%
"National Company Kazakhstan Engineering" JSC	Industry	Kazakhstan	**100.00%**	100.00%
"International Airport Aktobe" JSC	Airport services	Kazakhstan	**100.00%**	0.00%
"Samruk-Kazyna Contract" LLP	Projects management	Kazakhstan	**100.00%**	100.00%
"United Chemical Corporation" LLP	Development of chemical industry	Kazakhstan	**100.00%**	0.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry	Kazakhstan	**100.00%**	0.00%
"International Airport Atyrau" JSC	Airport services	Kazakhstan	**100.00%**	0.00%
"KAMKOR" LLP	Repair of railway rolling equipment and track	Kazakhstan	**100.00%**	100.00%

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Company	Activity	Country	Ownership 2009	Ownership 2008
"SK-Pharmacy" LLP	Purchase of medicine within the limits of guaranteed medical aid for population	Kazakhstan	**100.00%**	0.00%
"Samruk-Invest" LLP	Professional services on investment projects	Kazakhstan	**100.00%**	100.00%
"Kazakh Research Institute named after Chokin" JSC	Scientific work	Kazakhstan	**50.00%**	50.00%
"KOREM" JSC	Operator of electricity market	Kazakhstan	**100.00%**	100.00%
"Airport Pavlodar" JSC	Airport services	Kazakhstan	**100.00%**	100.00%
"Alliance Bank" JSC	Bank services	Kazakhstan	**96.01%**	0.00%
KGF IM	Financial transactions	Cayman Islands	**100.00%**	0.00%
KGF Management	Financial transactions	Cayman Islands	**100.00%**	0.00%
KGF SLP	Financial transactions	Cayman Islands	**100.00%**	0.00%
"Kazakhstan Center of Investment Assistance "KazInvest" LLP	Investment activity	Kazakhstan	**0.00%**	0.00%
"National Innovation Fund" JSC	Venture investments and development of knowledge-intensive production	Kazakhstan	**100.00%**	100.00%
"National Company Social-Entrepreneurship Corporation "Batys" JSC	Assistance to economical development of Aktobe and West Kazakhstan oblasts	Kazakhstan	**100.00%**	100.00%
"National Company Social-Entrepreneurial Corporation "Caspiy" JSC	Assistance to economical development of Atyrau and Mangistau oblasts	Kazakhstan	**48.54%**	100.00%
"National Company Social-Entrepreneurship Corporation "Zhetysu" JSC	Assistance to economical development of Almaty oblast and Almaty	Kazakhstan	**28.86%**	100.00%
"National Company Social-Entrepreneurship Corporation "Ontustik" JSC	Assistance to economical development of South Kazakhstan, Zhambyl and Kyzylorda oblasts	Kazakhstan	**36.55%**	52.89%
"National Company Social-Entrepreneurship Corporation "Sary-arka" JSC	Assistance to economical development of Akmola, Karaganda oblast and Astana	Kazakhstan	**97.98%**	100.00%
"National Company Social-Entrepreneurship Corporation "Tobol" JSC	Assistance to economical development of Kostanai and North Kazakhstan oblasts	Kazakhstan	**36.41%**	100.00%
"National Company Social-Entrepreneurship Corporation "Ertis" JSC	Assistance to economical development of East Kazakhstan and Pavlodar oblast	Kazakhstan	**43.29%**	100.00%
"Corporation for Export Development and Promotion "KAZNEX" JSC	Export support	Kazakhstan	**0.00%**	100.00%

Acquisition of Alliance Bank JSC

On February 1, 2009 the Fund and Seimar Alliance Financial Corporation ("SAFC"), controlling shareholder of Alliance Bank JSC ("Alliance Bank"), concluded a sales and purchase agreement for shares of Alliance Bank. In accordance with the sales agreement, the Fund has got an option to acquire 76% of ordinary voting shares of Alliance Bank for a fixed consideration of 100 Tenge upon occurrence of all the following conditions:

- Amendments to certain laws and regulations of the Republic of Kazakhstan allowing the Fund's direct ownership of Alliance Bank;
- Placement by the Fund of a 24 billion Tenge deposit with Alliance Bank;

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Acquisition of Alliance Bank JSC (continued)

- Approval of the acquisition by Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Organizations ("FMSA");
- Approval of the acquisition by the Agency of the Republic of Kazakhstan for Regulation of Natural Monopolies, if needed.

These conditions were either within control of the Fund or considered perfunctory.

On February 2, 2009 the Fund and "Alliance Bank" JSC signed a bank deposit agreement for the placement of a 24 billion Tenge deposit with Alliance Bank JSC to support its financial stability and further capitalization. In addition, in February of 2009 the Fund and SAFC concluded an agreement to pledge 7,324,548 shares of Alliance Bank's issued and outstanding ordinary shares to the Fund. SAFC had no discretion to terminate the pledge agreement even upon repayment of the deposit. The agreement has resulted in a transfer of 76% voting rights to the Fund. As a result of above-mentioned events, the Fund obtained control over Alliance Bank, starting from February 2, 2009.

Alliance Bank JSC has defaulted on certain of its liabilities and has entered into negotiations with its creditors in order to restructure its liabilities. On July 6, 2009 the Bank entered into a memorandum of understanding with the creditors' steering committee with respect to the restructuring. On July 21, 2009 FMSA approved the indicative restructuring and recapitalization plan. The Fund's decision to exercise its option to acquire 76% of ordinary voting shares of Alliance Bank was subject to successful completion of the restructuring.

On December 15, 2009 Board of Creditors of Alliance Bank JSC has approved the Restructuring plan of the bank's liabilities with condition of obligatory purchase 100% of all outstanding shares of Alliance Bank JSC by the Fund and additional bank's capitalization.

On December 30, 2009 in accordance with the Law of the Republic of Kazakhstan on Banks and Banking Activity the FMSA made an offer to the Government, and the Government, represented by the Fund, agreed to purchase a 100% share of all outstanding shares of Alliance Bank JSC for the consideration of 1 Tenge. As a part of the Alliance Bank JSC Shares Purchase Agreement the Fund has undertaken commitments for additional bank's capitalization (*Notes 23 and 24*).

Acquisition of BTA Bank JSC

On February 2, 2009 in accordance with the Law of the Republic of Kazakhstan on Banks and Banking Activity FMSA made an offer to the Government, and the Government, represented by the Fund, agreed to purchase a controlling stake in BTA Bank JSC ("BTA Bank"). The purchase was carried out through the issue of an additional 25,246,343 shares at the price of 8,401 Tenge per share, for total consideration of 212,095 million Tenge, which provided the Fund with a 75.1% interest in the bank's capital.

Other changes in the investments to subsidiaries

In accordance with the Resolution of the Government No.10 dated January 15, 2009 the state-owned shares of National Atomic Company "KazAtomProm" JSC (100%) and NMC Tau-Ken Samruk JSC (100%) were transferred to the Fund (*Note 13*). Subsequently, on July 17, 2009 the Fund made additional investment to the NMC Tau-Ken Samruk JSC in the amount of 1,112 million Tenge.

In 2009 in accordance with the Resolution of the Government No.1100 dated July 20, 2009 the Fund has transferred 100% shares (282,877 shares) of "Corporation for Export Development and Promotion "KazNEX" JSC to the Government in exchange for 11.3% of the state owned shares of Kazakh Fund of Guarantee of Mortgage Loan JSC (50,000 shares).

In accordance with the Resolution of the Government No.1148 dated July 27, 2009 the state-owned shares in House Construction Savings Bank of Kazakhstan JSC (100%), Institution of Organic Catalysis and Electrical Chemistry JSC (100%) and Institution of Chemical Sciences named after A.B.Bekturov JSC (100%) were transferred to the Fund (*Note 13*).

In 2009 the Fund has made the following contributions to the charter capitals of subsidiaries with the funds obtained from the Republican budget:

- to the charter capital of National Company Kazakhstan Temir Zholy JSC and Investment Fund of Kazakhstan JSC at the amount of 1,578 million Tenge and 1,512 million Tenge, respectively, for the purposes of financing concession project "Construction and operation of new railway route "Shar – Ust-Kamenogorsks" through capitalization of the concession company.

5. INVESTMENTS IN SUBSIDIARIES (continued)

Other changes in the investments to subsidiaries (continued)

- to the charter capital of Samruk-Energo JSC at the amount of 9,489 million Tenge. Contribution to the charter capital was made in order to finance purchase of 50% share in Bogatyr Komir LLP.

- to the charter capital of KEGOC JSC to the total amount of 19,697 million Tenge. Contributions to the charter capital were made in order to finance projects on construction of Alma substation for 500 kilowatt and schemes of power distribution from Moinak GES.

Also, in accordance with the Resolution of the Government No.1453 dated September 28, 2009, the Fund also made additional contribution to the charter capital of Development Bank of Kazakhstan JSC at the amount of 165 billion Tenge, 115 billion Tenge of which were intended for realization of innovation, industrial and infrastructure projects in accordance with Stabilization Plan. The remaining amount is intended for replenishment of working capital of Development Bank of Kazakhstan JSC.

In 2009, the Fund has established a subsidiary, Real Estate Fund Samruk-Kazyna JSC, within the framework of measures on resolving problems at the real estate market in accordance with Stabilization Plan and contributed 15 billion Tenge to its charter capital. Moreover, the Fund provided loans to Real Estate Fund Samruk-Kazyna JSC at the below- market interest rates (*Note 7*). The discount on these loans at the amount of 11,052 million Tenge was recognized as increase in investments to Real Estate Fund Samruk-Kazyna JSC.

In 2009, the Fund has established subsidiaries, United Chemical Company LLP and SK-Pharmacy LLP, and subsequently in 2009 the Fund has made contributions to their charter capitals to conduct business at the amounts of 2,000 million Tenge, and 700 millon Tenge respectively. Similar contribution at the amount of 300 million Tenge was made to the charter capital of Samruk-Kazyna Invest LLP.

In 2009, the Fund has established KGF IM, KGF Management and KGF SLP and has contributed 151 thousand Tenge to the charter capital of each of these companies. The companies are registered at Cayman Islands.

In 2009, the Fund and National Company "KazMunaiGas" JSC has entered into agreement, according to which the Fund had exchanged 50% shares of KazMorTransFlot JSC to 100% shares of International Airport Atyrau JSC. The fair value of 100% shares of International Airport Atyrau JSC was estimated at 1,196 million Tenge by independent appraiser as at the date of transaction. Prior to the transaction, the investment was accounted for as an investment to the joint venture (*Note 6*). The Fund has recognized income from disposal of investments to KazMorTransFlot JSC at the amount of 59 million Tenge.

In 2009, the Fund has contributed 100% shares of Institution of Organic Catalysis and Electrical Chemistry JSC and 100% shares of Institution of Chemical Sciences named after A.B.Bekturov JSC, and property at the amount of 23 million Tenge to the charter capital of National Company "KazMunaiGas" JSC.

In 2009, the Fund recognized an impairment loss on investments in BTA Bank JSC for 84 billion Tenge. The recoverable amount of investments in BTA Bank JSC was determined as the fair value less cost to sell. The fair value of the investment is the estimated selling price of the bank derived from the expected net assets of the bank based on the Information Memorandum on Debt Restructuring and multipliers in comparable transactions.

In accordance with Resolution of the Government No. 1099 dated July 20, 2009 and No. 2123 dated December 15, 2009, in June 2009 the Fund has commenced development and implementation of procedures related to transfer of the following subsidiaries to the state ownership:

In millions of Tenge	**As at December 31, 2009**
"National Innovation Fund "JSC	**23,001**
"National Company Social-Entrepreneurship Corporation "Sary-arka" JSC	**8,904**
"National Company Social-Entrepreneurship Corporation "Ontustik" JSC	**3,559**
"National Company Social-Entrepreneurship Corporation "Caspiy" JSC	**3,523**
"National Company Social-Entrepreneurship Corporation "Batys" JSC	**2,100**
"National Company Social-Entrepreneurship Corporation "Ertys" JSC	**1,651**
"National Company Social-Entrepreneurship Corporation "Tobol" JSC	**2,103**
"National Company Social-Entrepreneurship Corporation "Zhetysu" JSC	**822**
Less: Impairment	**(3,206)**
Total	**42,457**

Due to expected disposal of investments to the abovementioned subsidiaries, these investments were recognized as assets classified as held to be transferred to the shareholder as at December 31, 2009.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Other changes in the investments to subsidiaries (continued)

In accordance with the Regulation of the Government No. 2123 dated December 15, 2009 the Fund and the Committee of State Property and Privatization of the Ministry of RK ("Committee") has entered into the swap contract. According to this contract, the Fund shall transfer shares of social-entrepreneurship corporations ("SEC") to the Committee in exchange for the state-owned shareholding of Pavlodar Oil and Chemistry Plant JSC (42%, "PNHZ"), Kazakh – Britain Technical University JSC (1.67%, "KBTU"), Karagandagiproshakht LLP (90%), real estate and other property. On March 10, 2009 the Fund has transferred SEC shares to the state ownership and obtained shares of PNHZ and KBTU.

These separate financial statements do not comprise financial results of subsidiaries and were prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan. Investments in subsidiaries in the separate financial statements are specified at cost less any impairment.

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

As at December 31, 2009 and 2008 investments in associates and joint venture were presented as follows:

In millions of Tenge	**December 31, 2009**	December 31, 2008
Joint ventures:		
"KazMorTransFlot" JSC	–	1,136
Associates:		
"Halyk Bank of Kazakhstan" JSC ("Halyk Bank")	**84,070**	–
"Kazkommertsbank" JSC	**48,346**	–
"Maikainzoloto" JSC	**281**	281
"Astana-Finance" JSC	**6,516**	6,516
Less: Impairment	**(6,516)**	(5,349)
	132,697	2,584

In 2009 and 2008 the Fund has recognized impairment loss at the amount of 1,167 million Tenge and 5,349 million Tenge, respectively, representing writing off investments in Astana Finance JSC ("Astana Finance") to their recoverable amount. Impairment was recognized in the separate statement of comprehensive income. Recoverable amount was based on the Fund's share in net assets of Astana Finance as at December 31, 2009 and 2008.

As at December 31, activities of associates and joint venture, countries of residence and the Funds share in these organizations were as follows:

			% in charter capital	
Company	**Activity**	**Country**	**December 31, 2009**	December 31, 2008
Joint ventures:				
"KazMorTransFlot" JSC	Sea transportation of oil and other cargos	Kazakhstan	–	50.00%
Associates:				
"Halyk Bank" JSC	Banking services	Kazakhstan	**26.81%**	–
"Kazkommertsbank" JSC	Banking services	Kazakhstan	**18.30%**	–
"Maikainzoloto" JSC	Gold production	Kazakhstan	**25.00%**	25.00%
"Astana-Finance" JSC	Finance organization	Kazakhstan	**5.52%**	5.52%

In 2009, the Fund has exchanged 50% share in KazMorTransFlot JSC to 100% share in International Airport Atyrau JSC (*Note 5*).

Under the Stabilization Plan during 2009 the Fund made the following acquisitions of shares of second tier banks:

- On May 14, 2009 the Fund has purchased 165,517,241 ordinary shares of Kazkommertsbank JSC at the price of 217.5 Tenge per share, as the result of which 36,000 million Tenge were invested to the Bank's equity.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)

- On March 27 and March 29, 2009 the Fund has purchased 259,064,909 ordinary shares and 196,232,499 preferred shares of Halyk Bank JSC at the price of 104.03 Tenge per share and 168.42 Tenge per share, respectively, as the result of which 60,000 million Tenge were invested to the Bank's equity.

Purchases were performed through additional issue and the Fund's share in the total number of ordinary shares of Kazkommertsbank JSC and Halyk Bank JSC as at the date of purchase was 21.28% and 20.97%, respectively. Subsequently, a part of shares purchased by the Fund were transferred to fiduciary management to Kazkommertsbank JSC shareholders.

As a part of purchase of shares of Kazkommertsbank JSC and Halyk Bank JSC, the Fund also obtained call and put options to sell purchased shares effective in a period from 1st to 5th year as from the date of purchase. As at the date of a purchase, fair value of options put and call liabilities amounted to 12,346 million Tenge for Kazkommertsbank JSC and 24,071 million Tenge for Halyk Bank JSC, and was recognized as a part of the cost of investments. As at December 31, 2009, fair value of these option liabilities amounted to 130,541 million Tenge. Change in fair value of options was recognized in profit and loss.

7. LOANS ISSUED

Loans issued comprised the following as at December 31, 2009 and 2008:

In millions of Tenge	**2009**	2008
Bonds issued by subsidiaries (*Note 14*)	**693,608**	
Loans to subsidiaries (*Note 21*)	**79,527**	3,877
Loans to construction companies	**16,244**	–
Interest accrued	**34,909**	–
Gross loans	**824,288**	3,877
Less: current portion	**(107,384)**	(3,877)
Non-current portion	**716,904**	–

The following table provides analysis of loans issued by maturities at December 31, 2009 and 2008:

In millions of Tenge	**December 31, 2009**	December 31, 2008
Loans for which no impairment has been identified:		
- Neither past due, nor impaired	**805,199**	3,877
Past due, but not impaired:		–
- overdue less than 30 days	**106**	–
- overdue from 30 to 90 days		–
- overdue from 90 to 180 days	**18,056**	–
- overdue from 180 to 360 days	**927**	–
- overdue over 360 days	**–**	–
Total overdue loans	**19,089**	
Total loans issued	**824,288**	3,877

In millions of Tenge	**December 31, 2009**	December 31, 2008
Maturities less than 1 year	**49,124**	**3,877**
Maturities between 1 and 5 years	**47,991**	**–**
Maturities over 5 years	**727,173**	**–**
	824,288	**3,877**

Interest-free financial aid to Samruk-Energy JSC

On September 2, 2009 the Fund has entered into agreement with Samruk-Energy JSC, under which the Fund has issued interest-free financial aid at the amount of 10,113 million Tenge maturing on December 31, 2009. This financial aid was provided to finance Almaty Energy Complex reconstruction and construction projects. Subsequently, the maturity of financial aid was prolonged to May 31, 2010. Carrying amount of this financial aid was approximately equal to its fair value.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

7. LOANS ISSUED (continued)

Loan issued to Samruk-Energy JSC

On November 23, 2009 the Fund has entered into credit agreement with Samruk-Energy JSC to the total amount of 45,300 million Tenge for the purpose to refinance syndicated loan obtained to finance purchase of 50% share in Forum Muider, which owns "Bogatyr Komir" LLP. Annual interest rate on this acquisition equals to the basic rate equal to 6-months LIBOR and 4.30% margin multiplied by 1.2 coefficient. In 2009, the Fund issued two tranches under this loan agreement:

- On November 23, 2009 at the amount of 42,282 million Tenge (equivalent of 283,960 thousand US dollars); and
- On December 23, 2009 at the amount of 2,741 million Tenge (equivalent of 18,458 thousand US dollars as).

This loan was issued from funds obtained within the credit facility of State China Development Bank (*Note 14*).

The loan was issued in Tenge, though, according to the contractual terms, repayment of principal and accrued interest shall be adjusted according to the USD exchange rate. Indexation coefficient shall be calculated as ratio of Tenge exchange rate to USD as at the date of payment to the relevant exchange rates as at the date of obtaining the loan. Respectively, management concluded that this loan is USD denominated. This loan is recorded less received commission on transaction at the amount of 792 million Tenge.

In 2010 Samruk-Energy JSC has repaid this loan and the Fund has granted a new tranche maturing in 2029 in the amount of 47,622 million Tenge at the interest rate of 1% per annum multiplied by 1.2 from funds obtained from issue of the Fund's bonds to the National Bank of the Republic of Kazakhstan ("NBK") (*Note 15*).

Loans issued to Real Estate Fund Samruk-Kazyna JSC

In 2009, the Fund has provided loans to Real Estate Fund Samruk-Kazyna JSC in the total amount of 34,147 million Tenge for 15 years at 1.5% interest rate. When initially recognized, these loans were estimated at fair value totaling 23,298 million Tenge, using relevant market interest rate. The difference between nominal value of loans and their fair value at the amount of 11,052 million Tenge was recognized as the increase of investments to Real Estate Fund Samruk-Kazyna JSC. In 2009, the Fund has recognized amortization of discount on these loans at the amount of 204 million Tenge as interest income (*Note 17*).

Loans issued to construction companies

In 2009, in accordance with the Resolution of the Government of the Republic of Kazakhstan No. 519 dated April 14, 2009 the Fund has issued short-term interest-free loans to the number of construction companies to finance completion of construction of objects in Astana and Almaty. Moreover, on September 4, 2009 the Fund has concluded assignment agreement, according to which the debt of Astana-Finance JSC to the Fund under targeted loan for financing construction of objects under budget investment projects at the amount of 8,500 million Tenge was transferred to three construction companies, borrowers of Astana-Finance JSC.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amount due from credit institutions comprised the following at December 31, 2009 and 2008:

In millions of Tenge	**December 31, 2009**	December 31, 2008
10 largest local banks	**362,965**	132,681
Other local credit institutions	**219,921**	81,802
Interest accrued	**12,903**	2,663
Gross loans	**595,789**	217,146
Less: impairment allowance	**-**	(28,311)
Net loans	**595,789**	188,835
Less: current portion	**(96,279)**	(23,154)
Non-current portion	**499,510**	165,681

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

In millions of Tenge	2009	2008
Rating BBB	4,473	
Ratings lower than B+	367,904	114,507
No rating	223,413	74,328
	595,790	188,835

The movements in allowance for impairment of amounts due from credit institutions were as follows:

In millions of Tenge	2009	2008
As at January 1, 2009 / November 3, 2008	28,311	–
Charge for the year / period	–	28,311
Allowance reversal	(28,311)	
As at December 31	–	28,311

As at December 31, 2008 allowance for impairment of the amounts due from credit institutions was represented by impairment of targeted deposits placed in BTA Bank JSC. In 2009, owing to the fact that the Fund has obtained control over BTA Bank JSC, the Fund's management has taken decision to reverse this reserve.

The following table provides analysis of amounts due from credit institutions by maturities at December 31, 2009 and 2008:

In millions of Tenge	December 31, 2009	December 31, 2008
Amounts for which no impairment has been identified:		
- Neither past due, nor impaired	595,770	188,835
Past due, but not impaired:		
- overdue less than 30 days	19	–
- overdue from 30 to 90 days	–	–
- overdue from 90 to 180 days	–	–
- overdue from 180 to 360 days	–	–
- overdue over 360 days	–	–
Total amounts due from credit institutions	595,789	188,835

In millions of Tenge	December 31, 2009	December 31, 2008
Maturities less than 1 year	39,520	11,612
Maturities between 1 and 5 years	203,584	54,119
Maturities over 5 years	352,685	123,104
	595,789	188,835

As at December 31, 2009 the amounts due from credit institutions are mostly presented by loans to the following financial organizations:

- Entrepreneurship Development Fund Damu JSC ("Damu Fund") to the amount of 95.6 billion Tenge in order to finance the subjects of small and medium business. These loans had interests at the rate of 6.5% and 7%;
- To the second tier banks to finance construction companies in order to complete construction of residential objects in Astana and Almaty and for support and development of agricultural complex at the amount of 66 billion Tenge and 19 billion Tenge, respectively. These loans had interests at the rate between 8.7% and 9.5%.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Also, in 2009 the Fund made the following placements under Stabilization Plan (*Note 1*):

In the first quarter of 2009 the Fund issued a loan to its subsidiary, Damu Fund, at the amount of 120 billion Tenge to the term of 7 year with 5.5% interest rate. From obtained amount, Damu Fund issued loans totaling 117 billion Tenge to certain Kazakhstan banks. The loans were issued to finance and refinance the subjects of small and medium business under Stabilization Plan. Damu Fund itself shall use 3 billion Tenge for the same purposes.

In the first half of 2009 the Fund has placed deposits in certain Kazakhstan banks to the amount of 120 billion Tenge in order to use them to refinance mortgage loans issued to citizens and 17,224 million Tenge to finance construction companies in order to complete construction of residential objects in Astana and Almaty. Interest rate on these loans was accrued at 7% per annum.

Cash for the abovementioned distributions was obtained through issuance of the Fund's bonds to the National Bank of the Republic of Kazakhstan (*Note 15*).

In addition, the Fund has placed 144 billion Tenge at the deposit accounts with Kazkommertsbank JSC and Halyk Bank JSC with interest rate of 8% for the purpose to extend loans for the real economy projects. This placement was performed at the expense of amounts obtained from contribution to the charter capital made by the Government (*Note 13*).

9. ADVANCES ISSUED FOR NON-CURRENT ASSETS

On December 9, 2009 the Fund has entered into agreement with Ekibastuz Holdings B.V. and Kazakhmys PLC relating to purchase of 50% ownership in Ekibastuz GRES-1 LLP. On December 11, 2009 the Fund has paid advance at the amount of 680,854 thousand US dollars (equivalent to 101,080 million Tenge at the exchange rate as of the date of payment) for these shares. As at the date of issue of these separate financial statements Ekibastuz Holdings B.V. has transferred 50% of ownership in Ekibastuz GRES-1 LLP to the Fund (*Note 24*).

10. SHORT-TERM BANK DEPOSITS

As at December 31, 2009 short-term bank deposits comprise deposits placed with Kazakhstan banks. The weighted average rate for short-term bank deposits was 10.23%. Maturities of short-term bank loans vary from 3 to 12 after the reporting date.

11. OTHER CURRENT ASSETS

In millions of Tenge	**31 December 2009**	31 December 2008
Restricted cash	**24,000**	–
Prepayment to the Shareholder on dividends	**8,645**	–
Other	**1,992**	304
	34,637	304

Restricted cash comprise cash placed on current account with the National Bank of the Republic of Kazakhstan intended for purchase of ordinary shares of Alliance Bank JSC (*Notes 23 and 24*).

12. CASH AND CASH EQUIVALENTS

In millions of Tenge	**December 31, 2009**	December 31, 2008
Current accounts with banks – Tenge	**420,296**	123,118
Current accounts with banks – US Dollars	**43,870**	–
Term bank deposits – Tenge	**73,701**	592,169
Less: Impairment	**–**	–
	537,867	715,287

As at December 31, 2009 weighted average interest rate for most current accounts placed with Kazakhstan banks is equal to 1.14% (2008: 4.88%)

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Fund. As at December 31, 2009, the weighted average interest rate for time deposits with banks was 0.25% (2008: 0.25%).

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

12. CASH AND CASH EQUIVALENTS (continued)

Total amount of Fund's cash balances on the bank accounts include funds allocated from the State budget and National Fund for Government's programs,

As of December 31, 2009 these cash balances were accumulated on the accounts of the National Bank and amounted to 353 billion Tenge, including:

- 190 billion Tenge from the National Bank under the Stabilization Plan;

- 48.4 billion Tenge for loan refinancing of Samruk-Energy JSC related to the purchase of 50% share of Bogatir-Komir LLP;

- 38.2 billion Tenge from the State budget for the purpose of financing of projects realized by the Fund;

- 27.3 billion Tenge – loan issued by the Government for the subsequent financing of Kazakhstan Development Bank JSC, KPI JSC and House Construction Savings Sank of Kazakhstan JSC;

- 49.1 billion Tenge from Kazyna JSC in 2006-2008 for the purpose of investment projects financing.

13. EQUITY

Share capital

During 2009 and 2008 the Fund made issue of shares, which were contributed as follows:

Payment for shares	Number of shares authorized and issued	Par value, in Tenge	Share capital, in Millions of Tenge
Merger of Samruk and Kazyna	2,816,433,936	1,000	2,816,434
Cash contributions	607,809,000	10,000,1,000	610,590
Contributions of state-owned shares	3,189,907	10,000	31,899
As at December 31, 2008	**3,427,432,843**		**3,458,923**
Cash contributions	15,274,340	10,000,1,000	67,346
Contributions of state-owned shares	22,203,019	10,000,1,000	222,030
As at December 31, 2009	**3,464,910,202**		**3,748,299**

As at December 31, 2009 3,464,910,202 shares were fully paid (2008: 3,427,432,843 shares).

Share capital of the Fund was established through a series of share issues, paid by capitalization of retained earnings, contributions with state-owned shareholdings of entities under common control of the Government, cash and other property contributions, as described below:

2008

Merger of Samruk and Kazyna

- According to the Decree of the President of the Republic of Kazakhstan No.669 dated October 13, 2008 and Resolution of the Government of the Republic of Kazakhstan No.962 dated October 17, 2008, on November 3, 2008 net assets of Samruk and Kazyna were contributed to the Fund's share capital.

Contributions of state-owned shares

- In accordance with the Resolution of the Government of the Republic of Kazakhstan No.962 dated October 17, 2008, on December 24, 2008 shares of seven social-entrepreneurship corporations and Kazakhstan Fund of Guarantee of Mortgage Loan JSC were transferred to the Fund (*Note 5*).

Cash contributions

In accordance with the Law of the Republic of Kazakhstan No. 8-IV "On budget" for 2008 dated December 6, 2007, during the period from 6 November to December 31, 2008 the Government contributed cash to the Fund's equity at the amount of 607,500 million Tenge. This amount was intended for implementation of Stabilization Plan approved by the Government in 2008 (*Note 1*).

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

Share capital (continued)

2008 (continued)

Cash contributions (continued)

- In accordance with the Regulation of the Government of the Republic of Kazakhstan No.1236 dated December 24, 2008, on December 31, 2008 an amount of 3,090 million Tenge was contributed the Fund's equity. This amount was intended for financing of concession project "Construction and operation of new railway line "Shar – Ust-Kamenogorsk".

2009

Contributions of state-owned shares

- In accordance with the Resolution of the Government of the Republic of Kazakhstan No.962 dated October 17, 2008, on January 19, 2009 state-owned shares of National Atomic Company "KazAtomProm" JSC were transferred to the Fund.
- In accordance with the Resolution of the Government of the Republic of Kazakhstan No.10 dated January 15, 2009, on April 15, 2009 state-owned shares of National Mining Company "Tau-Ken Samruk" were transferred to the Fund. National Mining Company "Tau-Ken Samruk" JSC was established in 2009.
- In accordance with the Resolution of the Government of the Republic of Kazakhstan No.1148 dated July 27, 2009, on August 20, 2009 state-owned shares of House Construction Savings Bank of Kazakhstan JSC, Institution of Organic Catalysis and Electrical Chemistry JSC and Institution of Chemical Sciences named after A.B.Bekturov JSC were transferred to the Fund.

Cash contributions

- In accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2009-2011" dated 4 December 4 декабря 2008, during 2009 the Government contributed an amount of 67,346 million Tenge to the Fund's equity. This amount was mostly intended for financing of investment projects implemented by subsidiaries and for financing of measures on implementation of state housing program and to extend loans for small and medium business.

14. BORROWINGS

Borrowings, including accrued interest, comprised the following as at December 31, 2009 and 2008:

In millions of Tenge	**December 31, 2009**	December 31, 2008
Bonds issued, purchased by subsidiaries:		–
- BTA Bank JSC	**507,656**	–
- Alliance Bank JSC	**82,616**	
- National Company KazMunaiGas JSC	**66,527**	–
- Development Bank of Kazakhstan JSC	**63**	
Credit facility of State China Development Bank	**88,887**	–
Less: amounts due for settlement within 12 months	**(13,622)**	–
Amounts due for settlement after 12 months	**732,127**	–

In millions of Tenge	**December 31, 2009**	December 31, 2008
Tenge-denominated borrowings	**656,862**	–
US dollar-denominated borrowings	**88,887**	–
	745,749	–

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

14. BORROWINGS (continued)

Bonds exchange with BTA Bank JSC and Alliance Bank JSC

During March 2009 BTA Bank JSC and Alliance Bank JSC placed coupon bonds with 9% coupon interest to the total amount of 645 billion Tenge and 105 billion Tenge, respectively, with maturity within 6-15 years. All these bonds were purchased by the Fund. At the same time, the Fund issued 750,000,000 coupon bonds at the total amount of 750 billion Tenge with similar maturity and 4% coupon interest. A part of these bonds at the amount of 645 billion Tenge was purchased by BTA Bank JSC; another part to the amount of 105 billion Tenge was purchased by Alliance Bank JSC. Subsequently, BTA Bank JSC and Alliance Bank JSC sold the Fund's bonds to the National Bank of the Republic of Kazakhstan under reverse repurchase agreements. Bonds receivable and bonds payable were discounted using 12.3% and 7.4% rates, respectively, which were approximately equal to the market interest rate, applicable for the Fund and these banks as at the transaction date. The difference in obtained discounts between bonds placed and purchased at the amount of 32,548 million Tenge for BTA Bank and 5,298 million Tenge for Alliance Bank JSC was recognized as interest income (*Note 17*). In 2009 the Fund has recognized amortization of discount on these bonds totaling 3,572 million Tenge as interest expenses (*Note 18*).

Bonds exchange with NC KazMunaiGas JSC

In July 2009, KMG issued bonds on KASE with nominal value of 190 billion Tenge with coupon rate of 5% per annum, maturing in 2044. At the same time, the Fund issued bonds on KASE with coupon rate of 4% per annum on similar terms. KMG and the Fund exchanged these bonds. KMG pledged the Fund's bonds in NBK under repurchase agreement and obtained 180.5 billion Tenge from NBK to the period of four months (subsequently, the period was prolonged on the monthly basis) at 8.5% per annum. Bonds receivable and bonds payable were discounted at the rate of 12.5%, which is approximately equal to the market interest rate applicable for the Fund and KMG as at the transaction date. Net discount obtained at the amount of 14,982 million Tenge was recognized as interest income (*Note 17*). In 2009, the Fund has recognized amortization of discount on these bonds totaling 13,468 thousand Tenge as interest expenses (*Note 18*).

Bonds exchange with Development Bank of Kazakhstan JSC

In 2009, Development Bank of Kazakhstan JSC purchased the Fund's bonds at the total amount of 53,142 million Tenge. The bonds are maturing after 50 years with 0.1% coupon rate. When initially recognized, the bonds were measured at fair value equal to 61 million Tenge using approximate market interest rate of 15.74%. Realization was performed concurrently with the purchase of Development Bank of Kazakhstan JSC bonds for the similar consideration except for the fact that purchased bonds have optional coupon, and Development Bank of Kazakhstan JSC can unilaterally and unconditionally reject its repayment without any further liabilities from the bank. Optional coupon for 2009 amounted to 907 million Tenge and was recognized as dividend income.

Credit facility of State China Development Bank

On June 22, 2009 the Master financial agreement for opening of credit facility for 3 billion US dollars was signed between the Fund, State China Development Bank and Development Bank of Kazakhstan JSC, acting as an operator. According to this agreement State China Development Bank shall provide USD-denominated long-term loans to the Fund to the total amount of 3 billion US dollars with interest rate of 6-m LIBOR plus 4.3%. Loans are assigned to support and development of industrial production and other economy sectors between China and Kazakhstan. The Fund has obtained 3 tranches to the total amount of 600 million US dollars under this credit facility (equal to 88,987 million Tenge at the exchange rate as at the date of issue). These loans were recorded less transaction costs at the amount of 1,336 million Tenge. The purpose of the amounts obtained under these loans is as follows:

- Tranche 1 – 300 million US dollars – granting loan to Samruk-Energy JSC for the purpose to refinance the syndicated loan obtained for purchase of 50% share in Forum Muider, which owns Bogatyr Komir LLP (*Note 7*);
- Tranche 2 – 200 million US dollars – granting loan to Kazakhmys Finance PLC for development of gold and copper deposits Nurkazgan and Abyz (*Note 24*);
- Tranche 3 – 100 million US dollars – granting loan to Kazakhmys Finance PLC for development of gold deposit Bozymchak (*Note 24*).

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

15. AMOUNTS DUE TO THE GOVERNMENT

In millions of Tenge	**December 31, 2009**	December 31, 2008
Bonds placed by NBK	**191,991**	–
Loan from the Ministry of Finance of RK	**14,871**	–
	206,862	–

In 2009 the Fund has placed 480,000 and 149,900,000 coupon bonds with nominal value of 1,000,000 Tenge and 1,000 Tenge per bond, respectively, to the total amount of 629,900 million Tenge on unorganized market. The maturity of bonds shall be 15 years and 20 years, coupon interest at the amount of 0.02% and 1% shall be paid half-yearly. All bonds were purchased by the National Bank of the Republic of Kazakhstan. These bonds were initially recorded at fair value calculated using market interest rates applicable to the Fund as at the date of bonds issue (480,000 bonds: 9.5%, 149,900,000 bonds: 5.96%). The difference between nominal cost of loans and their fair value at the amount of 448,833 million Tenge was recognized in the separate statement of changes in equity as additional contribution of the Shareholder. In 2009 the Fund has recognized amortization of discount on these bonds at the amount of 10,797 million Tenge as interest expenses (*Note 18*). Amounts obtained from realization of these bonds have the following purpose: development and support of residential sector and financing for small and medium business (*Note 8*) under the Stabilization plan, purchase of 50% share in Ekibastuz GRES-1 LLP (*Note 9*) and granting loan to Samruk-Energy JSC (*Note 7*).

In accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2009-2011" dated December 4, 2008, on December 23, 2009 the Fund has obtained 3 loans from the Ministry of Finance of the Republic of Kazakhstan to the total amount of 27,277 million Tenge with interest rates ranging between 0.1% and 1.5%. Loans were granted to the period from 10 to 20 years and intended for the following purposes:

- Providing loan to House Construction Savings Bank of Kazakhstan JSC at the amount of 18,277 million Tenge in order to grant housing loans to certain categories of citizens at the interest rate of 4% per annum;
- Providing loan to Development Bank of Kazakhstan JSC at the amount of 5,000 million Tenge in order to decrease loan rates for projects in priority industries. Interest rate for the end-use borrower shall not exceed 0.2% per annum;
- Providing loan for Kazakhstan Petrochemical Industries Inc LLP at the amount of 4,000 million Tenge to finance construction of infrastructure for first integrated gas and chemical complex in Atyrau oblast with interest rate not exceeding 3% per annum.

When initially recognized, these loans were measured at fair value equal to 14,855 million Tenge using approximate market interest rate of 5.96%. The difference between nominal cost of loans and their fair value at the amount of 12,422 million Tenge was recognized in the separate statement of changes in equity as additional contribution of the Shareholder. In 2009, the Fund has recognized amortization of discount on these loans at the amount of 13 million Tenge as interest expenses (*Note 18*).

16. FINANCIAL GUARANTEES LIABILITIES

Movements in the financial guarantees liabilities comprise as follows:

In millions of Tenge	**2009**	2008
As at January 1	**1,168**	–
Guarantees issued during the year	**21,367**	1,168
Amortization of financial guarantees liabilities	**(505)**	–
Effect of changes in exchange rates	**(62)**	–
As at December 31	**21,968**	1,168
Less: current portion	**(2,315)**	(131)
Non-current portion	**19,653**	1,037

Financial guarantees liabilities comprise the Fund's liabilities on guarantees issued to financial institutions in order to finance economic activity and significant contracts of their subsidiaries. All guarantee agreements are concluded on the terms that no indemnification shall be paid to the Fund. Total guaranteed outstanding amount is 1,580,000 thousand US dollars as at December 31, 2009 (2008: 80,000 thousand US dollars).

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

17. INTEREST INCOME

In millions of Tenge	**For the year ended December 31, 2009**	For the period from November 3 through December 31, 2008
Interest on loans	**44,311**	2,633
Interest on bonds	**59,482**	107
Income from discounting of financial assets and liabilities	**52,828**	–
Amortization of discount on loans issued	**204**	–
Other	**129**	95
	156,954	2,835

18. INTEREST EXPENSES

In millions of Tenge	**For the year ended December 31, 2009**	For the period from November 3 through December 31, 2008
Interest on loans	**1,246**	–
Interest on bonds	**27,673**	–
Unwinding of discount on financial assets and liabilities	**14,395**	–
Other	**23**	–
	43,337	–

19. FOREIGN EXCHANGE GAIN, NET

On February 4, 2009 Tenge has devalued comparing to US Dollar and other main currencies. Exchange rate before and after devaluation were 120 and 150 Tenge per 1 US Dollar, respectively.

As at the devaluation date, the Fund had current account with NBK at the amount of 5,000 million US dollars, as the result of which foreign exchange gain at the amount of 139 billion Tenge was generated.

20. INCOME TAX EXPENSE

Income tax expenses comprise:

In millions of Tenge	**For the year ended December 31, 2009**	For the period from November 3 through December 31, 2008
Withholding tax	**6,691**	534
Current income tax expenses	**–**	749
Deferred income tax expenses / (benefit)	**24,615**	(5,364)
	31,306	(4,081)

According to the Tax Code as effective from January 1, 2009, the following income tax rates shall be applied in the current and future period: 20% in 2009, 17.5% in 2010 and 15% in 2011 and onwards.

During 2009 certain amendments were introduced to the Tax Code, according to which income tax rate hall remain as 20% in 2010, 2011 and 2012.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

20. INCOME TAX EXPENSE (continued)

A reconciliation of income tax expense applicable to profit before income tax at the statutory income tax rate (30% in 2008, 20% in 2009) to income tax expense was as follows:

In millions of Tenge	For the year ended December 31, 2009	For the period from November 3 to December 31, 2008
Profit before tax	**137,355**	(29,568)
Statutory tax rate	**20%**	30%
Income tax expense on accounting profit	**27,471**	(8,870)
Tax effect of permanent differences	**3,835**	4,789
Loss on changes in the value of options, net	**18,825**	
Non-taxable income on securities registered at KASE	**(8,835)**	–
Effect of change in tax rate	**(8,031)**	4,505
Non-taxable income from dividends	**(7,209)**	–
Withholding income tax	**6,691**	534
Amortization of discount on amounts due to the Government	**2,162**	–
Other permanent differences	**232**	(250)
Expenses on corporate income tax presented in the statement of comprehensive income	**31,306**	(4,081)

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

In millions of Tenge	For the year ended December 31, 2009	For the period from November 3 to December 31, 2008
Deferred tax assets		
Investments in subsidiaries and associates *(Note 6)*	**15,032**	802
Other current liabilities	**57**	26
Amounts due from credit institutions	–	3,242
Cash and cash equivalents	–	1,431
Deferred tax assets	**15,089**	5,501
Deferred tax liabilities		
Loans issued	**(26,687)**	–
Loans received *(Note 14)*	**(7,386)**	–
Property, plant and equipment	**(370)**	(240)
Deferred tax liabilities	**(34,443)**	(240)
Net deferred tax liability	**(19,354)**	5,261

Temporary differences related to the loans issued were originated as the result of allowance recorded in tax books for their impairment at the amount of 117,913 million Tenge according to the Resolution of the Government No. 2275 dated December 30, 2009.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS

Related parties include entities of the Fund's Group and other entities controlled by the Government, the Fund's key management personnel, other related parties. 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.

The following table provides the total amount of transactions, which have been entered into with related parties during 2009 and 2008 and the related balances as at December 31, 2009 and 2008, respectively:

In millions of Tenge		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Other entities controlled by the Government	**December 31, 2009**	**4,384**	**206,739**	**339,577**
	December 31, 2008	4,395	–	661,615
Subsidiaries and entities under common control	**December 31, 2009**	**1,135,478**	**656,922**	**180,906**
	December 31, 2008	128,669	11	–
Associates	**December 31, 2009**	**229,588**	**–**	**2,052**
	December 31, 2008	8,765	–	–

In millions of Tenge		Dividends received	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Other entities controlled by the Government	**2009**	**–**	**–**	**481**	**10,988**
	from November 3 to December 31, 2008	–	–	330	–
Subsidiaries and entities under common control	**2009**	**36,045**	**474**	**89,559**	**31,081**
	from November 3 to December 31, 2008	–	101	1,136	–
Associates	**2009**	**–**	**–**	**18,831**	**–**
	from November 3 to December 31, 2008	–	–	–	–

Total compensation to key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income amounted to 285 million Tenge and 39 million Tenge for the years ended December 31, 2009 and for the period from November 3 to December 31, 2008, respectively. Compensation to key management personnel consists of contractual salary.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Fund limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash, investments and borrowings are denominated.

The Fund's exposure to interest risk relates primarily to the Fund's long-term debt obligations with floating interest rates (*Note 14*).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Fund's profit before tax (through the impact on floating rate borrowings). There is no impact on the Fund's equity.

In millions of Tenge	Increase / decrease in basis points	Effect on profit before tax
2009		
US dollar	**+100**	**(447)**
	-25	**112**
2008		
US dollar	+50	–
	-50	–

Credit Risk

Credit risk arising from the inability of a party to meet the terms of the Fund's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Fund to that party. It is the Fund's policy to enter into financial instruments with a diversity of creditworthy parties. The maximum exposure to credit risk is represented by the carrying value of each financial asset. The Fund considers that its maximum exposure is reflected by the amount of loans to customers (*Note 7*), amount due from credit institutions (*Note 8*), other current assets (*Note 14*), bank deposits (*Note 10*) and other current assets (*Note 11*) net of allowances for impairment recognized at the reporting date.

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

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The table below summarises the maturity profile of the Fund's financial liabilities at December 31, 2009 and 2008 based on contractual undiscounted payments.

In millions of Tenge	On demand	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	>5 years	Total
As at December 31, 2009						
Loans	5,098	15,003	21,041	186,923	1,456,572	**1,684,637**
Amounts due to the Government	–	48	195	1,010	689,081	**690,334**
Liability on call option	–	–	–	23,345	–	**23,345**
Other current liabilities	32	376	382	–	–	**790**
Total	**5,130**	**15,427**	**21,618**	**211,278**	**2,145,653**	**2,399,106**
As at December 31, 2008						
Loans	–	–	–	–	–	–
Amounts due to the Government	–	–	–	–	–	–
Other current liabilities	102	498	210	–	–	810
Total	102	498	210			810

Currency risk

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

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

In millions of Tenge	Increase / decrease in US dollar rate	Effect on profit before tax
2009		
US Dollar	**+10%**	**(2,226)**
	-15%	**3,340**
2008		
US Dollar	+40%	(441)
	+25%	(275)

Capital management

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

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

The Fund has established the equity to debt ratio, which should not exceed four. This coefficient was satisfied during the reporting period and as at the reporting date.

The Fund performs capital management through optimization of balance between debt and equity using the capital adequacy coefficient representing the ratio of the Fund's equity to its assets. It is the Fund's policy that this ratio should not be less than 0.06.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

Capital adequacy coefficient is presented as follows

In millions of Tenge	December 31, 2009	December 31, 2008
Share capital	3,748,299	3,458,923
Reserves	(580)	(232)
Retained earnings	(384,257)	(892,945)
Total equity	3,363,462	2,565,746
Total borrowings	952,611	–
Total assets	4,488,728	2,567,722
Capital adequacy coefficient	**0.75**	**1.00**
Debt to equity ratio	**0.28**	**–**

Fair value hierarchy

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

Level 1: quoted (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.

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments:

In millions of Tenge	December 31, 2009	Level 1	Level 2	Level 3
Assets measured at fair value				
Investments available-for-sale	**5,510**	5,510	–	–
Liabilities measured at fair value				
Liability on call option	**130,541**	–	130,541	–

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Fund's financial instruments:

In millions of Tenge	Carrying amount		Fair value	
	2009	2008	**2009**	2008
Financial assets				
Cash and cash equivalents	**537,867**	715,287	**537,867**	715,287
Bank deposits	**76,168**	–	**76,168**	–
Loans issued	**824,288**	3,877	**961,558**	3,877
Amounts due from credit institutions	**595,789**	188,835	**595,789**	188,835
Financial assets	**9,505**	11,721	**9,505**	11,721
Other current assets	**34,637**	304	**34,637**	304
Financial liabilities				
Borrowings	**(745,749)**	–	**(823,954)**	–
Amount due to the Government	**(206,862)**	–	**(284,961)**	–
Financial guarantee liabilities	**(21,968)**	(1,168)	**(21,968)**	(1,168)
Option liabilities	**(130,541)**	–	**(130,541)**	–
Other current liabilities	**(792)**	(808)	**(792)**	(808)

The fair value of interest-bearing borrowings obtained and issued has been calculated by discounting the expected future cash flows at prevailing interest rates.

The carrying amount of cash, other current assets and other current liabilities approximates their fair value due to the short-term maturity of these financial instruments.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

23. COMMITMENTS AND CONTINGENCIES

Legal proceedings

In the opinion of the management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Fund and which have not been accrued or disclosed in these separate financial statements.

Contingent liabilities

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

Insurance Matters

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Fund does not have coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Fund property or relating to Fund operations. Until the Fund obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Fund's operations and financial position.

Taxation

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

Liabilities under Stabilization Plan

The Fund was assigned as the Government's main operator in implementation of the Stabilization Plan approved by the Government in 2008 (*Note 1*). As at December 31, 2009 commitments for measures on financial sector stabilization and small and medium business support were accomplished.

Settlement of real estate market issues

The Government made a decision to provide funds for stabilization of real estate market. The Government assigned the Fund to place deposits with second-tier banks and provide direct financing to construction companies. As at December 31, 2009 commitment to provide financing for completion of ongoing construction and acquisition of completed housing through the Fund and its subsidiaries amounted to 177,684 million Tenge.

Implementation of innovation, industrial and infrastructure projects

As at December 31, 2009 115,000 million Tenge were contributed to the share capital of Development Bank of Kazakhstan JSC for the purposes of financing of innovation, industrial and infrastructure projects. As at December 31, 2009 Fund's commitments to provide financing to innovation, industrial and infrastructure projects amounted to 92,800 million Tenge.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

23. COMMITMENTS AND CONTINGENCIES (continued)

Liabilities under Stabilization Plan (continued)

Commitments under debt restructuring

In accordance with the Agreement on Intentions between BTA Bank, its creditors and the Fund dated December 7, 2009, the Fund is obliged to convert liabilities of BTA Bank to the Fund totalling to 644,000 million Tenge and accrued interest of 26,000 million Tenge to the common shares of BTA Bank.

On December 15, 2009 creditors of Alliance Bank holding 95.1% of the total bank's financial debt approved bank's debt restructuring plan. In accordance with the restructuring terms, the Fund is obliged to convert liabilities of Alliance Bank to the Fund totaling to 105,000 million Tenge to the preferred shares of Alliance Bank and recapitalize Alliance Bank through acquisitions of ordinary shares for the total amount of 24,000 million Tenge. In addition, Alliance Bank and the Fund are obliged to provide creditors of the bank with such a quantity of ordinary and preferred shares to ensure proportion between shares of the Fund and other creditors (except for the Fund) of 67% and 33%.

In accordance with the decision of the Fund's Management Board #115/09 dated December 22, 2009, the Fund undertaken a commitment to assist the bank in maintaining liquidity during the debt restructuring, so that the bank meets prudential norms of FMSA.

24. SUBSEQUENT EVENTS

Dividends

On March 26, 2010, the Regulation of the Government of the Republic of Kazakhstan No. 239 approved the order of distribution of the Fund's net income for 2008. Dividends calculated per one ordinary share of the Fund amounted to 2 Tenge 52 Tiyn to the total amount of 8,645 million Tenge. This amount was paid on December 15, 2009, according to the decision of the Fund's Board of Directors No. 31 dated September 30, 2009 *(Note 11)*.

Restructuring of external debts of second-tier subsidiary banks

On May 28, 2010, creditors of BTA Bank JSC, which owned the bank's liabilities of 92.03% of the total financial debt, approved the plan of the bank's debt restructuring. On June 4, 2010 FMSA agreed to the terms of the bank's debt restructuring approved at the meeting of the bank's creditors. As the result of restructuring, the Bank's external debts shall be decreased from 12 US billion Dollars to 4.4 billion US Dollars, its maturity shall be changed from 1-5 years to 8-20 years, and average rate shall be decreased to 8.76%. Also, 18.5% of BTA Bank ordinary shares shall be transferred to external creditors, while the Fund's interest shall amount to 81.4%. According to the restructuring terms, the Fund capitalizes BTA Bank to the amount of 671 billion Tenge through the conversion of the bank's bonds placed with the Fund.

On December 15, 2009, creditors of Alliance Bank, which owned the bank's liabilities of 95.1% of the total financial debt, approved the plan of the bank's debt restructuring. Restructuring was finalized in March 2010. As the result of restructuring, the bank's external debts decreased from 4.5 billion US Dollars to 1.08 billion US Dollars, and its maturity was changed from 1-7 years to 7-20 years. Under the restructuring plan, in March 2010 the Fund purchased 4,000,000 ordinary shares and 1,567,164 preferred shares of Alliance Bank JSC additionally issued by the bank, to the total amount of 129 billion Tenge. The purchase was fulfilled through the Fund's payment of 24 billion Tenge in cash and conversion of Alliance Bank's bonds purchased by the Fund to the total amount of 105 billion Tenge. According to the terms of restructuring, the Fund has provided the Bank's creditors with 33% of the bank's ordinary and preferred shares, the Fund's share amounted to 67% of ordinary and preferred shares.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

24. SUBSEQUENT EVENTS (continued)

Restructuring of external debts of second-tier subsidiary banks (continued)

In March 2010, creditors of Temirbank, which owned the bank's liabilities of 93.7% of the total financial debt, approved the plan of the bank's debt restructuring. As the result of restructuring, the bank's external debts decreased from $770 million Dollars to $61 million Dollars, its maturity was changed from 1-4 years to 10-12 years, and average rate decreased to 9%. Under the restructuring, on May 11, 2010 based on the Regulation of the Government of the Republic of Kazakhstan dated April 30, 2010 No.372 the Fund acquired 75,933,000 ordinary shares of Temirbank JSC, which were not placed before, at 1.42 Tenge per share to the total amount of 108 million Tenge, as the result of which the Fund's share in Temirbank equity amounted to 79.9%. Under the restructuring, the Fund capitalizes Temirbank to the amount of 23.5 billion Tenge, 18,8 billion Tenge of which were already invested by the Fund, as payment for additionally issued 12,712,782,790 ordinary shares, as at the date of issue of this financial statements. 20% of additionally issued ordinary shares of Temirbank shall be transferred to external creditors and the Fund's share after the planned placement shall amount to 79.99%.

Loans issued

On March 17, 2010 the Fund granted 2 loans to Kazakhmys Finance PLC to the amount of $200 million Dollars and $100 million Dollars for development of gold and copper fields Nurkazgan, Abyz and Bozymchak. These loans were funded from amounts obtained under credit line facility with State China Development Bank (*Note 15*).

On June 18, 2010 Halyk Bank of Kazakhstan JSC has repaid 60 billion Tenge, placed by the Fund in January 2009 to extend credits for real economy projects for 3 year. In the period when deposit was placed, the Fund and the Bank has fulfilled regularly control over intended use of state funds. The average rates of loans granted or refinanced at the expense of the Fund's means were decreased by 4%.

On March 17, 2010 the Fund provided additional loan in the amount of 47,622 million Tenge to "Samruk-Energy" JSC to refinance borrowings of Samruk-Energy JSC obtained to acquire 50% of the shares of Forum Muider B.V., an owner of Bogatyr Komir LLP. The loan matures on September 15, 2029 and bears an interest of 1.2% per annum.

On March 18, 2010 Samruk-Energy JSC made a repayment of the earlier provided loan in the amount of 44,465 million Tenge to the Fund (*Note 7*).

Increase in investments

In 2010, the Fund has made additional contributions to the charter capital of National Company Kazakhstan Temir Zholy JSC, Investment Fund of Kazakhstan JSC, Housing Construction Savings Bank of Kazakhstan JSC and United Chemical Company LLP at the amount of 4,880 million Tenge, 3,720 million Tenge, 1,900 million Tenge and 1,561 million Tenge, respectively. All contributions were made in cash.

Trust management

Due to incompliance of Astana-Finance JSC with certain regulatory requirements set by FMSA, FMSA prescribed Astana-Finance JSC to dispose control over subsidiaries – Bank Astana-Finance JSC ("BAF"), Insurance Company Astana-Finance JSC ("ICAF") and Life Insurance Company Astana-Finance JSC ("LICAF") till the level that does not require approval of FMSA. To meet this prescription Astana-Finance JSC initiated transfer of shares of BAF (90%), ICAF (100%) and LICAF (100%) under the Fund's trust management. The shares of abovementioned subsidiaries of Astana-Finance JSC were transferred to the Fund's trust management on 14 June 2010, in accordance with an agreement dated 19 May 2010.

Placement of deposit with BTA Bank

On May 13, 2010 the Fund placed deposit of 97 billion Tenge with BTA Bank JSC with maturity on December 30, 2024 and bearing interest of 11%; interest is capitalized annually. Deposit was place for the purposes of accumulation of funds for future settlement of Fund's bonds issued to BTA Bank JSC with nominal value of 645 billion Tenge.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

25. SUBSEQUENT EVENTS (continued)

Transfer of investments in Social-Entrepreneurship Corporations

According to the Regulation of the Government No. 2123 dated December 15, 2009, the Fund and the State Assets and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan has entered into exchange contract. In accordance with exchange contract, on March 10, 2010, the Fund has transferred its shares of SPKs to the Government in exchange to state-owned stakes in Pavlodar Petrochemical Plant JSC (42%, "PNHZ"), Kazakh-British Technical University JSC (1.67%, "KBTU"), Karagandagiproshakht LLP (90%), real estate and other property.