Sovereign Wealth Fund "Samruk-Kazyna" JSC

Separate Financial Statements

For the year ended December 31, 2011
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, which comprise the separate balance sheet as at 31 December 2011, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

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

Auditors' responsibility

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

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

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

Ernst & Young

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of "Sovereign Wealth Fund "Samruk-Kazyna" JSC as at 31 December 2011, 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

Evgeny Zhemaletdinov
General Director
Ernst & Young LLP

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

Alexandr Nazarkulov
Auditor

Auditor Qualification Certificate No. МФ-0000059 dated 6 January 2012

23 May 2012

SEPARATE BALANCE SHEET

In millions of Tenge	Note	December 31, 2011	December 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment		**634**	8,501
Intangible assets		**199**	221
Investments in subsidiaries	5	**2,498,897**	2,583,196
Investments in associates and joint venture	6	**101,783**	101,783
Loans issued	7	**458,723**	268,039
Amounts due from credit institutions	8	**258,512**	338,917
Other non-current financial assets	9	**132,721**	219,819
Long-term bank deposits	10	**170,110**	402,880
Deferred tax asset	21	**2,700**	1,464
Other non-current assets		**4,083**	–
		3,628,362	3,924,820
Current assets			
Corporate income tax prepaid		**18,434**	6,812
Loans issued	7	**81,611**	44,682
Amounts due from credit institutions	8	**33,681**	84,129
Other current financial assets	9	**66,833**	205,302
Assets related to call/put options		**33,240**	–
Short-term bank deposits	10	**70,202**	47,887
Other current assets	11	**10,857**	19,205
Cash and cash equivalents	12	**451,902**	401,586
		766,760	809,603
TOTAL ASSETS		**4,395,122**	4,734,423
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**4,050,383**	3,891,909
Revaluation reserve for available-for-sale investments		**(126,333)**	4,881
Accumulated losses		**(1,116,293)**	(626,713)
Total equity		**2,807,757**	3,270,077
Non-current liabilities			
Borrowings	14	**1,032,791**	919,761
Amounts due to the Government	15	**404,731**	352,812
Financial guarantee liabilities	16	**25,845**	24,985
		1,463,367	1,297,558
Current liabilities			
Borrowings	14	**117,664**	91,871
Amounts due to the Government	15	**275**	1,845
Financial guarantee liabilities	16	**3,091**	2,722
Liabilities under call/put options		**717**	69,435
Other current liabilities		**2,251**	915
		123,998	166,788
TOTAL EQUITY AND LIABILITIES		**4,395,122**	4,734,423

The accounting policies and notes on pages 6 to 39 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board

Nurlan Rakhmetov

Chief Accountant

Almaz Abdrakhmanova

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

In millions of Tenge	Note	2011	2010
Interest income	17	**58,847**	265,050
Interest expenses	18	**(107,125)**	(83,897)
Dividend income		**81,483**	44,243
Gross profit		**33,205**	225,396
General and administrative expenses	19	**(42,072)**	(11,608)
Finance income	20	**59,033**	44,482
Gain from loss of significant influence in associates	9	**-**	86,850
Gain from conversion of debt instrument into equity instruments		**-**	12,343
Impairment of investments in subsidiaries	5	**(306,589)**	(701,493)
Impairment of financial assets	7,8,10,11	**(283,616)**	(11,641)
Foreign exchange gain, net		**39**	586
Gain from change in the value of options, net		**41,936**	61,106
Loss on disposal of financial assets	9	**(6,867)**	-
Other operating expenses, net		**(1,202)**	(3,360)
Loss before income tax		**(506,133)**	(297,339)
Income tax expense	21	**(9,701)**	(14,729)
Net loss for the year		**(515,834)**	(312,068)
Other comprehensive (loss)/ income			
Net (Loss)/gain on available -for- sale investments		**(131,214)**	5,461
Other comprehensive (loss)/income, net of tax		**(131,214)**	5,461
Total comprehensive loss for the year		**(647,048)**	(306,607)

The accounting policies and notes on pages 6 to 39 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board
Nurlan Rakhmetov

Chief Accountant
Almaz Abdrakhmanova

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December

In millions of Tenge	Note	2011	2010
Cash flows from operating activities:			
Loss before income tax		**(506,133)**	(297,339)
Adjustments for:			
Depreciation and amortization		**270**	220
Gain from loss of significant influence in associates	9	**–**	(86,850)
Gain from conversion of debt instrument into equity instruments		**–**	(12,343)
Impairment of investments in subsidiaries	5	**306,589**	701,493
Impairment of financial assets	7,8,10,11	**283,616**	11,641
Finance income	20	**(59,033)**	(44,482)
Gain from change in the value of options, net		**(41,936)**	(61,106)
Expenses from discounting of financial assets	18	**13,747**	5,374
Foreign exchange loss/(gain)		**42**	(533)
Other		**7,318**	7,535
Cash flows from operating activities before changes in working capital		**4,480**	223,610
Change in loans issued		**(269,436)**	(338,574)
Change in amounts due from credit institutions		**80,642**	172,353
Change in other current assets		**8,174**	13,459
Change in amounts due to the Government		**213,020**	562,048
Change in other current liabilities		**1,335**	34
Net cash flows from operating activities		**38,215**	632,930
Income tax paid		**(22,560)**	(38,469)
Interest received		**27,432**	19,939
Net cash flows from operating activities		**43,087**	614,400
Cash flows from investing activities:			
Placement of bank deposits, net	10	**(4,452)**	(359,755)
Acquisitions of subsidiaries	5	**(154,442)**	(331,075)
Purchase of property, plant and equipment and intangible assets		**(209)**	(322)
Sale / (purchase) of financial assets, net		**27,857**	(193,920)
Net cash flows used in investing activities		**(131,246)**	(885,072)

SEPARATE STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December

In millions of Tenge	Note	2011	2010
Cash flows from financing activities:			
Prepayment of dividends to the Shareholder	11	(9,077)	(7,056)
Contributions to share capital	13	147,552	141,447
Net cash flows from financing activities		138,475	134,391
Net change in cash and cash equivalents		50,316	(136,281)
Cash and cash equivalents, at the beginning of the year		401,586	537,867
Cash and cash equivalents, at the end of the year	12	451,902	401,586

NON-CASH TRANSACTIONS

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

1. Recognition of discount on loans to subsidiaries *(Note 5)*.
2. Transactions with the Shareholder *(Note 13)*.
3. Recognition of discount on loans due to the Government *(Note 15)*.

The accounting policies and notes on pages 6 to 39 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board ______________ *Nurlan Rakhmetov*

Chief Accountant ______________ *Almaz Abdrakhmanova*

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

In millions of Tenge	Share capital	Available-for-sale investments revaluation reserves	Accumulated losses	Total
As at December 31, 2009	**3,748,299**	**(580)**	**(384,257)**	**3,363,462**
Net loss for the year	–	–	(312,068)	**(312,068)**
Other comprehensive income	–	5,461	–	**5,461**
Total comprehensive loss for the year	**–**	**5,461**	**(312,068)**	**(306,607)**
Contributions to the share capital	143,610	–	–	**143,610**
Gain from initial recognition of amounts due to the Government (*Note 15*)	–	–	111,145	**111,145**
Transactions with the Shareholder (*Note 13*)	–	–	(32,888)	**(32,888)**
Dividends to the Shareholder	–	–	(8,645)	**(8,645)**
At December 31, 2010	**3,891,909**	**4,881**	**(626,713)**	**3,270,077**
Net loss for the year	–	–	(515,834)	**(515,834)**
Other comprehensive loss	–	(131,214)	–	**(131,214)**
Total comprehensive loss for the year	**–**	**(131,214)**	**(515,834)**	**(647,048)**
Contributions to the share capital	158,474	–	–	**158,474**
Gain from initial recognition of amounts due to the Government (*Note 15*)	–	–	21,799	**21,799**
Transactions with the Shareholder (*Note 13*)	–	–	11,511	**11,511**
Dividends to the Shareholder (*Note 13*)	–	–	(7,056)	**(7,056)**
At December 31, 2011	**4,050,383**	**(126,333)**	**(1,116,293)**	**2,807,757**

The accounting policies and notes on pages 6 to 39 are an integral part of these separate financial statements.

Managing Director – Member of the Management Board — *Nurlan Rakhmetov*

Chief Accountant — *Almaz Abdrakhmanova*

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended December 31, 2011

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's 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.

Prior to February 1, 2012, the Fund's activities were governed by the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" No. 134-4 dated February 13, 2009 and were aimed at assistance in providing stable development of the state economy, modernization and diversification of economy, and improvement of the Group companies' efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 "On Sovereign Wealth Fund" No. 550-4, the Fund's activities are focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Group companies and by effective management of the Group's assets.

The Fund is a holding company for state-owned enterprises listed in *Notes 5 and 6*. 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 May 23, 2012.

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 Kazakhstani economy.

The Kazakhstani economy is vulnerable to market downturns and economic slowdowns elsewhere in the world. The global financial crisis resulted in the instability capital markets, significant deterioration of liquidity in the banking sector, and tighter credit conditions within Kazakhstan. In terms of Stabilization Plan, the Government has taken measures to ensure the liquidity and refinancing of foreign loans of Kazakhstani banks and companies, which resulted in the improved economic situation in Kazakhstan. However, despite the positive results of stabilization measures taken by the Government, there is uncertainty regarding the access to capital and cost of capital for the Fund and its counterparties, which could affect the financial position, results of operations and business prospects of the Fund. While management believes that it is taking appropriate measures to support the sustainability of the Fund's business in the current circumstances, unexpected deterioration in the areas described above could negatively affect the Fund's results and financial position in a manner not currently determinable.

Stabilization Plan

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

1. GENERAL INFORMATION (continued)

Stabilization Plan (continued)

- 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 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.

These separate financial statements are prepared in accordance with requirements of legislation of Republic of Kazakhstan.

These separate financial statements were prepared in addition to the consolidated financial statements for the year ended December 31, 2011. The consolidated financial statements were approved for issue by the Managing Director – Member of the Management Board and Chief Accountant of the Fund on May 23, 2012. A copy of the consolidated financial statements can be obtained from the Fund's registered office (*Note 1*).

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, 2011 and 2010 the currency exchange rate of KASE was 148.4 Tenge to 1 US Dollar and 147.5 Tenge to 1 US Dollar respectively. These rates were used to translate monetary assets and liabilities denominated in US Dollars as at December 31, 2011 and 2010. The currency exchange rate of KASE as at May 23, 2012 was 147.70 Tenge to 1 US Dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies and disclosures

The accounting policies applied in the preparation of these separate financial statements are consistent with those applied in the preparation of the separate financial statements for the year ended December 31, 2010, except for the following new and amended IFRS and IFRIC interpretations effective as of January 1, 2011:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

IAS 24 *Related Party Transactions* (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Fund.

IAS 32 *Financial Instruments: Presentation* (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Fund, because the Fund does not have such instruments.

IFRIC 14 *Prepayments of a Minimum Funding Requirement* (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. There are no minimum funding requirements in Republic of Kazakhstan, therefore the amendment of the interpretation had no effect on the financial position or performance of the Fund.

Improvements to IFRSs (May 2010).

In May 2010, the IASB issued its third 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 had no impact on the financial position or performance of the Fund.

- IFRS 3 *Business Combinations*: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
- IFRS 7 *Financial Instruments — Disclosures*: The amendment was intended to simplify the disclosures requirements by reducing the volume of disclosures around collateral held and improving disclosures by requiring to put the quantitative information in context.
- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

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 3 *Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008)).
- IFRS 3 *Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards).
- IAS 27 *Consolidated and Separate Financial Statements*.
- IAS 34 *Interim Financial Statements*.

The following interpretations and amendments to interpretations did not have any impact on the financial position or performance of the Fund:

- IFRIC 13 *Customer Loyalty Programmes* (determining the fair value of award credits).
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not effective

The Fund did not adopt the following standards issued but not yet effective. This listing of standards and interpretations issued are those that the Fund reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Fund intends to adopt these standards when they become effective, except for IFRS 9.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Fund's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

IAS 19 Employee Benefits (Amendments)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Fund is currently assessing the full impact of the amendments. The amendments become effective for annual periods beginning on or after January 1, 2013.

IAS 12 Income Taxes – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis of an assumption that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after January 1, 2012.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Fund's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user of the financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment affects disclosure only and has no impact on the Fund's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Fund will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not effective (continued)

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers.

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Fund is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

Investments in subsidiaries

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

Investments in joint ventures and associates

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

Impairment of non-financial assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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.

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.

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

Investments in subsidiaries, joint ventures and associates

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

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity 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 cash equivalents, bank deposits, trade and other receivables, loan issued, amounts due from credit institutions and other receivables. The subsequent measurement of financial assets depends on their classification as follows:

Amounts due from credit institutions, loans and other receivables

Amounts due from credit institutions, 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 separate 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 financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Available-for-sale financial investments (continued)

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit and loss and removed from the available-for-sale reserve.

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 include cash flow discounting models, reference to the current fair value of another instrument that is substantially the same, option valuation models or other valuation models.

Derecognition

Financial assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

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.

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.

Derivative financial instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

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

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, early repayment) 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 there is reassessment of payments and cash receipts. 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 on the accrual basis in the separate financial statements in the period to which they relate.

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.

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 declared 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.

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.

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

The Fund reviews its individually significant loans issued, amounts due from credit institutions and deposits at each reporting date to assess 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.

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

Allowance on impairment of loans issued, amounts due from credit institutions and deposits (continued)

In 2011 the Fund recorded an impairment loss of 36,999 million Tenge and 245,068 million Tenge on amounts due from credit institutions and bank deposits, respectively *(Notes 8 and 10)*.

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 2011. 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 were 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 2,700 million Tenge as at December 31, 2011 (2010: 1,464 million Tenge) *(Note 21)*.

Impairment of investments in subsidiaries

Impairment exists when the carrying value of an investment in subsidiary exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell for investments in subsidiaries is calculated using the capitalized earnings method. In 2011, the Fund recognized impairment of investments in subsidiaries in the total amount of 306,589 million Tenge (2010: 701,493 million Tenge) *(Note 5)*.

5. INVESTMENTS IN SUBSIDIARIES

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

In millions of Tenge	Activity	Country	December 31, 2011	December 31, 2010	Ownership December 31, 2011	Ownership December 31, 2010
"BTA Bank" JSC	Bank services	Kazakhstan	891,092	891,092	81.48%	81.48%
"National Company "Kazakhstan Temir Zholy" JSC	Freight and passengers railway transportation	Kazakhstan	795,877	653,985	100.00%	100.00%
"National Company "KazMunayGas" JSC	Oil and gas industry	Kazakhstan	736,286	710,541	100.00%	100.00%
"Development Bank of Kazakhstan" JSC	State investment activity	Kazakhstan	302,769	294,402	100.00%	100.00%
"National Atomic Company "KazAtomProm" JSC	Uranium production	Kazakhstan	147,275	147,275	100.00%	100.00%
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	138,765	91,586	94.73%	94.73%
"Alliance Bank" JSC	Bank services	Kazakhstan	122,801	122,801	67.00%	67.00%
"Kazakhstan Electricity Grid Operating Company" JSC ("KEGOC")	Transfer of electricity	Kazakhstan	112,129	111,529	100.00%	100.00%
"Kazakhtelecom" JSC	Services of fixed communication	Kazakhstan	88,733	88,733	51.00%	51.00%
"Kazyna Capital Management" JSC	Creation of investment funds	Kazakhstan	69,444	69,444	100.00%	100.00%
"Entrepreneurship development Fund "Damu" JSC	Development of small entrepreneurship	Kazakhstan	39,521	39,521	100.00%	100.00%
"Investment Fund of Kazakhstan" JSC	Assistance in realization of the strategy of industrial and innovation development	Kazakhstan	32,493	29,615	100.00%	100.00%
"Real Estate Fund "Samruk-Kazyna" JSC	Stabilization of real estate market	Kazakhstan	32,738	27,483	100.00%	100.00%
"Temirbank" JSC	Bank services	Kazakhstan	23,488	23,488	79.90%	79.90%
Export-Credit Insurance Corporation KazExportGarant JSC (former "State Corporation for Insurance of Export Credit and Investments" JSC)	Insurance services	Kazakhstan	11,270	9,064	100.00%	100.00%
"National Company "Kazakhstan Engineering" JSC	Industry	Kazakhstan	9,850	3,462	100.00%	60.99%
"KazPost" JSC	Postal activity and financial services	Kazakhstan	9,387	9,387	100.00%	100.00%
"Air Astana" JSC	Passengers air transportation	Kazakhstan	7,276	7,276	51.00%	51.00%
"International Airport Aktobe" JSC	Airport services	Kazakhstan	6,589	3,021	100.00%	100.00%
"United Chemical Company" JSC	Development of chemical industry	Kazakhstan	7,002	3,561	100.00%	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry	Kazakhstan	3,437	3,437	100.00%	100.00%
"National Geological Company "Kazgeology" JSC	Geological exploration services	Kazakhstan	3,176	-	100.00%	-
"Samruk-Kazyna Contract" LLP	Projects management	Kazakhstan	2,193	2,193	100.00%	100.00%
"Airport Pavlodar" JSC	Airport services	Kazakhstan	1,207	239	100.00%	100.00%
"International Airport Atyrau" JSC	Airport services	Kazakhstan	1,196	1,196	100.00%	100.00%

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

In millions of Tenge	Activity	Country	December 31, 2011	December 31, 2010	Ownership December 31, 2011	Ownership December 31, 2010
"SK Farmacy" LLP	Purchase of medicine within the limits of guaranteed medical aid for population	Kazakhstan	**700**	700	**100.00%**	100.00%
"Samruk-Kazyna Invest" JSC	Professional services on investment projects	Kazakhstan	**394**	394	**100.00%**	100.00%
"Kazakh Research Institute named after Chokin" JSC	Scientific work	Kazakhstan	**219**	219	**50.00%**	50.00%
"KOREM" JSC	Operator of electricity market	Kazakhstan	**161**	161	**100.00%**	100.00%
"Karagandagiproshakht and K" LLP	Projection	Kazakhstan	**6**	6	**90.00%**	90.00%
"Samruk-Kazyna Finance" LLP	Consulting Services	Kazakhstan	**–**	–	**100.00%**	–
KGF IM	Financial transactions	Cayman Islands	**–**	–	**100.00%**	100.00%
KGF Management	Financial transactions	Cayman Islands	**–**	–	**100.00%**	100.00%
KGF SLP	Financial transactions	Cayman Islands	**–**	–	**100.00%**	100.00%
"Kazakhstan Center of Investment Assistance "KazInvest" LLP	Investment activity	Kazakhstan	**–**	–	**–**	100.00%
"House Construction Saving Bank of Kazakhstan" JSC ("HCSBK" JSC)	Development of house construction savings system	Kazakhstan	**–**	22,766	**–**	100.00%
"Kazakhstan Fund of Guarantee of Mortgage Loans" JSC	Guarantee of mortgage loan	Kazakhstan	**–**	5,675	**–**	100.00%
"Kamkor Repair Corporation" LLP	Repair of railway rolling equipment and track	Kazakhstan	**–**	932	**–**	100.00%
Less: Impairment			**(1,098,577)**	(791,988)		
			2,498,897	2,583,196		

5. INVESTMENTS IN SUBSIDIARIES (continued)

Establishment of Samruk-Kazyna Finance LLP

In May 2011 the Fund established a subsidiary, Samruk-Kazyna Finance LLP, the primary function of which is to provide advisory services related to management and preparation for sale of shares of financial organizations indirectly or directly owned by the Fund.

Transfer of subsidiaries

In accordance with the Resolution of the Government No. 295 dated March 30, 2011, the Fund and the Shareholder entered into an exchange agreement. In accordance with the exchange agreement, on April 12, 2011 the Fund transferred shares of House Construction Savings Bank of Kazakhstan JSC, Kazakhstan Mortgage Guarantee Fund JSC to the Shareholder in exchange for property (*Note 13*).

Other changes in investments in subsidiaries

In accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2011-2013 years" dated November 29, 2010 and the Decree of the Government of RK No. 939 dated September 14, 2011 the Fund received the Government's share in National Geological Company "Kazgeology" JSC (100%) in the amount of 75.6 million Tenge (*Note 13*). Subsequently, the Fund made additional contributions to share capital of National Geological Company "Kazgeology" JSC in the amount of 3,100 million Tenge.

In accordance with the Decree of the Government of RK No. 1356 dated November 19, 2011 the Fund received the Government's share in National Company "Kazakhstan Engineering" JSC (39.01%) in the amount of 6,388 million Tenge (*Note 13*).

During 2011 the Fund made the following contributions to share capital of subsidiaries out of the funds received from the State budget:

- to share capital of National Company "KazMunayGas" JSC in the amount of 14,958 million Tenge. The contribution was made in the form of cash and property in the amount of 12,135 million Tenge and 2,823 million Tenge, respectively. The cash contribution of 12,135 million Tenge was made in order to finance construction of "Beineu-Bozoi" gas pipeline;
- to share capital of National Company "Kazakhstan Temir Zholy" JSC in the amount of 123,440 million Tenge. The contributions were made in the form of cash and property in the amount of 90,822 million Tenge and 32,618 million Tenge, respectively. Property is represented by a 100% interest in "Kamkor Repair Corporation" LLP of 932 million Tenge and other property of 31,686 million Tenge. Cash contribution was made in order to finance projects on construction of "Horgos-Zhetygen" and "Uzen-State Border with Turkmenistan" railways in the amount of 64,015 million Tenge and 26,807 million Tenge, respectively;
- to share capital of Samruk-Energy JSC in the amount of 43,580 million Tenge in the form of cash. The contributions were made to finance projects on construction of Almaty Energy Complex and Balkhash TEC in the amount of 29,583 million Tenge and 13,997 million tenge, respectively;
- to share capital of Samruk-Kazyna Real Estate Fund JSC, Kazakhstan Electricity Grid Operating Company JSC ("KEGOC"), Export-Credit Insurance Corporation "KazExportGarant" JSC, United Chemical Company LLP, Airport Pavlodar JSC for the total amount of 10,352 million Tenge. The contributions were made in the form of cash and property in the amount of 4,805 million Tenge and 5,547 million Tenge.

In 2011, the Fund granted loans to its subsidiaries at interest rates below market (*Notes 7 and 8*), and discount of 37,689 million Tenge representing a difference between fair value of the loans and their nominal amount was recognized as an increase in investments in subsidiaries.

In 2011, the Fund provided financial guarantees to the creditors of Development Bank of Kazakhstan JSC and Samruk-Energy JSC. The fair value of financial guarantees amounted to 3,552 million Tenge and 250 million Tenge respectively, and was recognized as an increase in investments in respective subsidiaries.

Impairment

In 2011 the Fund recognized a loss from impairment of investments in BTA Bank JSC, Alliance Bank JSC and Development Bank of Kazakhstan JSC in the amount of 196 billion Tenge, 32 billion Tenge and 79 billion Tenge respectively (2010: 611 billion Tenge, 90 billion Tenge, and nil Tenge, respectively). Recoverable amount of investments in BTA Bank JSC, Alliance Bank JSC and Development Bank of Kazakhstan was determined as the fair value less costs to sell. Due to absence of an active market for shares of these banks, the estimated selling price was derived from the expected net assets based on the banks' Business Plans.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

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

In millions of Tenge	**December 31, 2011**	December 31, 2010
Joint venture:		
"Ekibastuz GRES-1" LLP	**101,502**	101,502
Associates:		
"Astana-Finance" JSC	**6,516**	6,516
"Maikainzoloto" JSC	**281**	281
Less: Impairment	**(6,516)**	(6,516)
	101,783	101,783

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

Company	Activity	Country	% in charter capital December 31, 2011	% in charter capital December 31 2010
Joint venture:				
"Ekibastuz GRES-1" LLP	Production and transportation of heat and electricity	Kazakhstan	**50.00%**	50.00%
Associates:				
"Astana-Finance" JSC	Finance organization	Kazakhstan	**5.52%**	5.52%
"Maikainzoloto" JSC	Gold production	Kazakhstan	**25.00%**	25.00%

7. LOANS ISSUED

Loans issued comprised the following at December 31:

In millions of Tenge	**December 31, 2011**	December 31, 2010
Loans to third and related parties	**306,314**	207,411
Loans to subsidiaries	**232,543**	105,589
Bonds issued by subsidiaries (*Note 14*)	**879**	781
Interest accrued	**11,915**	9,314
Less: Impairment	**(11,317)**	(10,374)
Total loans issued	**540,334**	312,721
Less: current portion	**(81,611)**	(44,682)
Non-current portion	**458,723**	268,039

The analysis of loans issued by maturities at December 31 is presented as follows:

In millions of Tenge	**December 31, 2011**	December 31, 2010
Loans for which no impairment has been identified:		
- Neither past due, nor impaired	**537,744**	311,051
Past due, but not impaired:		
- overdue less than 30 days	**2,000**	1,670
- overdue over 360 days	**590**	–
Total overdue loans	**2,590**	1,670
Total loans issued	**540,334**	312,721

7. LOANS ISSUED (continued)

Loans to third and related parties

Kazakhmys Finance PLC

In 2011 the Fund provided tranches to Kazakhmys Finance PLC in the amount of 600 million US Dollars (equivalent to 89,040 million Tenge at exchange rate as at 31 December 2011) with maturity periods of 15 years. The annual interest rate on the loan equals to six-months LIBOR plus a 4.80% margin. The loan was provided for the development of Bozshakol copper field. The loan was financed by proceeds of the loan facility of State China Development Bank (*Note 14*).

Kazakhstan Petrochemical Industries Inc. LLP

On July 19, 2011 the Fund entered into a loan agreement with Kazakhstan Petrochemical Industries Inc. LLP, according to which the Fund provided a loan in the amount of 7,500 million Tenge with maturity period until January 25, 2024 and interest rate below market to finance the construction of infrastructure of gas and chemical complex in Atyrau region.

At initial recognition, the loan was measured at fair value amounting to 5,668 million Tenge using a relevant market interest rate. The difference between nominal value of the loan and its fair value totaling 1,832 million Tenge was recognized as a loss from initial recognition of assets at below market rates in the separate statement of comprehensive income.

Loans to subsidiaries

National Company "KazMunayGas" JSC

On January 17, 2011 the Fund entered into a loan agreement with National Company "KazMunayGas" JSC, according to which the Fund provided a loan in the amount of 23,337 milion Tenge with maturity period until January 25, 2024 and interest rate below market to finance construction of "Beineu-Bozoi" gas pipeline.

At initial recognition, the loan was measured at fair value amounting to 12,170 million Tenge using a relevant market interest rate. The difference between nominal value of the loan and its fair value totaling 11,167 million Tenge was recognized as an increase in investments in National Company "KazMunayGas" JSC (*Note 5*).

Kaztemirtrans JSC

On April 13, 2011 the Fund entered into a loan agreement with Kaztemirtrans JSC, subsidiary of National Company "Kazakhstan Temir Zholy" JSC, according to which the Fund provided and loan in the amount of 60,000 million Tenge maturing on September 15, 2017 with interest rate of 7.2% per annum to purchase railway freight wagons.

Lokomotiv JSC

On April 13, 2011 the Fund entered into a loan agreement with Lokomotiv JSC, subsidiary of National Company "Kazakhstan Temir Zholy", according to which the Fund provided a loan in the amount of 15,000 million Tenge maturing on September 15, 2017 with interest rate of 7.2% per annum to purchase locomotives.

Real Estate Fund "Samruk-Kazyna" JSC

Within the Stabilization Plan, during first half of 2011 the Fund provided additional tranches to Real Estate Fund "Samruk-Kazyna" JSC in amount of 22,238 million Tenge at below market interest rate to purchase accommodation facilities and non-residential premises within finished and under construction housing complexes.

According to changes in terms of loans dated December 13, 2010 the Fund has right to request from Real Estate Fund "Samruk-Kazyna" JSC early repayment of the loan (or part of it) in December of each year, and the borrower is obliged to repay it upon the Fund's request. Due to these changes in terms of loan the Fund classifies those loans as short-term.

Samruk-Energy JSC

On January 14, 2011 the Fund entered into a loan agreement with Samruk-Energy JSC according to which the Fund provided a loan in the amount of 7,000 million Tenge maturing on January 25, 2024, with interest rate below market to finance the construction of substations of Alatau Zharyk Company, subsidiary of Samruk-Energy JSC.

7. LOANS ISSUED (continued)

Loans to subsidiaries (continued)

Samruk-Energy JSC (continued)

At initial recognition the loan was measured at fair value amounting to 3,651 million Tenge using a relevant market rate. The difference between the nominal value of the loan and its fair value in the amount of 3,349 million Tenge was recognized as an increase in investments in Samruk-Energy JSC (*Note 5*).

National Company "Kazakhstan Temir Zholy" JSC

In 2011 the Fund entered into loan agreements with National Company "Kazakhstan Temir Zholy" JSC, according to which the Fund provided loans in the amount of 19,000 million Tenge maturing until 2036 and with interest rate below market to finance the renewal of railway passenger wagons fleet.

At initial recognition, these loans were measured at fair value amounting to 8,728 million Tenge using a relevant market interest rate. The difference between nominal value of the loans and their fair value totaling 10,272 million Tenge was recognized as an increase in investments in National Company "Kazakhstan Temir Zholy" JSC (*Note 5*).

Export-Credit Insurance Corporation "KazExportGarant" JSC

On December 22, 2011 the Fund entered into a loan agreement with Export-Credit Insurance Corporation "KazExportGarant" JSC according to which the Fund provided a loan in the amount of 6,000 million Tenge, with maturity period of 10 years and interest rate below market to stimulate the export of Kazakhstani locomotives through trade financing and insurance on export supplies for Locomotive Kurastyru Zauyty JSC.

At initial recognition, the loan was measured at fair value amounting to 4,261 million Tenge using a relevant market interest rate. The difference between nominal value of the loan and its fair value in the amount of 1,739 million Tenge was recognized as an increase in investments in Export-Credit Insurance Corporation "KazExportGarant" JSC (*Note 5*).

Doszhan Temir Zholy JSC

In 2011 the Fund entered into a loan agreement with Doszhan Temir Zholy JSC according to which the Fund provided loans for the total amount of 10,240 million Tenge maturing in 2030-2031 and with interest rate below market to finance the construction of "Shar-Ust Kamenogorsk" railway.

At initial recognition the loans were measured at fair value amounting to 4,656 million Tenge using relevant market interest rates. The difference between nominal value of the loans and their fair values in the amount of 5,584 million Tenge was recognized as an increase in investments in National Company "Kazakhstan Temir Zholy" JSC and Investment Fund of Kazakhstan JSC (*Note 5*).

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amount due from credit institutions comprised the following at December 31:

In millions of Tenge	**December 31, 2011**	December 31, 2010
10 largest local banks	**166,136**	238,647
Other local credit institutions	**157,252**	175,679
Interest accrued	**5,804**	8,720
Less: Impairment	**(36,999)**	–
Total amounts due from credit institutions	**292,193**	423,046
Less: current portion	**(33,681)**	(84,129)
Non-current portion	**258,512**	338,917

In millions of Tenge	**December 31, 2011**	December 31, 2010
Raitings above BB+	**17,350**	6,853
Ratings from B to BB-	**42,890**	46,585
Rating B-	**92,117**	196,797
Ratings lower than B-	**932**	–
No rating	**138,904**	172,811
	292,193	423,046

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

The analysis of amounts due from credit institutions by maturities at December 31 is presented as follows:

In millions of Tenge	**December 31, 2011**	December 31, 2010
Amounts for which no impairment has been identified:		
- Neither past due, nor impaired	**292,193**	422,793
Past due, but not impaired:		
- overdue less than 30 days	**–**	132
- overdue from 30 to 90 days	**–**	121
Total amounts due from credit institutions	**292,193**	423,046

As at December 31, 2011 amounts due from credit institutions were mainly represented by loans to the following financial entities:

- Entrepreneurship Development Fund "Damu" JSC ("Damu") a subsidiary of the Fund, in the amount of 114,439 million Tenge (2010: 162,856 million Tenge) in order to finance small and medium businesses, of which 58,246 million Tenge (2010: 77,559 million Tenge) were the amounts placed under the Stabilization Plan *(Note 1)*. These loans had interests at the rate of 5.5% - 7% per annum;
- To the second tier banks for refinancing mortgage loans, construction of housing in Astana and Almaty and provision of intermediary housing loans in the amount of 123,119 million Tenge (2010: 123,171 million Tenge), 53,936 million Tenge (2010: 46,538 million Tenge) and 24,465 million Tenge (2010: 9,954 million Tenge), respectively. A portion of amounts granted to the second tier banks for refinancing mortgage loans and construction of residential housing in Astana and Almaty in the amount of 176,794 million Tenge (2010: 163,027 million Tenge) is the amounts placed under the Stabilization Plan. These loans had interest rates of 3.74% - 7.85% per annum.

In 2011 Damu early repaid 17,480 million Tenge.

In 2011 Kazkommertsbank JSC early repaid 37,500 million Tenge placed by the Fund in January 2009 for real sector lending projects for a period of 3 years.

Development Bank of Kazakhstan JSC

On August 15, 2011 the Fund entered into a loan agreement with Development Bank of Kazakhstan JSC according to which the Fund provided a loan in the amount of 15,000 million Tenge maturing on June 20, 2021 and with interest rate of below market to decrease the funding costs on finance leases.

At initial recognition, the loan was measured at fair value amounting to 10,185 million Tenge using a relevant market interest rate. The difference between nominal value of the loan and its fair value in the amount of 4,815 million Tenge was recognized as an increase in investments in Development Bank of Kazakhstan JSC *(Note 5)*.

Impairment of amounts due from credit institutions

In 2011 the Fund recorded an impairment loss on amounts due from credit institutions in the amount of 36,999 million Tenge due to deterioration of financial situation of BTA Bank JSC and uncertainty providing a second debt restructuring program.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

9. OTHER FINANCIAL ASSETS

As at December 31 other financial assets comprised the following:

In millions of Tenge	December 31, 2011	December 31, 2010
Financial assets available for sale:		
Equity securities of Kazakhmys PLC	**124,876**	216,937
Equity securities of "Kazkommertsbank" JSC	**36,306**	73,159
Equity securities of "Halyk Bank Kazakhstan" JSC	**30,149**	132,194
Debt securities	**8,223**	831
Financial assets held to maturity:		
Debt securities	**–**	2,000
Total other financial assets	**199,554**	425,121
Less: current portion	**(66,833)**	(205,302)
Non-current portion	**132,721**	219,819

Loss of significant influence over "Kazkommertsbank" JSC ("Kazkommertsbank") and "Halyk Bank Kazakhstan" JSC ("Halyk bank")

In accordance with the option agreements concluded by the Fund and major shareholders upon the acquisition of shares of Kazkommertsbank and Halyk Bank in 2009, the major shareholders obtained the right to purchase shares of these banks owned by the Fund at any time during a period from the first till fifth anniversary of the acquisitions (call options). The options became exercisable in the first half of 2010, which resulted in a loss by the Fund of its significant influence over the banks. In accordance with IAS 28, the Fund lost significant influence in these associates and reclassified these investments into financial assets available for sale and recognized a gain of 86,850 million Tenge in profit and loss, representing the difference between the carrying value and fair value of these investments.

In March 2011, Holding Group "ALMEX" JSC and Halyk Bank Kazakhstan JSC signed an agreement to assign rights for partial exercise of an option on ordinary shares of Halyk Bank Kazakhstan JSC.

In accordance with this agreement on March 30, 2011 Halyk Bank Kazakhstan JSC exercised its rights and acquired 213,000,000 of its ordinary shares. Furthermore, Holding Group ALMEX JSC exercised an option and redeemed 46,064,909 ordinary shares of Halyk Bank Kazakhstan JSC. Total proceeds form the sale of shares amounted to 32,849 million Tenge.

After selling Halyk Bank Kazakhstan JSC ordinary shares with fair value at the date of disposal of 93,263 million Tenge, the Fund depreciated the option liability with value of 60,021 million Tenge. A reserve of 6,474 million Tenge on revaluation of available-for-sale investments on ordinary shares of Halyk Bank Kazakhstan JSC was reclassified into profit or loss. The resulting net loss on disposal of financial assets was recorded in the separate statement of comprehensive income in the amount of 6,867 million Tenge.

Fair value of equity securities of Kazakhmys PLC, Halyk Bank Kazakhstan JSC and Kazkommertsbank JSC as at December 31, 2011 and 2010 was determined based on published quotations from the active market.

10. BANK DEPOSITS

As at December 31 bank deposits comprised the following:

In millions of Tenge	December 31, 2011	December 31, 2010
10 largest local banks	**413,348**	439,947
Other local credit institutions	**63,279**	6,000
Interest accrued	**8,753**	4,820
Less: Impairment	**(245,068)**	–
Total bank deposits	**240,312**	450,767
Less: current portion	**(70,202)**	(47,887)
Non-current portion	**170,110**	402,880

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

10 BANK DEPOSITS (continued)

In millions of Tenge	**December 31, 2011**	December 31, 2010
Ratings above BB+	**20,000**	6,151
Ratings from B to BB-	**106,786**	44,427
Rating B-	**100,991**	400,189
Rating below B-	**12,056**	–
No rating	**479**	–
	240,312	450,767

Placement of special deposit in BTA Bank JSC

On May 13, 2010 the Fund placed a deposit in BTA Bank JSC in the amount of 175,000 million Tenge maturing on December 30, 2024 at an interest rate of 11% per annum with an annual capitalization of interest. The deposit was placed to accumulate funds for future settlement of the Fund's bonds currently held by BTA Bank JSC with a nominal value of 645,000 million Tenge (*Note 14*). As at December 31, 2011 the deposit amounted to 200,565 million Tenge.

Placement of special deposit in Alliance Bank JSC

On June 18, 2010 the Fund placed a deposit in Alliance Bank JSC in the amount of 29,000 million Tenge maturing on December 30, 2024 at an interest rate of 10.5% per annum with a monthly capitalization of interest. The deposit was placed to accumulate funds for subsequent settlement of the Fund's bonds currently held by Alliance Bank JSC with a nominal value of 105,000 million Tenge *(Note 14)*. As at December 31, 2011 deposit amounted to 33,310 million Tenge.

Placement of special- deposits in BTA Bank JSC and Temirbank JSC

In December 2010, the Fund placed deposits with BTA Bank JSC and Temirbank JSC with maturities in 2020 in the amount of 29,300 million Tenge and 57,700 million Tenge, respectively. These deposits had interests at the rate of 9% and 8% per annum, respectively. Deposits were placed to accumulate funds for repayment of interest on the Fund's bonds *(Note 14)* owned by BTA Bank JSC.

Placement of temporary excess cash

Under the excess cash management policy, the Fund places deposits with large Kazakhstan second tier banks.

As at December 31, 2011 the weighted average interest rate on long-term bank deposits was 9.52% (2010: 9.89%), and the weighted average interest rate on short-term bank deposits was 9.22% (2010: 8.38%).

Impairment of deposits placed in BTA Bank

In 2011 the Fund recorded an impairment loss on deposits placed at BTA Bank JSC in the amount of 245,068 million Tenge due to deterioration of financial situation of BTA Bank JSC and uncertainty providing a second debt restructuring program.

11. OTHER CURRENT ASSETS

As at December 31 other current assets comprised the following:

In millions of Tenge	**December 31, 2011**	December 31, 2010
Prepayment of dividends to the Shareholder	**9,077**	7,056
Other accounts receivable	**3,184**	2,153
Dividends receivable	**176**	4,704
Other	**292**	6,558
Less: Impairment	**(1,872)**	(1,266)
	10,857	19,205

12. CASH AND CASH EQUIVALENTS

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

In millions of Tenge	December 31, 2011	December 31, 2010
Current accounts with banks – Tenge	449,189	393,980
Current accounts with banks – US Dollars	1,639	3
Current accounts with banks – Euro	587	1,596
Term bank deposits – Tenge	487	6,007
	451,902	401,586

As at December 31, 2011 weighted average interest rate for most current accounts placed with Kazakhstan banks is equal to 0.08% (2010: 0.20%).

Short-term deposits are placed for varying periods between one day and three months depending on the immediate cash requirements of the Fund. As at December 31, 2011, the weighted average interest rate for time deposits with banks was 0.20% (2010: 1.50%).

Total amount of Fund's cash balances on bank accounts include funds received from the State budget and National Fund for Government programs. As at December 31, 2011 these cash balances were accumulated on the accounts with the National Bank and amounted to 435 billion Tenge (2010: 373 million Tenge), including:

- 279 billion Tenge (2010: 264 billion Tenge) – resources of National Fund, received under Stabilization Plan;
- 9 billion Tenge (2010: 34.5 billion Tenge) - funds from the State budget received to provide financing of projects implemented by the Fund;
- 147 billion Tenge (2010: 74 billion Tenge) the Fund's cash balance required for operating and investing activities.

13. EQUITY

Share capital

During 2011 and 2010 the Fund made issue of shares, which were contributed as follows:

Payment for shares	Number of shares authorized and issued	Par value per share, in Tenge	Share capital, in millions of Tenge
As at December 31, 2009	**3,464,910,202**		**3,748,299**
Cash contributions	14,144,838	10,000; 5,000; 1,000	141,447
Property contributions	21,627	100,000	2,163
As at December 31, 2010	**3,479,076,667**		**3,891,909**
Cash contributions	1,451,337	1,000,000; 100,000;1,000	147,552
Property contributions	44,813	100,000; 10,000;1,945; 1,000	4,458
Contribution of state-owned shares	64,638	100,000; 34,647;1,353	6,464
As at December 31, 2011	**3,480,637,455**		**4,050,383**

As at December 31, 2011 3,480,637,455 shares were fully paid (2010: 3,479,076,667 shares).

Transactions with Shareholder

In accordance with a swap agreement signed on March 1, 2010 between the Shareholder and the Fund, the Fund transferred to the Shareholder shares of Social-Entrepreneurship Corporations ("SEC") and National Innovation Fund JSC in exchange for the State's interest in "Pavlodar Petrochemical Plant" JSC (42%, "PPP"), interest in "Kazakh British Technical University" JSC (1.67%, "KBTU"), interest in "Karagandagiproshakht and K" LLP (90%), real estate and other property.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

Share capital (continued)

Transactions with Shareholder (continued)

In 2010, the Fund transferred shares of subsidiaries to the state holding and obtained property and shares of PPP, KBTU and "Karagandagiproshakht and K" LLP. On April 11, 2011 the Fund and the Shareholder entered into a new swap agreement. In accordance with this swap agreement the Fund transfers to the Shareholder shares of subsidiaries "House Construction Savings Bank of Kazakhstan" JSC and "Kazakhstan Mortgage Guarantee Fund" JSC in exchange to the State's property.

In 2011, as a result of swap transactions the Fund recognized a net gain of 11,511 million Tenge (the difference between the carrying value of transferred investments and the fair value of assets received) directly in the separate statement of changes in equity.

Dividends

On November 26, 2010 in accordance with Decision of the Board of Directors of the Fund No. 52 dated September 18, 2010 the Fund prepaid dividends of 2 Tenge 3 Tiyn per share totaling to 7,056 million Tenge (*Note 11*). On April 4, 2011, by Decree of the Government of the Republic of Kazakhstan No. 354 final order of distribution of the Fund's net income for 2009 was approved and settled against the prepayment made in 2010.

Book value of shares

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

In millions of Tenge	**December 31, 2011**	December 31, 2010
Total assets	**4,395,122**	4,734,423
Intangible assets	**(199)**	(221)
Total liabilities	**(1,587,365)**	(1,464,346)
Net assets for common shares	**2,807,558**	3,269,856
Number of common shares as at December 31	**3,480,637,455**	3,479,076,667
Book value per share, Tenge	**807**	940

14. BORROWINGS

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

In millions of Tenge	**December 31, 2011**	December 31, 2010
Bonds issued, purchased by subsidiaries:		
- BTA Bank JSC	**527,519**	522,282
- Alliance Bank JSC	**85,846**	84,817
- Development Bank of Kazakhstan JSC	**43,657**	26,068
- National Company "KazMunayGas" JSC	**36,973**	42,037
- Temirbank JSC	**3,048**	–
- Export-Credit Insurance Corporation "KazExportGarant" JSC	**1,842**	2,035
Bonds issued, purchased by other companies	**104,865**	48,995
Loans received	**346,705**	285,398
Total borrowings	**1,150,455**	1,011,632
Less: amounts due for settlement within 12 months	**(117,664)**	(91,871)
Amounts due for settlement after 12 months	**1,032,791**	919,761

14. BORROWINGS (continued)

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

In millions of Tenge	**December 31, 2011**	December 31, 2010
Tenge-denominated borrowings	**916,244**	863,490
US dollar-denominated borrowings	**234,211**	148,142
	1,150,455	1,011,632

Bonds issued

In 2011, Development Bank of Kazakhstan JSC purchased the Fund's bonds in the amount of 2,084 million Tenge (2010: 37,926 million Tenge). The bonds are maturing after 50 years with 0.01% coupon rate. At initial recognition, the bonds were measured at fair value amounting 34 million Tenge using a relevant market interest rate. Placement of the Fund's bonds was performed alongside with the purchase of Development Bank of Kazakhstan JSC bonds for the same consideration and similar terms, except for the fact that bonds purchased by the Fund have optional coupon, and repayment of coupon can be unilaterally and unconditionally rejected by Development Bank of Kazakhstan JSC without bearing any further liabilities. Optional coupon for 2011 amounted to 6,493 million Tenge (2010: 4,439 million Tenge) and was recognized as dividend income. As of December 31, 2011the total carrying amount of bonds issued by the Fund and acquired by Development Bank of Kazakhstan JSC was equal to 882 million Tenge (2010: 780 million Tenge).

Under the second bonds program, in September 2010 the Fund has placed bonds in the amount of 75,000 million Tenge on the open market. The bonds' maturities are 10 years with coupon rate of 6.5% per annum. In April 2011 the Fund additionally placed bonds on the open market for the total amount of 75,000 million Tenge. The bonds' maturities are 7 years with coupon rate of 5.89% per annum. Under this program the Fund's subsidiaries Development Bank of Kazakhstan JSC, Temirbank JSC and Export-Credit Insurance Corporation "KazExportGarant" JSC acquired bonds of the Fund. Remaining bonds were acquired by third parties.

Loans received

Credit line 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 in the amount of 3 billion US dollars with an interest rate of six-month LIBOR plus 4.3%. Loans are assigned for supporting and development of industrial production and other industries between China and Kazakhstan. In 2011, the Fund obtained tranches in the amount of 600 million US dollars, equivalent to 87,073 million Tenge as of the date of receipt, under this credit facility (2010: 400 million US dollars and 59,044 million Tenge respectively). The purpose of the tranches obtained in 2011 is granting loans to Kazakhmys Finance PLC for development of Bozshakol copper field (*Note 7*).

Loan from NC KazMunayGas JSC

On July 8, 2011 the Fund made an early partial repayment of a loan from National Company "KazMunayGas" JSC in the amount of 41,381 million Tenge.

15. AMOUNTS DUE TO THE GOVERNMENT

As at December 31 amounts due to the Government comprised of the following:

In millions of Tenge	**December 31, 2011**	December 31, 2010
Bonds placed by National Bank of Republic of Kazakhstan	**352,523**	328,632
Other loans from the Government	**52,483**	26,025
	405,006	354,657

15. AMOUNTS DUE TO THE GOVERNMENT (continued)

2011

In accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2011-2013" dated November 29, 2010 in 2011 the Fund received loans from the Ministry of Industry and New Technologies of the Republic of Kazakhstan. Total amount of loans is 46,600 million Tenge with interest rates from 0.1% to 0.5%. Loans were issued for the period from 10 to 25 years and are intended for the following purposes:

- providing loan to National Company "Kazakhstan Temir Zholy" JSC in the amount of 19,000 million Tenge (*Note 7*) with an interest rate not exceeding 0.75% per annum;
- providing loan to Development Bank of Kazakhstan JSC in the amount of 15,000 million Tenge (*Note 7*) with an interest rate not exceeding 0.2% per annum;
- providing loan to Doszhan Temir Zholy JSC in the amount of 6,600 million Tenge to finance the construction of "Shar-Ust-Kamenogorsk" railway with interest rate not exceeding 0.5% per annum;
- providing loan to Export-Credit Insurance Corporation "KazExportGarant" JSC in the amount of 6,000 million Tenge (*Note 7*) with an interest rate not exceeding 0.2% per annum.

At initial recognition, the loans were measured at fair value amounting to 24,801 million Tenge using a relevant market interest rate and subsequently accounted for at amortized cost. The difference between nominal value of loans and their fair value in amount of 21,799 million Tenge was recognized in the separate statement of changes in equity.

2010

In 2010 the Fund placed 220,000,000 coupon bonds with nominal value of 1,000 Tenge per bond for the total amount of 220,000 million Tenge. The maturity of bonds shall be 15 years, 0.4% coupon rate shall be paid semiannually. All bonds were purchased by the National Bank of the Republic of Kazakhstan. The bonds were initially recorded at fair value calculated using market interest rates applicable to the Fund as at the date of bonds issue and subsequently are accounted for at amortized cost. The difference between nominal value of loans and their fair value at the amount of 102,733 million Tenge was recognized in the separate statement of changes in equity

Amounts obtained from realization of these bonds were utilised for acquisition of shares of Kazakhmys PLC on the organized market and for expenses related to acquisition of the shareholdings.

In accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2010-2012" dated December 7, 2009, on December 2010 the Fund has obtained 2 loans from the Ministry of Industry and New Technologies of the Republic of Kazakhstan. The total amount of loans was 18,803 million Tenge with an interest rates from 0.25% to 0.5%. Loans were granted for the period from 11 to 20 years and are intended for the following purposes:

- providing loan to House Construction Savings Bank of Kazakhstan JSC in the amount of 15,163 million Tenge to grant housing loans to certain categories of citizens. With interest rate not exceeding 1% per annum;
- providing loan to Doszhan Temir Zholy JSC in the amount of 3.640 million Tenge to finance the project "Construction and operation of new railway line "Railway station Shar – Ust-Kamenogorsk". With interest rate not exceeding 0.5% per annum.

At initial recognition, the loans were measured at fair value amounting to 10,391 million Tenge using a relevant market interest rate and subsequently are accounted at amortized cost. The difference between nominal value of the loans and their fair value in the amount of 8,412 million Tenge was recognized in the separate statement of changes in equity.

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

16. FINANCIAL GUARANTEE LIABILITIES

Movements in the financial guarantee liabilities comprise as follows:

In millions of Tenge	**December 31, 2011**	December 31, 2010
As at January 1	**27,707**	21,968
Guarantees issued during the year	**3,802**	15,880
Amortization of financial guarantees liabilities	**(2,715)**	(10,030)
Effect of changes in exchange rates	**142**	(111)
As at December 31	**28,936**	27,707
Less: current portion	**(3,091)**	(2,722)
Non-current portion	**25,845**	24,985

Financial guarantees liabilities comprise the Fund's liabilities on guarantees issued to financial institutions to finance economic activity and significant contracts of its subsidiaries (*Note 5*). All guarantees are issued free of charge. Total outstanding amount of guarantees as at December 31, 2011 is 2,145,388 thousand US Dollars and 1,401,661 thousand Tenge (2010: 1,980,000 thousand US Dollars and nil Tenge, respectively).

17. INTEREST INCOME

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

In millions of Tenge	**2011**	2010
Interest on loans	**43,865**	44,185
Unwinding of discount on loans issued	**14,973**	174,945
Interest on bonds	**9**	45,920
	58,847	265,050

18. INTEREST EXPENSES

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

In millions of Tenge	**2011**	2010
Interest on bonds	**44,996**	39,841
Unwinding of discount on financial assets and liabilities	**31,723**	30,219
Interest on loans	**16,659**	7,946
Loss on discounting of financial assets at initial recognition	**13,747**	5,805
Other	**–**	86
	107,125	83,897

19. GENERAL AND ADMINISTRATIVE EXPENSES

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

In millions of Tenge	**2011**	2010
Charitable donations	**33,160**	5,185
Personnel costs	**2,429**	1,970
Consulting services	**1,893**	1,104
VAT non-recoverable	**1,033**	402
Other	**3,557**	2,947
	42,072	11,608

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

20. FINANCE INCOME

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

In millions of Tenge	2011	2010
Interest on bank deposits	**43,856**	23,343
Income from financial guarantees	**14,235**	16,277
Interest on current bank accounts	**480**	3,412
Other	**462**	1,450
	59,033	44,482

21. INCOME TAX EXPENSE

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

In millions of Tenge	2011	2010
Withholding tax	**10,938**	10,308
Current income tax expenses	**–**	25,239
Deferred tax benefit	**(1,237)**	(20,818)
	9,701	14,729

In November 2010, the Government approved amendments to the tax code effective January 1, 2011, in accordance with such changes the statutory income tax rates are changed to 20% for future periods. The Fund's calculations of deferred tax and income tax expense as of December 31, 2011 and 2010 for the years then ended reflect these changes in the tax code.

A reconciliation of income tax expense applicable to profit before income tax at the statutory income tax to income tax expense was as follows:

In millions of Tenge	2011	2010
Loss before tax	**(506,133)**	(297,339)
Statutory tax rate	**20%**	20%
Income tax benefit on accounting profit	**(101,227)**	(59,468)
Tax effect of permanent differences	**110,928**	74,197
Impairment of investments into subsidiaries	**61,318**	156,324
Loss from impairment of amounts due from credit institutions and bank deposits	**56,414**	–
Non-taxable income from dividends	**(14,998)**	(7,961)
Gain on changes in the value of options, net	**(8,387)**	(12,221)
Charitable donations	**6,276**	5
Amortization of discount on financial assets and liabilities	**6,100**	(35,205)
Withholding income tax	**3,208**	(6,086)
Loss from disposal of assets	**1,373**	–
Income from financial guarantees	**(543)**	(2,006)
Non-taxable income on securities registered at KASE	**(59)**	(9,255)
Effect of change in tax rate	**–**	8,895
Income from loss of significant influence on associates	**–**	(17,370)
Income from conversion of debt instruments into equity	**–**	(2,469)
Other permanent differences	**226**	1,546
Expenses on corporate income tax presented in the statement of comprehensive income	**9,701**	14,729

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

21. INCOME TAX EXPENSE (continued)

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	2011	2010
Deferred tax assets		
Loans issued	**3,259**	2,713
Other current liabilities	**131**	31
Deferred tax assets	**3,390**	2,744
Deferred tax liabilities		
Property, plant and equipment	**(44)**	(866)
Loans received	**(646)**	(414)
Deferred tax liabilities	**(690)**	(1,280)
Net deferred tax liability	**2,700**	1,464

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.

22. 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 2011 and 2010 and the related balances as at December 31, 2011 and 2010, 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, 2011**	**9,329**	**405,006**	**436,100**
	December 31, 2010	2,238	354,454	373,028
Subsidiaries	**December 31, 2011**	**383,956**	**807,267**	**132,660**
	December 31, 2010	364,075	814,737	359,314
Associates and joint venture	**December 31, 2011**	**–**	**–**	**–**
	December 31, 2010	–	–	–
Other related parties	**December 31, 2011**	**–**	**–**	**–**
	December 31, 2010	21,001	34,981	5,678

22. RELATED PARTY TRANSACTIONS (continued)

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	**2011**	**–**	**–**	**–**	**27,115**
	2010	–	–	463	2,718
Subsidiaries	**2011**	**74,686**	**1,752**	**62,316**	**46,889**
	2010	41,983	1,083	354,120	107,757
Associates and joint venture	**2011**	**–**	**–**	**–**	**–**
	2010	–	–	5,186	1
Other related parties	**2011**	**2,763**	**–**	**1,672**	**4,308**
	2010	2,261	–	1,917	–

Nature of transactions, which have been entered into with related parties during 2011 and 2010, is disclosed in the respective notes to Financial Statements.

Total compensation to key management personnel included in general and administrative expenses in the accompanying separate statement of comprehensive income amounted to 491 million Tenge and 298 million Tenge for the years ended December 31, 2011 and 2010, respectively. Compensation to key management personnel consists of contractual salary.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's principal financial liabilities consist of borrowings from credit institutions and the Government, bonds issued, financial guarantees and other accounts payable. The main purpose of these financial instruments is to raise finance for the Fund's operations. The Fund's financial assets comprise loans issued to subsidiaries and credit institutions, bank deposits, other financial assets, other accounts receivable, 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.

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 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
2011	**+15**	**(66)**
	-15	**66**
2010	+100	(1,481)
	-25	370

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 financial assets (*Note 9*), bank deposits (*Note 10*), other current assets (*Note 11*), and cash and cash equivalents (*Note 12*), net of allowances for impairment recognized at the reporting date.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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.

The table shown below summarises the maturity profile of the Fund's financial liabilities at December 31, 2011 and 2010 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, 2011						
Loans	63,226	19,651	85,936	311,841	1,676,369	**2,157,023**
Amounts due to the Government	–	48	1,299	13,321	975,571	**990,239**
Other current liabilities	407	1,078	766	–	–	**2,251**
Total	**63,633**	**20,777**	**88,001**	**325,162**	**2,651,940**	**3,149,513**

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, 2010						
Loans	64,727	17,442	30,639	360,217	1,696,538	2,169,563
Amounts due to the Government	–	48	1,169	7,135	934,695	943,047
Other current liabilities	226	477	212	–	–	915
Total	64,953	17,967	32,020	367,352	2,631,233	3,113,525

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 foreign currencies' 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 currency rate	Effect on profit before tax
2011		
Euro	**16.33%**	**249**
	-16.33%	**(249)**
US Dollar	**10.72%**	**361**
	-10.72%	**(361)**
2010		
Euro	16.65%	266
	-16.65%	(266)
US Dollar	11.56%	134
	-11.56%	(134)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

The Fund performs capital management through attracting financial resources at optimally advantageous conditions for further financing of its activity and to invest it for 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 4. 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 0.25.

Capital adequacy coefficient is presented as follows as of December 31:

In millions of Tenge	**2011**	2010
Share capital	**4,050,383**	3,891,909
Reserves	**(126,333)**	4,881
Accumulated loss	**(1,116,293)**	(526,713)
Total equity	**2,807,757**	3,370,077
Total borrowings	**1,555,461**	1,366,289
Total assets	**4,395,122**	4,734,423
Capital adequacy coefficient	**0.64**	0.69
Debt to equity ratio	**0.55**	0.42

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, 2011**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets available-for-sale	**199,554**	199,554	–	–
Assets related to call/put options	**33,240**	–	33,240	–
Liabilities measured at fair value				
Liabilities under call/put options	**(717)**	–	(717)	–

In millions of Tenge	**December 31, 2010**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Financial assets available-for-sale	**423,121**	423,121	–	–
Liabilities measured at fair value				
Liabilities under call/put options	**69,435**	–	69,435	–

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments

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

In millions of Tenge	Carrying amount		Fair value	
	December 31, 2011	December 31, 2010	**December 31, 2011**	December 31, 2010
Financial assets				
Cash and cash equivalents	**451,902**	401,586	**451,902**	401,586
Bank deposits	**240,312**	450,767	**240,312**	450,767
Loans issued	**540,334**	312,721	**552,557**	311,628
Amounts due from credit institutions	**292,193**	423,046	**292,277**	422,986
Other financial assets	**199,554**	425,121	**199,554**	425,409
Assets related to call/put options	**33,240**	–	**33,240**	–
Other current assets	**10,857**	19,205	**10,8577**	19,155
Financial liabilities				
Borrowings	**(1,150,455)**	(1,011,632)	**(1,265,481)**	(1,068,481)
Amount due to the Government	**(405,006)**	(354,657)	**(509,464)**	(409,770)
Financial guarantee liabilities	**(28,936)**	(27,707)	**(25,652)**	(36,882)
Option liabilities	**(717)**	(69,435)	**(717)**	(69,435)
Other current liabilities	**(2,251)**	(915)	**(2,251)**	(1,154)

The fair value of loans given, borrowings, amounts due to the Government and financial guarantee liabilities has been calculated by discounting the expected future cash flows at prevailing interest rates.

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

24. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The management believes that there are no current legal proceedings or other outstanding claims, which could have a material negative impact 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 and makes a corresponding 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.

Insurance matters

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 in the Republic of Kazakhstan. 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 its 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.

24. COMMITMENTS AND CONTINGENCIES (continued)

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, 2011. As at December 31, 2011, 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.

Allowances against assets placed with BTA Bank JSC

In September 2010, the Tax Committee of Astana initiated integrated tax audit of the Fund's activities for 2009. During the tax audit, tax authorities raised a question on deductibility of Provisions for corporate income tax purpose for 2009. As at the date of these financial statements, the Fund did not receive the tax audit act yet.

The Decree of the Government No. 2275 dated December 30, 2009 approved the Rules of "allocation of assets and contingent liabilities to the category of doubtful and bad by the national management holding, and by legal entities that are mainly engaged in borrowing transactions and repurchase of rights of demand and 100% of voting shares (share of participation) of such entities belong to the national management holding, and they have the right to deduct provision (reserve) expenses against doubtful and bad assets, contingent liabilities, apart from assets and contingent liabilities provided in favour of related parties, or third parties on obligations of related parties (apart from assets and contingent liabilities of credit cooperatives)" ("Rules").

In accordance with the Rules the Fund formed and deducted for corporate income tax purposes provisions on assets placed in BTA Bank JSC in the amount of 846,748 million Tenge ("Provisions").

The Fund's management believes that as at December 31, 2011 its interpretation of applicable legislation (including Rules) is appropriate and the Fund's position on deduction of these provisions will be sustained. Accordingly, the Fund did not recognize any provisions associated with possible accruals by tax authorities in these separate financial statements.

Commitments under Stabilization Plan

The Fund was assigned as the Government's principal operator in implementation of the Stabilization Plan approved by the Government in 2008 (*Note 1*). As at December 31, 2011 commitments for measures on financial sector stabilization and small and medium business support were fulfilled.

Stabilization of the situation on Real Estate Market

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, 2011 commitment to provide financing for completion of ongoing construction and acquisition of completed housing through the Fund and its subsidiaries amounted to 1,442 million Tenge (2010: 33,784 million Tenge).

Implementation of innovation, industrial and infrastructure projects

As at December 31, 2011 the Fund's commitments to provide financing to innovative, industrial and infrastructure projects amounted to 5,000 million Tenge (as at 31 December 2010: 5,000 million Tenge).

Commitments under investment projects

As at December 31, 2011 Fund's commitments on implementation of investment projects amounted to 2,163 million Tenge (2010: 40,000 million Tenge).

NOTES TO SEPARATE FINANCIAL STATEMENTS (continued)

25. SUBSEQUENT EVENTS

Loans issued

On January 19, 2012 the Fund issued a loan to Kazakhmys Finance PLC in amount of 200 million US dollars for the financing of a project on the development of Bozshakol copper field, Kazakhstan (*Note 7*). The loans were issued using proceeds from the credit line with China Development Bank in January 2012.

In March 2012 Real estate Fund "Samruk-Kazyna" JSC made a partial repayment of the loan in the amount of 28,206 million Tenge.

Amounts due from credit institutions

In the first half of 2012 Entrepreneurship development Fund "Damu" JSC made a partial repayment of a loan in amount of 13,000 million Tenge.

Bank deposits

In the first half of 2012 "Kaspi bank" JSC repaid deposits in the amount of 14,000 million Tenge.

Increase of investments in subsidiaries

In the first half of 2012 the Fund made additional contributions to share capitals of subsidiaries in the amount of 41,987 million Tenge. Contributions were made in form of property and cash.

Contributions to the share capital

In the first half of 2012 the Government made contributions to the Fund's share capital for the total amount of 36,154 million Tenge. Contributions were made in form of property and cash.

Acquisition of interest in Shekerbank

In March 2012 the Fund acquired a 22% share of interest in Shekerbank. The amount of acquisition was 18,189 million Tenge, a portion of which was paid with bank deposits in BTA Bank JSC in the amount of 10,670 million Tenge.

Dividends

On January 19, 2012 the Decree of the Government of the Republic of Kazakhstan No. 139 approved final order of distribution of the Fund's net income for 2010 in the amount of 9,077 million Tenge and settled prepayment of dividends *(Note 11)*.

Amounts due to the Government

In February 2012, in order to promote financial stability of the Group, Management Board of the National Fund of the Republic of Kazakhstan (the "Board") made a decision to change the terms of bonds, received from the National Fund of the Republic of Kazakhstan and placed in National Bank of the Republic of Kazakhstan *(Note 15)*. According to this decision the term of the bonds will be prolonged to 2062 and interest will be decreased to 0.01%.