

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed separate
financial statements (unaudited)

as at June 30, 2018 and for the six months then ended

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Report on Review of Interim Condensed Separate Financial Information

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

Introduction

We have reviewed the accompanying interim condensed separate financial statements of “Sovereign Wealth Fund “Samruk-Kazyna” JSC, which comprise the interim separate balance sheet as at 30 June 2018, interim separate statement of comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the six months then ended and selected explanatory notes (interim condensed separate financial information). Management is responsible for the preparation and presentation of this interim condensed separate financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed separate financial information based on our review.

Scope of review

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

Conclusion

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

Consolidated financial statements presented separately

Without qualifying our conclusion, we draw attention to Note 1 to the interim condensed separate financial statements which states that "Sovereign Wealth Fund "Samruk-Kazyna" JSC is the parent entity and that the interim condensed consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries, prepared in accordance with IAS 34, have been issued separately. We have reviewed the interim condensed consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC as at 30 June 2018 and for the three and six months then ended and expressed an unqualified conclusion thereon in our review report dated 12 September 2018.

Ernst & Young LLP

Paul Cohn
Audit partner

Adil Syzdykov
Auditor



Auditor qualification certificate
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12 September 2018

Dinara Malayeva
Acting General Director
Ernst and Young LLP



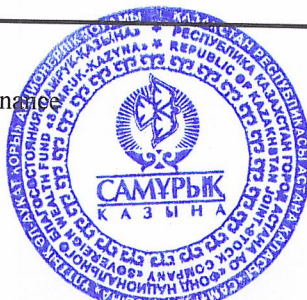
State audit license for audit activities on
the territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by
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Kazakhstan on 15 July 2005

INTERIM SEPARATE BALANCE SHEET

As at June 30, 2018

<i>In millions of tenge</i>	Notes	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Assets			
Non-current assets			
Property, plant and equipment		213	266
Intangible assets	4	1,162	16,675
Investments in subsidiaries	5	4,152,400	4,152,759
Investments in joint ventures	6	1,494,941	1,494,941
Loans issued	7	411,936	383,417
Amounts due from credit institutions	8	318,763	439,120
Other non-current financial assets	9	1,245	1,164
Other non-current assets	10	25,643	31,134
		6,406,303	6,519,476
Current assets			
Income tax prepaid		4,954	4,969
Loans issued	7	183,470	215,626
Amounts due from credit institutions	8	93,957	178,425
Other current assets	11	173,383	52,108
Cash and cash equivalents	12	259,736	354,577
		715,500	805,705
Assets held for distribution to Shareholder	5	23,595	-
Assets classified as held for sale	13	18,175	18,455
Total assets		7,163,573	7,343,636
Equity and liabilities			
Equity			
Share capital	14	5,133,476	5,133,476
Revaluation reserve of investments at fair value through other comprehensive income		(1,153)	(1,498)
Retained earnings		508,719	274,055
Total equity		5,641,042	5,406,033
Non-current liabilities			
Loans from the Government of the Republic of Kazakhstan	15	787,221	776,141
Borrowings	16	664,262	577,375
Financial guarantee liabilities		29,713	33,443
Deferred tax liabilities		338	238
Other non-current liabilities	17	8,316	7,553
		1,489,850	1,394,750
Current liabilities			
Loans from the Government of the Republic of Kazakhstan	15	6,121	5,907
Borrowings	16	5,047	507,892
Financial guarantee liabilities		7,461	7,461
Other current liabilities	17	14,052	21,593
		32,681	542,853
Total liabilities		1,522,531	1,937,603
Total equity and liabilities		7,163,573	7,343,636

Managing Director for Economy and Finance



[Signature]
Beibit Karymsakov

Chief accountant

[Signature]
Almaz Abdrakhmanova

The accounting policies and notes on pages 5 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2018

<i>In millions of tenge</i>	Notes	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Interest income	18	33,501	136,505
Interest expenses	19	(50,556)	(133,120)
Dividend income	20	237,485	121,051
Gross profit		220,430	124,436
General and administrative expenses	21	(7,320)	(22,014)
Finance income	22	102,767	37,351
Finance expenses		(18,818)	(14,881)
Loss from impairment under IFRS 9, net		(2,644)	-
Loss on impairment of financial and other current assets, net		-	(763)
Impairment of financial assets		-	(12,828)
Loss from disposal of assets held for sale	13	(99)	-
Foreign exchange gain, net		1,351	10,216
Other operating income, net		3,237	1,063
Profit before income tax		298,904	122,580
Income tax expenses	23	(3,498)	(5,094)
Net profit for the period		295,406	117,486
Other comprehensive income/(loss) for the period, net of tax			
Revaluation of financial assets available-for-sale		-	(12,222)
Net change in fair value of debt instruments measured at fair value through other comprehensive income		24	-
Realized loss on available-for-sale investments		-	6,659
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of income tax		24	(5,563)
Total comprehensive income for the period, net of tax		295,430	111,923

Managing Director for Economy and Finance



Beibit Karymsakov

Chief accountant

Almaz Abdakhmanova

The accounting policies and notes on pages 5 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CASH FLOWS

For the six months ended June 30, 2018

<i>In millions of tenge</i>	Notes	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Cash flows from operating activities			
Dividend received		141,782	9,167
Loans received	16	23,952	22,904
Redemption of amounts due from credit institutions		15,825	5,028
Repayment of loans issued		47,614	15,053
Redemption of financial assets		-	997
Other cash receipts		1,575	862
Loans given to subsidiaries	7	(73,935)	(7,422)
Payments to suppliers		(5,665)	(4,723)
Payroll payments		(1,351)	(1,783)
Sponsorship		(1,269)	(15,000)
Withholding income tax		(3,398)	(5,181)
Other taxes and payments		(4,426)	(1,923)
Interest received		29,292	40,867
Interest paid		(41,551)	(40,014)
Repayment of loans received	16	(307,179)	-
Repayment of bonds issued	16	(81,000)	-
Net cash flows (used in) / from operating activities		(259,734)	18,832
Cash flows from investing activities			
Withdrawal of bank deposits, net		177,407	84,425
Contributions to subsidiaries and joint ventures	5	(2,500)	(61,135)
Sales revenue in associates	13	182	-
Proceeds from sale of investments in subsidiaries		-	10,136
Purchase of property, plant and equipment		(7)	(43)
Purchase of intangible assets		(40)	(7,378)
Purchase of subsidiaries	5	(89)	-
Net cash flows from investing activities		174,953	26,005
Cash flows from financing activities			
Distributions to the Shareholder		(20,800)	(22,361)
Contributions to the share capital		-	50,000
Net cash flows (used in) / received from financing activities		(20,800)	27,639
Net (decrease) / increase in cash and cash equivalents		(105,581)	72,476
Net foreign exchange difference		10,740	325
Cash and cash equivalents, at the beginning of the period		354,577	236,546
Cash and cash equivalents, at the end of the period		259,736	309,347

Managing Director for Economy and Finance



Beibit Karymsakov

Chief accountant

Almaz Abdakhmanova

The accounting policies and notes on pages 5 to 24 are an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2018

<i>In millions of tenge</i>	Notes	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Retained earnings	Total
Balance as at December 31, 2016 (audited)		5,058,658	4,018	205,360	5,268,036
Net profit for the period		–	–	117,486	117,486
Other comprehensive loss		–	(5,563)	–	(5,563)
Total comprehensive income for the period		–	(5,563)	117,486	111,923
Issue of shares	14	50,266	–	–	50,266
Other distributions to the Shareholder	14	–	–	(53,554)	(53,554)
Balance as at June 30, 2017 (unaudited)		5,108,924	(1,545)	269,292	5,376,671
Balance as at December 31, 2017 (audited)		5,133,476	(1,498)	274,055	5,406,033
Effect of IFRS 9 adoption	2	–	321	(39,872)	(39,551)
Balance as at January 1, 2018 (adjusted)		5,133,476	(1,177)	234,183	5,366,482
Net profit for the period		–	–	295,406	295,406
Other comprehensive income		–	24	–	24
Total comprehensive income for the period		–	24	295,406	295,430
Other distributions to the Shareholder	14	–	–	(20,870)	(20,870)
Balance as at June 30, 2018 (unaudited)		5,133,476	(1,153)	508,719	5,641,042

Managing Director for Economy and Finance



Beibit Karymsakov

Beibit Karymsakov

Chief accountant

Almaz Abdrakhmanova

Almaz Abdrakhmanova

The accounting policies and notes on pages 5 to 24 are an integral part of these interim condensed separate financial statements.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS**As at 30 June 2018 and for the six months then ended****1. GENERAL INFORMATION**

“Sovereign Wealth Fund “Samruk-Kazyna” Joint Stock Company (the “Fund” or “Samruk-Kazyna”) was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Resolution of the Government of the Republic of Kazakhstan dated October 17, 2008. The Fund was created by the merger of “Sustainable Development Fund “Kazyna” JSC (“Kazyna”) and “Kazakhstan Holding Company for State Assets Management “Samruk” JSC (“Samruk”) and the additional transfer to the Fund of ownership in certain entities owned by the Government of the Republic of Kazakhstan (the “Government” or the “State”). The founder of the Fund is the Government, represented by State property and privatization committee of the Ministry of finance of the Republic of Kazakhstan. The Government is the sole shareholder of the Fund (the “Shareholder”).

According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 *On Sovereign Wealth Fund* No. 550-IV, the Fund’s activities are focused on improving the sovereign wealth of the Republic of Kazakhstan by increasing long-term value of the Fund’s group companies and by effective management of the Fund’s group assets.

The Fund is a holding company with investments in a number of entities listed in *Notes 5 and 6*.

The registered address of the Fund: the Republic of Kazakhstan, Astana, Kunayev str., 8.

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

These interim condensed separate financial statements were issued in addition to the interim condensed consolidated financial statements of the Fund. The interim separate financial statements were authorized for issue by the Managing Director for Economy and Finance and Chief accountant of the Fund on September 12, 2018.

2. BASIS OF PREPARATION

Interim condensed separate financial statements for the six months ended June 30, 2018 were prepared in accordance with International Accounting Standard 34 *Interim Financial Statements* (“IAS 34”). The interim condensed separate financial statements do not include all the information and disclosures required in the annual separate financial statements, and should be read in conjunction with the Fund’s annual separate financial statements for the year ended December 31, 2017.

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

Foreign currency translation*Functional and presentation currency*

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

Transactions and balances

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

Non-monetary items measured on a cost basis in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Exchange rates

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

The official rate of US dollar at June 30, 2018 and December 31, 2017 was 341.08 and 332.33 tenge to 1 US dollar, respectively. The currency exchange rate as at September 12, 2018 was 377.74 tenge to 1 US dollar.

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

2. BASIS OF PREPARATION (continued)**New standards, interpretations and amendments adopted by the Fund**

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. However, the standard does not apply to revenue associated with financial instruments and leases, and therefore, does not impact the majority of the Group's revenue including interest income, gains/(losses) on operations with securities, lease income which covered by IFRS 9 *Financial Instruments* and IAS 17 *Leases*.

The adoption of IFRS 15 did not have a significant impact on the interim condensed financial statements of the Fund.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Company applied retrospectively, the Company has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018.

The Fund did not recalculate comparative information for the annual period beginning on January 1, 2017, and recognized the adjustment of the balance of retained earnings as of January 1, 2018, as disclosed below.

(a) Classification and measurement

Under IFRS 9, the Group initially evaluate financial assets at fair value increased in the case of financial assets that are not measured at fair value through profit or loss for the amount of transaction costs.

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

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

2. BASIS OF PREPARATION (continued)

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

IFRS 9 Financial instruments (continued)

(a) Classification and measurement (continued)

The new classification and measurement of the Fund’s debt financial assets in accordance with new requirements are, as follows:

- *Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flow that meet the criterion of solely payments of principal and interest. This category includes the Fund’s trade and other receivables, loans due from related parties and amounts due from credit institutions.
- *Debt instruments at FVOCI* for financial assets that are held within a business model whose objective order to collect contractual cash flows that meet the criterion of solely payments of principal and interest and selling financial assets. This category includes debt securities included in other financial assets. Under IAS 39, the Fund’s quoted debt instruments were classified as available for sale (AFS) financial assets.
- *Debt instruments at FVPL*: the Fund does not have financial assets accounted at FVPL.

(b) Impairment

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

IFRS 9 requires the Fund to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)

2. BASIS OF PREPARATION (continued)

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

IFRS 9 Financial instruments (continued)

(b) Impairment (continued)

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

<i>In millions of tenge</i>	As at December 31, 2017 (audited)	Effect of IFRS 9 adoption	As at January 1, 2018 (unaudited)
Assets			
Non-current assets			
Loans issued	383,417	(7,057)	376,360
Amounts due from credit institutions	439,120	(12,475)	426,645
Other non-current assets	31,134	(5)	31,129
Current assets			
Loans issued	215,626	(16,322)	199,304
Amounts due from credit institutions	178,425	(1,642)	176,783
Other current assets	52,108	(2,016)	50,092
Cash and cash equivalents	354,577	(34)	354,543
Equity and liabilities			
Equity			
Revaluation reserve of investments at fair value through other comprehensive income	(1,498)	321	(1,177)
Retained earnings	274,055	(39,872)	234,183

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

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

Amendments to IAS 40 Transfers of Investment Property

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

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

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Fund’s accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Fund has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Fund’s interim condensed separate financial statements.

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

2. BASIS OF PREPARATION (continued)**New standards, interpretations and amendments adopted by the Fund (continued)***Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

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

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

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

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standard – deletion of short-term exemptions for first-time adopters

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

3. SEASONALITY OF OPERATIONS

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

4. INTANGIBLE ASSETS

In 2015, in order to automate the business processes of the Group, the Fund entered into long-term agreement with “SAP Kazakhstan” LLP on the acquisition of perpetual rights to use and provide SAP software maintenance services (hereinafter – “Agreement”). The Fund entered into trust management agreement with its subsidiary “Samruk-Kazyna Business-Service” LLP, which distributes licenses to the portfolio companies of the Fund. In accordance with long-term contracts for granting the rights to use software for lease to subsidiaries and on the basis of acts granting rights to use SAP software as of June 30, 2018 the Fund recognized a partial disposal of intangible assets for 2,471 million tenge and re-classified SAP licenses from intangible assets to other current and non-current assets for 13,433 million tenge, with the allocation to other current assets of 1,174 million tenge and other non-current assets of 12,259 million tenge (Notes 10, 11).

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN SUBSIDIARIES

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

<i>In millions of tenge</i>	Activity	Country	Carrying amount		Ownership	
			June 30, 2018 (unaudited)	December 31, 2017 (audited)	June 30, 2018 (unaudited)	December 31, 2017 (audited)
“National Company “Kazakhstan Temir Zholy” JSC	Cargo and passengers railway transportation	Kazakhstan	1,449,535	1,449,535	100.00%	100.00%
“National Company “KazMunayGas” JSC	Oil and gas industry	Kazakhstan	1,187,622	1,187,541	90.42%	90.09%
“Samruk-Energy” JSC	Production and transportation of heat and electricity	Kazakhstan	452,608	452,608	100.00%	100.00%
“United Chemical Company” LLP	Development of chemical industry of RK	Kazakhstan	297,185	274,119	100.00%	100.00%
“National Mining Company “Tau-Ken Samruk” JSC	Development of mining industry of RK	Kazakhstan	293,135	293,135	100.00%	100.00%
“National Atomic Company “KazAtomProm” JSC	Uranium production	Kazakhstan	147,634	147,634	100.00%	100.00%
“Kazakhstan Electricity Grid Operating Company” JSC (KEGOC JSC)	Electricity transmission	Kazakhstan	120,648	120,648	90.00% + 1	90.00% + 1
“Kazakhtelecom” JSC	Fixed line telecommunication	Kazakhstan	93,212	93,212	51.00%	51.00%
“Kazpost” JSC	Postal and financial services	Kazakhstan	38,183	38,183	100.00%	100.00%
“Real Estate Fund “Samruk-Kazyna” JSC	Stabilization of real estate market	Kazakhstan	31,849	31,849	100.00%	100.00%
“Samruk-Kazyna Invest” LLP	Professional services on investment projects	Kazakhstan	23,088	23,088	100.00%	100.00%
“Air Astana” JSC	Passengers air transportation	Kazakhstan	7,276	7,276	51.00%	51.00%
“International Airport Aktobe” JSC	Airport services	Kazakhstan	6,029	6,029	51.00%	51.00%
“Airport Pavlodar” JSC	Airport services	Kazakhstan	1,454	1,454	100.00%	100.00%
“Samruk-Kazyna Business Service” LLP	Implementation of transformation	Kazakhstan	1,219	1,219	100.00%	100.00%
“International Airport Atyrau” JSC	Airport services	Kazakhstan	1,196	1,196	100.00%	100.00%
“KOREM” JSC	Operator of electricity market	Kazakhstan	161	161	100.00%	100.00%
“Aviation Company “Air Kazakhstan” JSC	Passengers air transportation	Kazakhstan	136	136	53.55%	53.55%
“Qazaq Air” JSC	Passengers air transportation	Kazakhstan	120	120	100.00%	100.00%
“Kazakhstan atomic electricity stations” JSC	Realization the construction projects of nuclear power plants	Kazakhstan	89	–	100.00%	–
“Samruk-Kazyna Contract” LLP	Project management	Kazakhstan	21	21	100.00%	100.00%
“National Company “Kazakhstan Engineering” JSC	Mechanical and defence engineering	Kazakhstan	–	23,595	100.00%	100.00%
			4,152,400	4,152,759		

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

5. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries

During the six months ended June 30, 2018 the following changes in investments in subsidiaries took place:

- Contribution to the share capital of “United Chemical Company” LLP (hereinafter – “UCC”) of 2,500 million tenge in cash.
- On June 14, 2018, the Fund provided a loan to UCC of 56,700 million tenge with a below-market interest rate, the discount of 20,566 million tenge was calculated as the difference between the fair value at the date of issue of this loan and its face value and was recognized as an increase in investments.
- In accordance with the Resolution of the Government of the Republic of Kazakhstan dated July 3, 2018, on July 16, 2018 the Fund transferred 100% shares in “National Company Kazakhstan Engineering” JSC to state institution “State Property and Privatization Committee of the Republic of Kazakhstan”. Registration on the disposal of shares was carried out on July 19, 2018.

As of June 30, 2018, investments in this subsidiary of 23,595 million tenge were classified as Assets held for distribution to Shareholder:

- On June 29, 2018, the Fund purchased a 100% share of JSC “Kazakhstan Nuclear Power Plants” from JSC “National Atomic Company “Kazatomprom” in accordance with the purchase and sale agreement dated June 25, 2018. The transaction value was 89 million tenge in cash.

6. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures were presented as follows:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Joint venture		
“KMG Kashagan B.V.” PLLC	1,494,941	1,494,941
“AstanaGasKMG” JSC	–	–
	1,494,941	1,494,941

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

Company	Activity	Country	Ownership	
			June 30, 2018 (unaudited)	December 31, 2017 (audited)
Joint venture				
“KMG Kashagan B.V.” PLLC	Oil and gas industry	Netherlands	50.00%	50.00%
“AstanaGasKMG” JSC	Transportation of gas	Kazakhstan	50.00%	–

On June 18, 2018, in accordance with the purchase and sale agreement dated June 7, 2018, the Fund acquired 50% shares of “AstanaGasKMG” JSC from “KazTransGas” JSC for 120 thousand tenge. “AstanaGazKMG” JSC is defined as the project company that will implement the project of construction of “Saryarka” main gas pipeline along the route “Kyzylorda-Zhezkazgan-Karaganda-Temirtau-Astana”.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)

7. LOANS ISSUED

Loans issued comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Loans issued to subsidiaries	395,330	360,259
- “Real Estate Fund “Samruk-Kazyna” JSC	163,784	163,756
- “Samruk-Energy” JSC	83,046	83,435
- “National Company “Kazakhstan Temir Zholy” JSC	79,075	79,086
- “UCC” LLP	37,779	1,454
- “Qazaq Air” JSC	25,814	22,814
- “National Company “Kazakhstan Engineering” JSC	5,328	6,000
- “International Airport Atyrau” JSC	504	613
- “National Mining Company “Tau-Ken Samruk” JSC	-	3,101
Loans issued to third parties and related parties	189,520	204,003
- “Eurasian Resources Group” (former “Eurasian Natural Resources Corporation” PLC)	170,540	166,165
- “Doszhan Temir Zholy” JSC	8,063	8,240
- “Ayt Housing Complex” LLP	7,099	7,099
- “Elorda Damu” LLP	-	18,691
- Other	3,818	3,808
Bonds issued by subsidiary companies	25,000	25,000
- “National Company “Kazakhstan Temir Zholy” JSC	25,000	25,000
Bonds issued by third parties and related parties	14,236	13,680
- “NMH Baiterek” JSC	11,040	10,596
- Development Bank of Kazakhstan	3,196	3,084
Interest receivable	11,446	10,828
Less: impairment provision	(40,126)	(14,727)
Total loans issued	595,406	599,043
Less: current portion	(183,470)	(215,626)
Non-current portion	411,936	383,417

The movements in the allowance for impairment are as follows:

<i>In millions of tenge</i>	2018	2017
As at 1 January	14,727	14,869
Effect of IFRS 9 adoption (Note 2)	23,379	-
Accrued for the period, net	2,020	404
As at 30 June	40,126	15,273

Loans issued comprised of the following currencies:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Loans denominated in tenge	421,207	429,313
Loans denominated in US dollars	174,199	169,730
	595,406	599,043

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

7. LOANS ISSUED (continued)**Loans issued to subsidiaries***“Real Estate Fund” Samruk-Kazyna” JSC (“Real Estate Fund”)*

On May 27, 2016, the Fund entered into a loan agreement with Real Estate Fund for 97,000 million tenge, according to which in the first half of 2018 the Fund provided three additional tranches for 9,501 million tenge, with maturity when Real Estate Fund collects fund provided to construction companies and interest rate 0.15%, to finance the construction of commercial housing in the framework of realization “Nurly Zher” program.

At initial recognition this loan was measured at fair value of 8,972 million tenge, using appropriate market interest rates. The difference between the nominal value and the fair value of the loan at the date of recognition of 529 million tenge was recognized as a reduction in other liabilities (*Note 17*).

During six months ended June 30, 2018, Real Estate Fund made a partial early repayment of loans of 15,090 million tenge (for the six months ended June 30, 2017: 4,045 million tenge).

In 2012 the Fund entered into a revolving credit line agreement (with a limit of 99,053 million tenge) with Real Estate Fund, according to which the Fund provided two additional tranches to Real Estate Fund of 4,734 million tenge in the first half of 2018, with a maturity date by September 5, 2032 and 2% interest rate for the financing of housing construction projects within the framework of “Affordable Housing – 2020” Program, approved by the Government of the Republic of Kazakhstan on June 21, 2012.

As of June 30, 2018, the total book value of the principal debt and interest receivable for all loans issued to Real Estate Fund was 165,217 million tenge (December 31, 2017: 165,076 million tenge).

“United Chemical Company” LLP (“UCC”)

On June 13, 2018, the Fund entered into a loan agreement with UCC, according to which the Fund provided a loan of 56,700 million tenge in the first half of 2018 with maturity date by June 13, 2043, and 0.1% interest rate for the grace period (up to December 31, 2023), after grace period rate will be determined six months before the end of the grace period by the decision of the Management Board of the Fund. The purpose of the loan is to acquire a 48% share in the charter capital of “KPI” LLP.

At initial recognition, the loan was evaluated at fair value of 36,134 million tenge, using appropriate market interest rates. The difference between the nominal value and the fair value of the loan at the date of recognition of 20,566 million tenge was recognized as an increase in investments in a subsidiary (*Note 5*).

“Qazaq Air” JSC

On March 29, 2017, the Fund and “Qazaq Air” JSC signed a loan agreement to finance working capital, including the costs of operating leases and the maintenance of engineering and technical support for aircraft, aviation insurance and the hiring of flight personnel, according to which on February 28, 2018 and on April 24, 2018, the Fund provided two regular tranches to “Qazaq Air” JSC for 3,000 million tenge.

The maturity of the loans issued to “Qazaq Air” JSC until December 31, 2018, interest rate 0.01% per annum with repayment at the end of the loan period.

As of June 30, 2018, the total book value of the principal debt and interest receivable for all loans issued to “Qazaq Air” JSC was 25,817 million tenge (December 31, 2017: 22,816 million tenge).

“National Mining Company “Tau-Ken Samruk” JSC

On April 3, 2018, the “National Mining Company “Tau-Ken Samruk” JSC made early repayment of the loan with the interest of 7,752 million tenge.

Due to the early repayment of the loan by “National Mining Company “Tau-Ken Samruk” JSC, the Fund recognized income from amortization of discount of 4,592 million tenge in its separate statement of comprehensive income.

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

7. LOANS ISSUED (continued)

Loans issued to third and related parties

“Elorda Damu” LLP

On June 27, 2018, “Elorda Damu” LLP repaid a loan of 20,000 million tenge issued in July 2014 to finance a pilot project for the demolition of emergency housing in Astana and maturity date until July 29, 2018.

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
10 largest local banks	340,098	528,740
Other local credit institutions	82,231	84,616
Interest accrued	3,398	4,189
Less: provision for impairment	(13,007)	–
Total amounts due from credit institutions	412,720	617,545
Less: current portion	(93,957)	(178,425)
Non-current portion	318,763	439,120

The movements in the allowance for impairment are as follows:

<i>In millions of tenge</i>	2018	2017
As at 1 January	–	7,598
Effect of IFRS 9 adoption (Note 2)	14,117	–
Reversal for the period, net	(79)	–
Reclassified to other current assets	(1,031)	(7,598)
As at 30 June	13,007	–

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Rating from BBB-(Baa3) to BB-(Ba3)	122,711	63,898
Rating from B+(B1) to B-(B3)	271,546	520,455
No rating	31,470	33,192
Less: allowance for impairment	(13,007)	–
	412,720	617,545

As at June 30, 2018 no rating is assigned to “Housing Construction Saving Bank of Kazakhstan” JSC (as at December 31, 2017: “Housing Construction Saving Bank of Kazakhstan” JSC and “Kazpost” JSC).

Amounts due from credit institutions were denominated in the following currencies:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Amounts due from credit institutions, in tenge	412,035	581,909
Amounts due from credit institutions, in US dollars	685	35,636
	412,720	617,545

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Amounts due from credit institutions are mainly represented by funds placed in banks and other financial institutions for financing activities within the framework approved by the Government (targeted loans), as well as bank deposits placed in accordance with the policy on management of temporary available cash:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Bank deposits placed under the policy of temporary available cash	235,144	423,719
Funds for financing activities within the framework approved by the Government	177,576	193,826
Total amounts due from credit institutions	412,720	617,545

Bank deposits placed under the policy of temporary available cash

In accordance with the policy on management of temporary available cash, the Fund places deposits with Kazakhstani commercial banks. As of June 30, 2018, the weighted average rate on long-term deposits was 4% per annum (December 31, 2017: 5.12%), weighted average interest rate on short-term bank deposits in tenge was 9.27% per annum (December 31, 2017: 8.41%), for short-term deposits in USD dollars was 1.8% per annum (December 31, 2017: 2.66%).

Funds placed with “Kazkommertsbank” JSC

On May 24, 2018, the Fund made an early withdrawal of a deposit placed in JSC “Kazkommertsbank” in the amount of 100,950 million tenge agreed beforehand by the Parties.

Funds placed with “Kazpost” JSC

On July 4, 2017, the Fund entered into agreement of the Assignment of the Right of Claim (Cession) and novation (hereinafter – “Agreement”) of 3,150 million tenge with “Delta bank” JSC, “Kazpost” JSC and “Leader Invest Company” LLP (hereinafter – “Partnership”) getting the guarantee from shareholder of the “Delta bank” JSC and “Corporation “APK-Invest” LLP. As of the date of entering into the Agreement, the amount of the bank deposit was transferred to bank deposits in “Kazpost” JSC. Payments for this transaction were made until March of the current year. On June 27, 2018, “Kazpost” JSC sent a notification to the Fund on the debt relief of the Partnership from the subject matter of the pledge under the terms of the agreement. On July 10, 2018 the Fund agreed to write off the main debt of “Leader Invest Company” LLP in the amount of 2,013 million tenge.

As a result of the entry into force of the recourse claim, the Partnership became the debtor of the Fund, the Guarantees, by accepting a full joint liability to the Fund for the fulfillment of the Partnership obligations, at the first written request from the Fund, the Guarantees must unconditionally fulfill all necessary payments within five working days from the date of receipt of the claim.

Due to the ongoing work on the reimbursement of funds and the available uncertainties regarding the recoverability of funds, the Fund recognized a provision for impairment of 50% and reclassified cash in the amount of 2,062 million tenge and accrued impairment of 1,031 million tenge to other current assets (*Note 11*).

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

8. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Funds for financing activities within the framework approved by the Government (targeted loans)

As at June 30, 2018 amounts placed with banks and other financial organizations, for purposes of financing approved by the Government, were mainly represented by loans denominated in tenge issued to the following banks and other financial entities:

- To “Entrepreneurship Development Fund “Damu” JSC, 25,536 million tenge to finance small and medium businesses (December 31, 2017: 25,450 million tenge). Interest on these loans was charged at rates 5.5% per annum;
- To “Development Bank of Kazakhstan” JSC, to decrease funding costs of finance leasing and rates of loans for the purpose of investing in projects in priority segments of economy and to stimulate export of Kazakhstan’s locomotives of 18,474 million tenge, 3,992 million tenge and 2,521 million tenge (December 31, 2017: 17,977 million tenge, 3,908 million tenge and 2,764 million tenge, respectively). Interest on these loans was charged at rates from 0.2% to 0.6% per annum;
- To the commercial banks for refinancing mortgage loans, student loans, construction of housing in Astana and Almaty and provision of intermediary housing loans of 77,980 million tenge, 19,262 million tenge and 31,470 million tenge (as at December 31, 2017: 81,579 million tenge, 31,307 million tenge and 30,841 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.

9. OTHER FINANCIAL ASSETS

Other financial assets comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Financial assets at fair value through other comprehensive income		
Equity securities of “Astana Finance” JSC	6,516	6,516
Debt securities	1,245	1,164
Less: impairment provision	(6,516)	(6,516)
Total other financial assets	1,245	1,164

10. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
SAP licenses (Note 4)	12,259	–
Long-term receivables from sale of banks’ shares	5,652	23,118
Property held for sale	740	833
Other	6,996	7,183
Less: impairment provision	(4)	–
	25,643	31,134

Receivable from sale of banks’ shares

As of June 30, 2018, long-term accounts receivable are represented by the discounted value of deferred payments for shares of “Alliance Bank” JSC from Mr. Utemuratov of 5,652 million tenge due on March 3, 2020 (as of December 31, 2017: 5,391 million tenge).

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

11. OTHER CURRENT ASSETS

Other current assets comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Dividends receivable	112,130	16,426
- “National Atomic Company “Kazatomprom” JSC	89,993	–
- “National Company “Kazakhstan Temir Zholy” JSC	18,135	16,425
- “Samruk-Energy” JSC	2,041	–
- “Air Astana” JSC	1,961	–
- “National Company “KazMunayGas” JSC	–	1
Receivable from sale of banks’ shares	49,338	29,397
Deposits in “Delta Bank” JSC and “Kazinvestbank” JSC	18,556	18,556
Other trade receivable	17,301	11,137
Other	3,809	997
Less: impairment provision	(27,751)	(24,405)
	173,383	52,108

The movements in the allowance for impairment are as follows:

<i>In millions of tenge</i>	2018	2017
As at 1 January	24,405	4,600
Effect of IFRS 9 adoption (Note 2)	2,016	–
Accrued for the period	299	359
Reclassified from amounts due from credit institutions (Note 8)	1,031	7,598
As at 30 June	27,751	12,557

Receivable from sale of banks’ shares

As at 30 June 2018 receivable from sale of banks’ shares are presented as discounted value of deferred payments for the shares of the following banks:

- 18,454 of million tenge from Mr. Utemuratov for shares of Temirbank JSC due on May 15, 2019 (as of December 31, 2017: 17,727 million tenge);
- 30,884 million tenge from Mr. Rakishev for shares of BTA Bank JSC due on December 31, 2018 (as of December 31, 2017: 29,397 million tenge).

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Current accounts with banks in tenge	190,174	198,300
Term bank deposits with banks in tenge	67,902	106,874
Current accounts with banks in US dollars and other foreign currency	1,260	20,121
Current accounts with banks in euro	412	2,281
Term bank deposit with National bank in tenge	–	27,001
Less: impairment provision	(12)	–
	259,736	354,577

As at June 30, 2018 the weighted average interest rate on current accounts is equal to 0.0001% per annum (as at December 31, 2017: 0.0001%), the weighted average interest rate on term deposits with banks is equal to 7.7% per annum (as at December 31, 2017: 8.91%).

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

13. ASSETS CLASSIFIED AS HELD FOR SALE

In the first half of 2018, the Fund disposed 4.89% of common shares of “Maikainzoloto” JSC to Rence Enterprises Ltd for 550 thousand US dollars (the equivalent of 182 million tenge). As a result of the transaction, the Fund recognized a loss from disposal of assets (interest in the associate) of 99 million tenge in the interim separate statement of comprehensive income.

14. EQUITY

Share capital

	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
Payment for shares			
As at December 31, 2016 (audited)	3,481,670,758		5,058,658
Cash contributions	500	100,000,000	50,000
Property contributions	265,983	1,000	266
As at June 30, 2017 (unaudited)	3,481,937,241		5,108,924
As at December 31, 2017 (audited)	3,481,938,318		5,133,476
Contributions	-	-	-
As at June 30, 2018 (unaudited)	3,481,938,318		5,133,476

As at June 30, 2018 3,481,938,318 shares of the Fund were fully paid (as at December 31, 2017: 3,481,938,318 shares).

Other distributions to the Shareholder

For the six months ended June, 30 2018, on the basis of the Shareholder’s resolutions, the Fund recognized the financing of various social projects for a total amount of 20,870 million tenge (for the six months ended June 30, 2016: 53,554 million tenge). This financing was recognized as other distributions to the Shareholder in an interim separate statement of changes in equity.

Book value of shares

In accordance with the decision of the Exchange Council of Kazakhstan Stock Exchange JSC (“KASE”) dated October 4, 2010, the financial statements should contain data on the book value of one share (simple and preferred) at the reporting date calculated in accordance with the approved rules KASE.

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Total assets	7,163,573	7,343,636
Less: intangible assets	(1,162)	(16,675)
Less: total liabilities	(1,522,531)	(1,937,603)
Net assets for common shares	5,639,880	5,389,358
Number of common shares	3,481,938,318	3,481,938,318
Book value per common share (tenge)	1,620	1,548

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

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

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Bonds repurchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	729,396	719,410
Other loans from the Government of the Republic of Kazakhstan	63,946	62,638
Total amounts due to the Government of the Republic of Kazakhstan	793,342	782,048
Less: current portion	(6,121)	(5,907)
Non-current portion	787,221	776,141

16. BORROWINGS

Borrowings comprised the following:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Loans received	421,329	755,779
Bonds issued and purchased by other companies	232,551	310,638
Bonds issued and purchased by subsidiaries		
- NC Kazmunaigas JSC	14,924	18,346
- Samruk Energy JSC	505	504
Total borrowings	669,309	1,085,267
Less: amounts due for settlement within 12 months	(5,047)	(507,892)
Amounts due for settlement after 12 months	664,262	577,375

Borrowings comprised the following currencies:

<i>In millions of tenge</i>	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Borrowings, denominated in tenge	464,640	587,956
Borrowings, denominated in US dollars	204,669	497,311
	669,309	1,085,267

Loans received

Interest-free loan from National Company KazMunayGas JSC

In the first half of 2018, the Fund received additional tranches from “National Company KazMunayGas” JSC of 23,952 million tenge, which were used to repay the Fund’s obligations under coupon bonds and syndicated loans. The difference between the nominal value and the fair value of the loan at the date of issue of tranches of 1,325 million tenge was recognized as finance income in separate statement of comprehensive income (Note 22).

In addition, on June 11, 2018, additional agreement was signed, according to which the loan amount could be increased to 800,000 million tenge, the loan repayment period was extended until December 25, 2022. Due to with the extension of the loan period, the Fund recognized financial income of 77,538 million tenge in separate statement of comprehensive income (Note 22).

As at June 30, 2018, the gross balance of the principal amount of debt was 216,660 million tenge net of discount of 95,150 million tenge (December 31, 2017: 258,468 million tenge net of a discount of 29,390 million tenge).

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

16. BORROWINGS (continued)

Loans received (continued)

Loan from Bank of Tokyo-Mitshubishi UFJ, LTD

On June 28, 2018, the Fund made early repayment of the loan from the Bank of Tokyo-Mitshubishi UFJ, LTD in the amount of 1,500 million US dollars (equivalent to 511,965 million tenge at the exchange rate on the date of payment), obtained in 2015 to finance the acquisition of 50% of KMG Kashagan BV. The repayment was made using the Fund’s own funds of 900 million US dollars (equivalent to 307,179 million tenge at the exchange rate on the date of payment) and a new loan of 600 million US dollars (equivalent to 204,786 million tenge at the exchange rate on the date of the transaction) from the syndicate of international and Kazakhstan banks – Bank of Tokyo Mitsubishi UFJ, Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, JSC “Halyk Bank of Kazakhstan”, JSC “Commercial and Industrial Bank of China in Almaty” and JSC “Citibank Kazakhstan”.

The new loan is due on till October 30, 2022 with a grace period until April 30, 2021, at an annual rate of 1.4% + 3 month Libor.

As of June 30, 2018, the total amount of principal and interest was 204,669 million tenge (December 31, 2017: 497,311 million tenge).

Bonds issued and acquired by other organizations

On May 25 and 29, 2018 the Fund made early redemption of the first and second issues of bonds totaling 81,000 million tenge, issued within the first bond program.

17. OTHER LIABILITIES

The Fund as of June 30, 2018 has other liabilities related to financial support, which amounted of 6,156 million tenge (December 31, 2017: 11,282 million tenge). Decrease in other liabilities in the amount of 5,126 million tenge due to discounting in the amount of 529 million tenge at initial recognition of loans to Real Estate Fund (*Note 7*) and accrual of income from government grant of 4,597 million tenge in other interest income of the separate statement of comprehensive income (*Note 18*).

As of June 30, 2018 the Fund has obligations to distribute to the Shareholder. The total amount of the book value of the distribution obligations to the Shareholder was 11,806 million tenge (December 31, 2017: 11,566 million tenge), with current liability of 3,491 million tenge (as of December 31, 2017: 4,013 million tenge), and a long-term liability of 8,315 million tenge (as of December 31, 2017: 7,553 million tenge).

18. INTEREST INCOME

Interest income comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Unwinding of discount on loans issued	13,923	114,385
Interest on loans issued	13,585	22,076
Interest on bonds issued	1,396	6
Other	4,597	38
	33,501	136,505

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(continued)

19. INTEREST EXPENSES

Interest expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Interest on bonds issued	23,754	30,464
Unwinding of discount on financial liabilities	16,713	94,496
Interest on borrowings received	9,230	8,160
Other	859	–
	50,556	133,120

20. DIVIDEND INCOME

<i>In millions of tenge</i>	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
“National Atomic Company “Kazatomprom” JSC	135,012	65,849
“National Mining Company “Tau-Ken Samruk” JSC	45,000	–
“National Company “KazMunayGas” JSC	32,676	41,330
“Kazakhstan Electricity Grid Operating Company” JSC	9,390	6,582
“Kazakhtelecom” JSC	8,890	2,254
“Samruk-Energy” JSC	2,041	4,705
“Air Astana” JSC	1,961	–
“National Company “Kazakhstan Temir Zholy” JSC	1,710	–
Other subsidiaries	805	331
	237,485	121,051

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Personnel costs	1,296	1,448
Sponsorship	1,269	15,000
VAT not taken as an offset	450	709
Consulting services	17	523
Other	4,288	4,334
	7,320	22,014

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

22. FINANCE INCOME

Finance income comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Discount on loans received (Note 16)	78,863	3,390
Interest on bank deposits	14,466	18,736
Amortisation of discount on financial assets	3,863	10,801
Amortisation of financial guarantees	3,773	3,096
Interest on current bank accounts	1	31
Other	1,801	1,297
	102,767	37,351

23. INCOME TAX EXPENSES

Income tax expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2018 (unaudited)	For the six months ended June 30, 2017 (unaudited)
Withholding tax expense	3,398	5,181
Deferred income tax expense/(benefit)	100	(87)
	3,498	5,094

24. RELATED PARTY TRANSACTIONS

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

<i>In millions of tenge</i>		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Subsidiaries	June 30, 2018 (unaudited)	407,750	278,217	–
	December 31, 2017 (audited)	406,696	299,171	3,254
Associates and joint ventures of subsidiaries	June 30, 2018 (unaudited)	5,881	–	–
	December 31, 2017 (audited)	8,244	–	–
Other entities controlled by the Government	June 30, 2018 (unaudited)	266,471	898,256	188,783
	December 31, 2017 (audited)	283,375	889,866	243,826

As at June 30, 2018 amount due to related parties includes the Fund’s liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries and related parties.

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

24. RELATED PARTY TRANSACTIONS (continued)

<i>In millions of tenge</i>		Dividend income	Purchases from related parties	Revenue from sales to related parties	Interest received from related parties	Interest incurred to related parties
Other entities controlled by the Government	June 30, 2018 (unaudited)	–	–	–	6,535	28,152
	June 30, 2017 (unaudited)	–	–	–	12,726	114,149
Subsidiaries	June 30, 2018 (unaudited)	237,486	1,501	1,854,913	93,528	14,915
	June 30, 2017 (unaudited)	121,051	937	–	15,394	13,913
Other related parties	June 30, 2018 (unaudited)	–	–	–	294	–
	June 30, 2017 (unaudited)	–	–	–	301	–

Total compensation to key management personnel included in general and administrative expenses in the accompanying interim separate statement of comprehensive income was equal to 235 million tenge for the six months ended June 30, 2018 (for the six months ended June 30, 2017: 319 million tenge), The indicated amount includes the compensation to the members of the Management Board, in the total amount of 141 million tenge for the six months ended June 30, 2018 (for the six months ended June 30, 2017: 185 million tenge). Compensation to key management personnel consists of salary expenses including taxes, pension contributions and other yearly performance based payments.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value of financial instruments

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

<i>In millions of tenge</i>	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Amounts due from credit institutions	340,341	329,875	463,419	448,869
Loans with fixed interest rate (Note 7)	595,406	583,477	599,043	555,486
Accounts receivable (Notes 10, 11)	54,990	52,940	52,515	51,825
Financial liabilities				
Borrowings with fixed interest rate / bonds issued (Note 16)	464,640	466,673	587,956	581,851
Loans from the Government of the Republic of Kazakhstan (Note 15)	793,342	641,674	782,048	596,584
Financial guarantee liabilities	37,174	27,150	40,904	43,042
Other liabilities	11,806	12,049	11,167	10,876

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

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

26. COMMITMENTS AND CONTINGENT LIABILITIES**Contingent liabilities**

The Fund assesses the probability of occurrence of material liabilities and reflects the corresponding reserve in interim condensed separate financial statements only when there is a reasonable probability that the events leading to the occurrence of the obligation will occur and the amount of the corresponding liability can be reliably determined. In this interim condensed separate financial statement, there was no provision for any contingent liabilities.

As of June 30, 2018, there were no significant changes in the financial and contingent liabilities of the Fund disclosed in the annual separate financial statements as of December 31, 2017.

Obligations for the reuse of anti-crisis funds

As of June 30, 2018, the Fund’s liabilities including the disbursed funds for the six months ended June 30, 2017, include the Fund’s commitments to finance the “Affordable Housing-2020” program in the amount of 17,700 million tenge and obligations to finance investment projects in amounting to 95,750 million tenge, including:

- Financing the implementation of the investment project “Construction of an integrated gas and chemical complex in Atyrau region. The first phase” in the amount of no more than 92,316 million tenge, including at the expense of funds previously allocated for the implementation of the investment project “Construction of an integrated gas and chemical complex in Atyrau region. Second phase” in the amount of 12,495 million tenge;
- Financing of the project “Creation of a special economic zone “Taraz Chemical Park” in the amount of 3,434 million tenge.

In the first half of 2018, the UCC purchased 48% of the shares of “ALMEX PLUS” LLP in the amount of 56,700 million tenge and the program “Affordable Housing 2020” in the amount of 4,734 million tenge.

27. SUBSEQUENT EVENTS**Changes in investments in subsidiaries**

On July 3, 2018, the Fund acquired a 100% share in the charter capital of “MAEC-Kazatomprom” LLP from “National Atomic Company Kazatomprom” JSC for 17,853 million in cash.

In July-August 2018, the Fund made a cash contribution to the charter capital of UCC in the amount of 6,595 million tenge.

Loans issued

In July-August 2018, the Fund provided three additional tranches to Real Estate Fund for a total amount of 4,679 million tenge to finance the construction of commercial housing in the framework of the program “Nurly Zher”, funding was provided from the National Fund.

On July 31 and August 27, 2018, the Fund provided two additional tranches for a total of 6,769 million tenge for financing projects of housing under the program “Affordable Housing-2020”, funding was provided from the National Fund.

Advances paid

On July 23, 2018, the Fund made an advance payment of 50% of 9,892 million tenge to “Expo-Village” LLP for the acquisition of the administrative building “Green Quarter” located on street E10, Esil district, Astana.

Dividends received

In August 2018, “Samruk-Energy” JSC and “Air Astana” JSC paid dividends in the amount of 2,041 million tenge and 1,961 million tenge, respectively.

Bonds issued by third parties and related parties

On July 12, 2018, the Fund purchased bonds of “National Holding Company “Baiterek” JSC in the amount of 10,600 million tenge, funds from bonds placement are provided for the loan of the subsidiary organization of the issuer JSC “Baiterek Development” for the purchase of debt securities of local executive bodies of regions, Astana and Almaty, produced for the purposes of housing construction and completion of problem housing projects in Astana. Funding was provided from the National Fund

Loans received

On July 23, 2018, the Fund received a loan from ATF Bank JSC of 9,892 million tenge with maturity on December 1, 2032 and interest rate 6.5%. The purpose of the loan is the purchase of administrative building “Green Quarter”.