

Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed consolidated financial statements
(unaudited)

As at June 30, 2012, and for the six months then ended

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries comprising the interim consolidated balance sheet as at June 30, 2012 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young LLP

Elshad Aliyev
Audit Partner



Alexander Nazarkulov
Auditor

Auditor Qualification Certificate No. MΦ-0000059
dated January 6, 2012

September 28, 2012

Evgeny Zhemaletdinov
General Director
Ernst & Young LLP



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

Sovereign Wealth Fund "Samruk-Kazyna" JSC
Interim condensed consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEET

<i>In millions of Tenge</i>	Notes	June 30, 2012 (unaudited)	December 31, 2011 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,641,257	5,028,649
Intangible assets		304,234	306,989
Investments in joint ventures and associates	7	1,297,439	1,294,982
Loans to customers	8	1,172,293	1,072,530
Amounts due from credit institutions	9	320,570	347,672
Other non-current financial assets	10	459,129	494,882
Deferred tax asset		59,835	56,813
Other non-current assets	11	351,111	300,717
		9,605,868	8,903,234
Current assets			
Inventories	12	427,507	375,457
VAT recoverable		138,693	97,916
Income tax prepaid		61,053	70,534
Trade accounts receivable	13	319,242	276,552
Loans to customers	8	670,621	667,100
Amounts due from credit institutions	9	944,005	700,529
Other current financial assets	10	264,159	330,110
Other current assets	13	365,963	275,211
Cash and cash equivalents	14	1,603,540	1,646,615
		4,794,783	4,440,024
Assets classified as held for sale	5	2,910	70,147
TOTAL ASSETS		14,403,561	13,413,405

INTERIM CONSOLIDATED BALANCE SHEET (continued)

<i>In millions of Tenge</i>	Notes	June 30, 2012 (unaudited)	December 31, 2011(audited)
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the parent			
Share capital	15	4,396,716	4,050,383
Revaluation reserve for available-for-sale investments		(129,950)	(106,997)
Currency translation reserve		198,025	186,145
Other capital reserves		17,337	17,656
Retained earnings		593,067	823,433
		5,075,195	4,970,620
Non-controlling interest		622,389	758,983
Total equity		5,697,584	5,729,603
Non-current liabilities			
Borrowings	16	3,244,522	3,646,036
Loans from the Government of the Republic of Kazakhstan	17	443,483	430,747
Finance lease liabilities		11,387	14,307
Provisions	18	95,886	70,564
Deferred tax liability		314,399	299,666
Employee benefit liability		39,913	37,908
Amounts due to the customers	19	107,114	186,375
Derivatives		7,558	7,346
Other non-current liabilities		432,657	426,703
		4,696,919	5,119,652
Current liabilities			
Borrowings	16	1,853,435	550,740
Loans from the Government of the Republic of Kazakhstan	17	521,185	438,968
Finance lease liabilities		7,007	8,451
Provisions	18	153,889	151,608
Employee benefit liability		3,481	3,631
Income taxes payable		6,321	2,985
Trade accounts payable		408,176	442,640
Amounts due to the customers	19	592,317	550,269
Derivatives		2,587	6,579
Other current liabilities	20	460,660	408,149
		4,009,058	2,564,020
Liabilities associated with assets classified as held for sale	5	-	130
Total liabilities		8,705,977	7,683,802
TOTAL EQUITY AND LIABILITIES		14,403,561	13,413,405

Explanatory notes on pages 9 through 40 form an integral part of these interim condensed consolidated financial statements.

Managing Director – Member of the Management Board


Nurlan Rakhmetov

Chief Accountant


Almaz Aburakhmanova

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of Tenge</i>	Note	For the six months ended June 30, 2012 (unaudited)	For the six months ended June 30, 2011 (unaudited)
Revenue	21	2,326,358	2,071,006
Government grants		13,815	12,647
		2,340,173	2,083,653
Cost of sales	22	(1,692,296)	(1,436,942)
Gross profit		647,877	646,711
General and administrative expenses	23	(174,834)	(190,534)
Transportation and selling expenses	24	(188,344)	(201,256)
Bargain purchase gain on acquisition		-	481
Loss on disposal of property, plant and equipment, net		(878)	(5,714)
Impairment loss	25	(3,207)	(24,605)
Other operating income		50,011	23,159
Other operating loss	1, 16	(644,871)	(34,732)
Operating (loss)/ profit		(314,246)	213,510
Finance costs		(92,797)	(97,308)
Finance income		29,825	32,984
Share of income in joint ventures and associates	26	284,406	304,331
Net foreign exchange (loss)/ gain, net		(19,056)	12,449
(Loss)/Profit before income tax		(111,868)	465,966
Income tax expenses	27	(119,055)	(174,472)
(Loss)/Profit for the period from continuing operation		(230,923)	291,494
Profit from discontinued operations	5	201,996	16,912
(Loss)/Profit for the period		(28,927)	308,406
Attributable to:			
Equity holder of the parent		(60,050)	270,087
Non-controlling interest		31,123	38,319
		(28,927)	308,406

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In millions of Tenge</i>	Note	For the six months ended June 30, 2012 (unaudited)	For the six months ended June 30, 2011 (unaudited)
Other comprehensive income/(loss), net of tax:			
Foreign currency translation		12,454	(13,984)
Unrealized loss from revaluation on financial assets available-for-sale		(22,942)	(30,483)
Net realized gain on financial assets available-for-sale		133	2,788
Reclassifications from other comprehensive income to other losses on impairment of available-for-sale assets		220	-
Gain from operations with hedge instruments		-	44
Total comprehensive (loss)/income for the period, net of tax		(39,062)	266,771
Attributable to:			
Equity holder of the parent		(71,553)	228,165
Non-controlling interest		32,491	38,606
		(39,062)	266,771
(Loss) / earnings per share:			
Basic and diluted share in (loss) / profit for the period attributable to the equity holder of the parent (Tenge)	15	(17,25)	77,63
(Loss) / earnings per share for continuing operations:			
Basic and diluted share in (loss)/profit from continuing operations attributable for the equity holder of the parent (Tenge)	15	(45,69)	75,14

Explanatory notes on pages 9 through 40 form an integral part of these interim condensed consolidated financial statements.

Managing Director – Member of the Management Board

Chief Accountant


 Nurlan Rakhmetov

 Ақуи
 Almaz Abdrakhmanova

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In millions of Tenge</i>	Attributable to equity holder of the parent								
	Note	Share Capital	Revaluation reserve for available-for-sale investments	Currency translation reserve	Other capital reserves	Retained Earnings	Total	Non-controlling interest	Total
At December 31, 2010 (audited)		3,891,909	29,682	172,613	21,022	537,822	4,653,048	769,366	5,422,414
Total comprehensive income for the period		–	(29,570)	(12,397)	45	270,087	228,165	38,606	266,771
Issue of share capital	15	56,080	–	–	–	1,203	57,283	–	57,283
Discount on loans from the Government and on bonds purchased by the Government (National Bank)		–	–	–	–	9,306	9,306	–	9,306
Dividends to non-controlling interests		–	–	–	–	–	–	(26,987)	(26,987)
Other transactions with the Shareholder		–	(1,369)	(21)	(505)	(23,932)	(25,827)	–	(25,827)
Recognition of share based payments		–	–	–	125	61	186	119	305
Change in ownership interests of subsidiaries – acquisitions of non-controlling interest		–	–	–	–	(3,082)	(3,082)	(3,475)	(6,557)
Change in ownership interests of subsidiaries – as a result of contributions to the capital of subsidiaries		–	–	–	–	(1,757)	(1,757)	1,904	147
Acquisition of subsidiary		–	–	–	–	–	–	583	583
Buy back of shares of subsidiary from the market performed by subsidiary		–	–	–	–	(1,155)	(1,155)	(9,042)	(10,197)
Distributions to the Shareholder		–	–	–	–	(33,952)	(33,952)	–	(33,952)
At June 30, 2011 (unaudited)		3,947,989	(1,257)	160,195	20,687	754,601	4,882,215	771,074	5,653,289

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In millions of Tenge</i>	Note	Attributable to equity holder of the parent					Total	Non-controlling interests	Total
		Share Capital	Revaluation reserve for available-for-sale investments	Currency translation reserve	Other capital reserves	Retained earnings			
At December 31, 2011 (audited)		4,050,383	(106,997)	186,145	17,656	823,433	4,970,620	758,983	5,729,603
Total comprehensive loss for the period		–	(22,953)	11,880	(430)	(60,050)	(71,553)	32,491	(39,062)
Issue of share capital	15.1	346,333	–	–	–	–	346,333	–	346,333
Dividends	15.2	–	–	–	–	(168,190)	(168,190)	(149,955)	(318,145)
Other transactions with the Shareholder		–	–	–	–	1,630	1,630	–	1,630
Recognition of share based payments		–	–	–	110	–	110	694	804
Change in ownership interests of subsidiaries – acquisitions of non-controlling interest		–	–	–	–	(1,155)	(1,155)	887	(268)
Buy back of shares of subsidiary from the market performed by subsidiary	15.3	–	–	–	–	2,432	2,432	(20,711)	(18,279)
Other distributions to the Shareholder	15.4	–	–	–	–	(5,032)	(5,032)	–	(5,032)
Addition to other capital reserve		–	–	–	1	(1)	–	–	–
At June 30, 2012 (unaudited)		4,396,716	(129,950)	198,025	17,337	593,067	5,075,195	622,389	5,697,584

Explanatory notes on pages 9 through 40 form an integral part of these interim condensed consolidated financial statements.

Managing Director – Member of the Management Board

Chief Accountant



Nurlan Rakhmetov



Almaz Abdurakhmanova

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of Tenge</i>	Note	For six months ended on June 30, 2012 (unaudited)	For six months ended on June 30, 2011 (unaudited)
Cash flows from operating activities:			
(Loss) / profit before income tax continuing operations		(111,868)	465,966
Profit before income tax from discontinued operations		201,996	16,912
Adjustments for:			
Depreciation, depletion and amortization	22, 23,24	150,633	144,292
Share of income in joint ventures and associates	5, 7	(286,368)	(320,520)
Finance costs		92,797	97,308
Finance income		(29,825)	(32,984)
Impairment loss	25	3,207	24,605
Losses from change in the value of recoverable bonds	16	630,650	-
Gain on disposal of discontinued operations	5	(200,034)	-
Gain on purchase of own debt securities issued by BTA bank		(10,458)	-
Bargain purchase gain on acquisition		-	(481)
Provision charges		5,780	(6,219)
Allowance for doubtful debts on trade accounts receivable and other current assets	23	3,180	3,644
(Profit)/loss on revaluation of financial assets designated at fair value through profit and loss		(3,124)	24,261
Unrealized loss on derivatives		104	478
Loss on disposal of property, plant and equipment and other assets, net		1,200	5,714
Unrealized foreign exchange loss		6,152	5,821
Other non-cash operating activities		4,672	6,041
Operating cash flows before working capital changes		458,694	434,838
Changes in other non-current assets		(13,685)	(17,208)
Changes in loans to customers		(112,299)	(34,392)
Changes in amounts due from credit institutions		10,115	58,625
Changes in financial assets		22,601	83,834
Changes in inventories		(52,326)	3,021
Changes in VAT recoverable		(11,264)	(2,806)
Changes in trade accounts receivable		(48,567)	(33,738)
Changes in other current assets		(10,137)	(55,085)
Changes in borrowings and loans from the Government		166,086	79,561
Changes in trade accounts payable		(45,806)	(78,361)
Changes in amounts due to the customers		(37,169)	133,892
Changes in derivatives		(3,884)	(12,840)
Changes in other liabilities		5,483	2,057
		327,842	561,398
Income taxes paid		(98,684)	(104,351)
Interest paid		(68,503)	(55,885)
Interest received		16,121	14,260
Net cash flows from operating activities		176,776	415,422

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of Tenge</i>	Note	For six months ended on June 30, 2012 (unaudited)	For six months ended on June 30, 2011 (unaudited)
Cash flows from investing activities:			
Placement of bank deposits, net		(223,172)	(6,828)
Acquisition of joint ventures and associates		(10,725)	(24,268)
Acquisition of subsidiaries, net of cash acquired		-	(47,337)
Purchase of property, plant and equipment		(415,349)	(342,973)
Purchase of intangible assets		(3,028)	(5,733)
Purchase of financial assets, net		62,707	(14,705)
Proceeds from sale of property, plant and equipment		5,193	12,424
Advances paid for non-current assets	11	(62,723)	(32,075)
Dividends received from joint ventures and associates	5,7	312,431	226,304
Proceeds from sale of associate and assets held for sale	5	225,739	-
Proceeds from sale of subsidiaries		7,557	(5,432)
Net cash flows used in investing activities		(101,370)	(240,623)
Cash flows from financing activities:			
Proceeds from borrowings		425,574	150,100
Repayment of borrowings		(235,400)	(296,787)
Repayment of finance lease liabilities		(4,122)	(4,056)
Redemption of shares of subsidiaries		(18,279)	(10,197)
Dividends paid to the Shareholder	15	(159,113)	-
Transactions with the Shareholder		(28,478)	(42,775)
Dividends paid to non-controlling shareholders of subsidiaries		(112,505)	(26,987)
Contributions to share capital by non-controlling shareholders		-	49
Acquisitions of non-controlling interests		(286)	(3,288)
Contributions to share capital	15	11,000	56,080
Net cash flows used in financing activities		(121,609)	(177,861)
Effects of exchange rate changes on cash and cash equivalents		3,128	(5,385)
Net change in cash and cash equivalents		(43,075)	(8,447)
Cash and cash equivalents at the beginning of the year	14	1,646,615	1,639,460
Cash and cash equivalents at the end of the period	14	1,603,540	1,631,013

Explanatory notes on pages 9 through 40 form an integral part of these interim condensed consolidated financial statements.

Managing Director – Member of the Management Board

Chief Accountant


 Nurlan Rakhmetov

 Almaz Abdrakhmanova

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Corporate information

Sovereign Wealth Fund “Samruk-Kazyna” JSC (the “Fund” or “Samruk-Kazyna”) was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Decree of the Government of the Republic of Kazakhstan dated October 17, 2008 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 optimize organisational structures in these entities in order to successfully achieve their strategic objectives set in the respective Government programs and development plans. The merger of Samruk and Kazyna and additional transfer of businesses represent a combination of businesses under common control, which is accounted for by the Fund using the pooling of interests method.

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

The Fund is a holding company for Kazakhstan state-owned enterprises listed in *Note 28* (hereinafter referred to as the “Group”). For management purposes, the Group is organized into organizational business units based on their products and services, and has seven reportable operating segments (*Note 33*).

- The Oil and Gas segment includes operations related to exploration and production of oil and gas, transportation of oil and gas and refining and trading of crude oil and refined products;
- The Transportation segment includes operations related to railway and air transportation of cargo and passengers;
- The Telecommunication segment includes operation of fixed line communication, including local, long-distance intercity and international telecommunication services (including CIS and non-CIS countries); and also rent of lines, data transfer services and wireless communication services;
- The Energy segment includes operations related to production and distribution of electricity, the function of oversight over the input of electricity into the energy system and consumption of imported electricity, the function of centralized operation and dispatch of facilities in the Unified Electricity System of the Republic of Kazakhstan;
- The Mining and industrial segment is engaged in exploration, mining, processing and sales of mineral resources, military industry enterprises and civil machine industry, projects for the development of chemical industry and geological exploration;
- The Financial and Innovation Institutions segment includes operations related to development and stimulation of investment and innovation activities in all segments of the economy of Kazakhstan. Further this segment includes commercial banks acquired by the Fund during 2009;
- Segment of Corporate center and projects includes Fund’s investing and financing activities.

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

These interim condensed consolidated financial statements were authorized for issue on September 28, 2012 by the Managing Director – Member of the Management Board and Chief Accountant of the Fund.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

Plan of stabilization of economic and financial systems

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

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

The Fund is the principal operator for the Government in the implementation of the Stabilization Plan. Under the financial sector stabilization measures of the Stabilization Plan, the Fund in 2009 acquired a controlling interest in BTA Bank JSC (“BTA Bank”), obtained control over Alliance Bank JSC (“Alliance Bank”) and acquired significant stakes in Halyk Bank of Kazakhstan JSC and Kazkommertsbank JSC. These measures were aimed to provide additional liquidity to the banks and ensure their solvency.

Under the BTA Bank’s debt restructuring plan approved in March 2010, in 2010, the Fund acquired newly issued shares of Temirbank JSC (“Temirbank”), a subsidiary of BTA Bank.

The Fund is not planning to keep its interest in BTA Bank, Alliance Bank, Temirbank, Halyk Bank of Kazakhstan JSC and Kazkommertsbank JSC in a long-term perspective. In 2010, Alliance Bank, BTA Bank and Temirbank JSC completed the process of restructuring their debts. The ability of Alliance Bank and Temirbank to continue as going concern entities largely depends on successful realization of new business models in accordance with restructuring conditions.

During the first half of 2012 BTA Bank defaulted on recovery obligations after declaring suspension of payments related to these obligations (*Note 16*). As a result, BTA Bank recognized losses on recovery obligations in the amount of 630,650 million Tenge. The bank is currently in the process of negotiations with the creditors regarding debt restructuring.

The ability of BTA Bank to continue as a going concern entity largely depends on results of debt restructuring, effective since May 8, 2012, in accordance with a decision of the Specialized finance court of Almaty (*Note 34*).

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended June 30, 2012 have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Statements” (IAS 34). These interim condensed consolidated financial statements do not include all information and disclosures required in preparation of annual consolidated financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2011.

Foreign currency translation

Functional and presentation currency

Items included in the interim condensed financial statements for the six months ended June 30, 2012 of each of the Group’s entities, included in interim condensed consolidated financial statements, are measured using the currency of the primary economic environment in which the entities operate (“the functional currency”). The interim condensed consolidated financial statements are presented in Kazakhstan Tenge (“Tenge”), which is the Group’s presentation currency.

Transactions and balances

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

Transactions and balances (continued)

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

Group entities

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

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

Exchange rates

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

The following table presents currency exchange rates to Tenge:

	June 30, 2012	December 31, 2011
USD	149.42	148.40
Euro	210.29	191.72
CHF	175.84	157.65
RUR	5.22	4.61
JPY	1.80	1.91

The currency exchange rate of KASE as at September 28, 2012: 149.86 Tenge to 1 US Dollar.

New standards, interpretations and amendments adopted by the Group for the first time

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2011, except for adoption of new standards and interpretations as of January 1, 2012, noted below:

IAS 12 - Deferred Tax: Recovery of Underlying Assets (Amendment)

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect tax consequences of recovering the carrying amount of an underlying asset through sale. Effective implementation date is for annual periods beginning on or after January 1, 2012.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

New standards, interpretations and amendments adopted by the Group for the first time (continued)

IFRS 7 - Disclosures - Transfers of financial assets (Amendment) (continued)

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to transferred assets (as defined under IAS 39). If the transferred assets are not derecognized entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognized and their associated liabilities. If those assets are derecognized entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of and risks associated with the entity's continuing involvement in those derecognized assets. Effective implementation date is for annual periods beginning on or after July 1, 2011 with no comparative requirements.

IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after July 1, 2011 with early adoption permitted.

The amendments to above stated IFRS standards did not have any impact on financial position or performance of the Fund.

The Fund has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

3. SEASONALITY OF OPERATIONS

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

4. ACQUISITIONS

On June 28, 2012 the Government, as represented by the Ministry of Oil and Gas and the State Assets and Privatization Committee of the Ministry of Finance, and the participants of the Karachaganak Project (further, the "Consortium" or "KPO") signed an agreement, in accordance to which the Government acquired a 10% participating interest in KPO. The fair value of the 10% interest acquired was assessed as 2 billion USD (approximating 300 billion Tenge), of which 150 billion Tenge was paid by the Government in cash and the remaining portion through a settlement of taxes.

The Government established a new entity Final Production Sharing Agreement Interest Managing Company LLP ("FPSAIMC") and contributed the newly acquired 10% in the project into FPSAIMC capital. Then, in accordance with the Government Resolution No. 570 dated May 3, 2012, on June 28, 2012 the Fund received the Government's 100% share in FPSAIMC as a contribution to the Fund's capital with a fair value of 300,070 million Tenge as at the date of transaction (*Note 15*).

On June 29, 2012 the Fund transferred FPSAIMC to National Company "KazMunayGas" JSC ("KMG") for consideration of 150,035 million Tenge of KMG share capital and cash consideration of 150,035 million Tenge, which was financed by a loan in the total amount of 1 billion US Dollars (*Note 16*). In accordance with the agreement, the interest rate is LIBOR plus 3% times 1.25 per annum, and the principal is payable in equal monthly installments from cash inflows from the project within next 3 years. Under the loan agreement the NC KMG has undertaken to provide the collateral in the form of 5% share in the Project to the Consortium. The loan is guaranteed by the Fund.

On June 28, 2012 the Fund paid dividends in amount of 159,113 million Tenge, proceeds of which was used by the Government to finance the acquisition of the above-mentioned interest in KPO (*Note 15*).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. ACQUISITIONS (continued)

In accordance with the Joint Operations Agreement ("JOA") amended on June 28, 2012, the Group acquired all rewards and benefits and costs and expenses resulting from Karachaganak operations in proportion to its acquired participating interest. Share in Karachaganak as of June 30, 2012, was represented as follows:

<i>In millions of Tenge</i>	Fair values recognized on acquisition
Cash	3,231
Intangible assets	58
Property, plant and equipment	287,869
Other current assets	25,449
	316,607
Provisions	7,237
Other current liabilities	9,300
	16,537
Net assets	300,070

5. NON-CURRENT ASSETS, CLASSIFIED AS HELD FOR SALE, AND DISCONTINUED OPERATIONS

Discontinued operations

As at December 31, 2011, the Group had a 49% interest in GSM Kazakhstan LLP Kazakhtelecom JSC ("GSM Kazakhstan"), which is engaged in the provision of mobile telecommunication services in the GSM standard in Kazakhstan. GSM Kazakhstan is a private entity that is not listed on any public exchange.

On December 21, 2011, the Group concluded an agreement to sell its 49% ownership in GSM Kazakhstan to Sonera Holdings B.V., a subsidiary of Swedish mobile operator Telia Sonera AB.

On February 1, 2012, the Group completed the sale of 49% ownership in GSM Kazakhstan for the consideration of 1,519 million of US Dollars (equivalent to 225,739 million Tenge). As a result, the gain from disposal amounted to 200,034 million Tenge. The cash flows generated by the sale of the discontinued operation during 2012 have been disclosed in the interim consolidated cash flow statement as part of the investing activities.

The movements in the investment in the associate's balance were as follows:

<i>In millions of Tenge</i>	2012 (unaudited)
As at January 1	58,389
Share of profit of the associate	1,962
Dividends declared	(34,723)
Disposal of an investment	(25,628)
As at June 30	-

The movement in dividends receivable were as follows:

<i>In millions of Tenge</i>	2012 (unaudited)	2011 (unaudited)
As at January 1	-	-
Dividends declared	34,723	13,720
Cash received	(17,362)	(6,860)
As at June 30	17,361	6,860

Profit from discontinued operation comprised of the following during six months ended June 30:

<i>In millions of Tenge</i>	For the six month ended June 30, 2012 (unaudited)	For the six month ended 30 June, 2011 (unaudited)
Share of profit of the associate	1,962	16,189
Gain on disposal	200,034	-
Income tax expense	-	-
Profit for the period from a discontinued operation	201,996	16,189

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. NON-CURRENT ASSETS, CLASSIFIED AS HELD FOR SALE, AND DISCONTINUED OPERATIONS (continued)

Discontinued operations (continued)

Gain on disposal:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)
Consideration received from Sonera Holdings B.V.	225,739
Net assets available for sale	(25,628)
Forex gain	(77)
Gain on disposal	200,034

Non-current assets, classified as held for sale

As of June 30, 2012, net assets, classified as held for sale, amounted to 2,910 million Tenge (December 31, 2011: 11,628 million Tenge).

As of December 31, 2011, net assets, classified as held for sale included the assets in Balkhashskaya TES JSC in the amount of 9,996 million Tenge.

In April 2012, the Group completed a sale transaction for 755,691 shares in Balkhashskaya TES JSC representing 75% less one share of the subsidiary's share capital to South Korean consortium Samsung C&T Corporation for the total amount of 7,557 million Tenge. As a result of this sale the Group's investment in Balkhashskaya TES JSC decreased from 100% to 25% plus one share, which resulted in the reclassification of Balkhashskaya TES JSC from non-current assets held for sale to an associate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT

<i>In millions of Tenge</i>	Oil and gas assets	Exploration and evaluation assets	Pipelines and refinery products	Buildings and premises	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Constru ction in pro- gress	Total
Net book value at December 31, 2011 (audited)	1,524,394	135,602	653,572	474,499	496,132	1,244,767	35,085	59,539	405,059	5,028,649
Foreign currency translation	9,344	1,257	2,028	687	-	324	-	(30)	70	13,680
Additions	77,389	13,932	36,963	1,211	1,660	117,654	4,598	4,053	216,913	474,373
Acquisition of interest in Karachaganak (Note 4)	287,869	-	-	-	-	-	-	-	-	287,869
Disposals	(1,228)	(1,525)	(617)	(2,432)	(2,026)	(4,440)	(22)	(1,298)	(7,910)	(21,498)
Depreciation charge	(18,575)	-	(24,974)	(13,371)	(8,877)	(69,261)	(4,515)	(8,645)	-	(148,218)
Depreciation on disposals	706	-	279	1,044	1,252	3,765	22	940	-	8,008
Impairment provision, net of reversal	(352)	(3,317)	-	(167)	(7)	158	-	(104)	(22)	(3,811)
Transfers from/(to) inventories, net	(133)	-	(89)	(61)	(598)	6,107	-	30	(3,051)	2,205
Other transfers and reclassifications	28,929	-	22,674	(15,200)	61,353	37,502	-	1,846	(137,104)	-
Net book value at June 30, 2012 (unaudited)	1,908,343	145,949	689,836	446,210	548,889	1,336,576	35,168	56,331	473,955	5,641,257
Historical cost	2,142,225	165,366	900,468	590,151	631,844	2,049,284	61,462	123,582	484,918	7,149,300
Accumulated depreciation and impairment	(233,882)	(19,417)	(210,632)	(143,941)	(82,955)	(712,708)	(26,294)	(67,251)	(10,963)	(1,508,043)
Net book value at June 30, 2012 (unaudited)	1,908,343	145,949	689,836	446,210	548,889	1,336,576	35,168	56,331	473,955	5,641,257
Historical cost	1,739,895	151,701	838,972	606,125	572,582	1,892,703	56,886	128,756	418,149	6,405,769
Accumulated depreciation and impairment	(215,501)	(16,099)	(185,400)	(131,626)	(76,450)	(647,936)	(21,801)	(69,217)	(13,090)	(1,377,120)
Net book value at December 31, 2011 (audited)	1,524,394	135,602	653,572	474,499	496,132	1,244,767	35,085	59,539	405,059	5,028,649

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement in exploration and evaluation assets is presented as follows:

<i>In millions of Tenge</i>	Oil and gas assets	Mining assets	Total
Net book value at December 31, 2011 (audited)	133,479	2,123	135,602
Foreign currency translation	1,257	-	1,257
Additions	13,681	251	13,932
Disposals	(1,525)	-	(1,525)
Impairment provision	(3,317)	-	(3,317)
Net book value at June 30, 2012 (unaudited)	143,575	2,374	145,949
Historical Cost	162,979	2,387	165,366
Accumulated depreciation and impairment	(19,404)	(13)	(19,417)
Net book value at June 30, 2012 (unaudited)	143,575	2,374	145,949

As at June 30, 2012, certain items of property, plant and equipment with net book value of 1,189,557 million Tenge (December 31, 2011: 1,015,904 million Tenge) were pledged as collateral for some of the Group's borrowings and payables to other participants of PSAs.

As at June 30, 2012, the carrying amount of property, plant and equipment acquired under finance lease agreements, included in property, plant and equipment was 32,568 million Tenge (December 31, 2011: 33,993 million Tenge).

As at June 30, 2012, the cost of fully amortised property, plant and equipment of the Group was 436,852 million Tenge (December 31, 2011: 371,633 million Tenge).

During the six-month period ended June 30, 2012, the Group capitalized borrowing costs in the amount of 2,844 million Tenge (during the six-month period ended June 30, 2011: in the amount of 1,847 million Tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)		December 31, 2011 (audited)	
	Carrying amount	Ownership %	Carrying amount	Ownership %
Joint ventures:				
TengizChevroil LLP	249,056	20.00%	236,733	20.00%
Mangistau Investments B.V.	145,890	50.00%	112,314	50.00%
Ekibastuzskaya GRES-1 LLP	127,837	50.00%	121,037	50.00%
KazRosGas JSC	82,447	50.00%	164,438	50.00%
KazGerMunay LLP	75,824	50.00%	83,828	50.00%
Beineu-Shymkent Pipeline LLP	70,821	50.00%	70,348	50.00%
Kazakhoil-Aktobe LLP	67,629	50.00%	60,766	50.00%
Forum Muider BV	29,694	50.00%	31,681	50.00%
Ekibastuzskaya GRES-2 JSC	27,092	50.00%	23,766	50.00%
Valsera Holdings B.V.	17,753	50.00%	17,654	50.00%
Ural Group Limited BVI	17,286	50.00%	17,703	50.00%
Karatau LLP	14,664	50.00%	11,294	50.00%
Kazakhstan Petrochemical Industries Inc LLP	12,746	51.00%	-	51.00%
Other	51,506		45,776	
Less: Impairment	(855)		(855)	
Joint ventures total	989,390		996,483	
Associates:				
PetroKazakhstan Inc. (“PKI”)	103,247	33.00%	99,671	33.00%
Sekerbank	87,937	33.98%	82,824	33.98%
JV KATCO LLP	31,073	49.00%	45,327	49.00%
JV Betpakdala LLP	18,794	30.00%	15,093	30.00%
Caspian Pipeline Consortium LLP	17,133	20.75%	16,811	20.75%
BTA Bank (Ukraine)	14,593	49.99%	14,759	49.99%
JV Inkai LLP	10,574	40.00%	9,615	40.00%
Other	56,918		49,324	
Less: Impairment	(32,220)		(34,925)	
Associates total	308,049		298,499	
	1,297,439		1,294,982	

During the six-month period, ended June 30, 2012, the Group recognized its share of income from joint ventures and associates in the amount of 284,406 million Tenge (June 30, 2011: 304,331 million Tenge), which resulted in an increase in carrying value of investments. The amount of dividends received from joint ventures and associates during the specified period amounted to 295,069 million Tenge (June 30, 2011: 226,304 million Tenge) and resulted in a respective decrease in the carrying value of investments. As of June 30, 2012 dividend receivable amounted to 50,257 million Tenge (December 31, 2011: 34,645 million Tenge). The remaining change in investments in joint ventures and associates is mainly attributable to additional contribution to share capital of these entities, adjustment to foreign currency translation and reversal of impairment in the amount of 23,170 million Tenge, 2,857 million Tenge and 2,705 million Tenge, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. LOANS TO CUSTOMERS

Loans to customers comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Loans to large entities	2,084,245	2,018,017
Loans to individuals	672,004	640,839
Loans to small and medium business	291,159	282,042
Net investments in finance lease	46,627	44,237
Other loans	14,663	17,085
Total loans	3,108,698	3,002,220
Less: Impairment allowance	(1,265,784)	(1,262,590)
Loans to customers, net	1,842,914	1,739,630
Less: current portion	(670,621)	(667,100)
Non-current portion	1,172,293	1,072,530

Movements in the loan impairment allowance for the period ended June 30, 2012, were as follows:

<i>In millions of Tenge</i>	
Allowance at January 1, 2012 (audited)	1,262,590
Written-off	(3,180)
Recovered	(549)
Foreign currency translation	6,923
Allowance at June 30, 2012 (unaudited)	1,265,784

Loans to large entities

During the first half of 2012 the Fund provided loans to Kazakhmys Finance PLC in the amount of 400 million US Dollars (equivalent to 59,768 million Tenge at exchange rate as at June 30, 2012) with maturity period of 15 years. The annual interest rate on the loan comprises from prime-rate six-months LIBOR plus a 4.80% margin. These loans were provided for the development of Bozshakol copper field. The loans were financed by proceeds from the loan facility of State China Development Bank (Note 16).

9. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amount due from credit institutions comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Bank deposits	1,017,377	791,225
Loans to credit institutions	309,355	319,765
Less: impairment allowance	(62,157)	(62,789)
Amounts due from credit institutions, net	1,264,575	1,048,201
Less: current portion	(944,005)	(700,529)
Non-current portion	320,570	347,672

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
10 largest local banks	802,647	806,766
Other local credit institutions	152,734	39,776
International credit institutions	309,194	201,659
	1,264,575	1,048,201

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Movements in the allowance for impairment of amounts due from credit institutions were as follows:

In millions of Tenge

Allowance at January 1, 2012 (audited)	62,789
Foreign currency translation	(336)
Recovered	(296)
Allowance at June 30, 2012 (unaudited)	62,157

As at June 30, 2012, bank deposits include restricted cash of 83,457 million Tenge (as at December 31, 2011: 31,147 million Tenge) kept on a blocked account as the security for the payment of loan interest and principal obtained for the acquisition of 33% interest in PetroKazakhstan Inc.

10. FINANCIAL ASSETS

Financial assets comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Note receivable from joint venture participant	21,064	19,499
Note receivable from associate participant	19,767	19,221
Available for sale financial assets	479,123	517,112
Equity securities	211,575	260,569
Bonds of Kazakhstan financial agencies	151,458	132,516
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	80,383	79,592
Corporate bonds	18,848	39,999
Bonds of international financial organizations	12,988	7,442
Other debt securities	9,331	5,017
Less: Impairment allowance	(5,460)	(8,023)
<i>including financial assets subject to repurchase agreement</i>	11,442	15,597
Held to maturity financial assets	59,292	124,044
Bonds of Kazakhstan financial agencies	46,973	111,828
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	10,460	10,778
Corporate bonds	1,464	1,044
Other debt securities	525	528
Less: Impairment allowance	(130)	(134)
Financial assets at fair value through profit and loss	36,730	38,816
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	18,680	18,257
Unquoted investments in venture capital organizations	9,948	7,026
Bonds of Kazakhstan financial agencies	3,781	8,673
Unquoted equity share investments	3,076	3,215
Corporate bonds	1,215	1,200
Other debt securities	30	445
Trading securities	68,266	70,476
Other equity securities	22,862	20,946
Bonds of Kazakhstan financial agencies	21,607	24,731
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	14,188	14,771
Corporate bonds	8,686	9,373
Other debt securities	923	655

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. FINANCIAL ASSETS (continued)

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Derivative financial instruments	39,046	35,824
Options	37,555	33,581
Currency swaps	1,491	1,653
Other	-	590
Total financial assets	723,288	824,992
Less: current portion	(264,159)	(330,110)
Non-current portion	459,129	494,882

As at June 30, 2012 the interest rates for available-for-sale financial assets, held to maturity financial assets and trading securities were in the ranges from 0% to 13.0%; from 0.93% to 15.0% and from 3.6% to 11.0%, respectively (at December 31, 2011: from 0.5% to 13%, from 0.93% to 15% and from 3.6% to 13.0%, respectively).

Investments in Kazkommertsbank and Halyk Bank

The carrying value of shares of Halyk Bank and Kazkommertsbank included within financial assets available-for-sale at June 30, 2012, amounted to 8,339 million Tenge and 34,356 million Tenge, respectively (December 31, 2011: 30,149 million Tenge and 36,306 million Tenge, respectively).

On May 28, 2012, Holding Group "ALMEX" JSC and Halyk Bank Kazakhstan JSC signed an agreement to assign rights for an option on preferred shares of Halyk Bank Kazakhstan JSC.

In accordance with this agreement on June 29, 2012, Halyk Bank Kazakhstan JSC partially exercised its rights and acquired 150,000,000 of its preferred shares with a price of 179.94 Tenge per share.

After selling Halyk Bank Kazakhstan JSC preferred shares with a fair value of 27,057 million Tenge at the date of disposal, the Fund ceased recognition of the relevant option obligation on the purchase of these preferred shares, the fair value of which on the disposal date amounted to 2,770 million Tenge. The unrealized gain of 1,101 million Tenge on the revaluation of available-for-sale investments on preferred shares of Halyk Bank Kazakhstan JSC was reclassified from revaluation reserve for investments available for sale to loss for the period. The resulting net gain on disposal of financial assets was recorded in interim consolidated statement of comprehensive income in the amount of 3,805 million Tenge.

11. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Advances paid for non-current assets	246,965	184,242
Long-term VAT recoverable	51,144	71,760
Assets for sale to the Government	12,009	9,011
Long-term inventory	9,905	11,160
Restricted cash	9,188	7,699
Assets to be transferred under finance lease agreements	8,627	8,380
Other	29,163	24,339
Less: Impairment allowance	(15,890)	(15,874)
	351,111	300,717

In the first half of 2012, Intergas Central Asia JSC (subsidiary of NC KMG) prepaid 19,440 million Tenge for construction and capital repair of the gas transmission system.

In addition, as at June 30, 2012 advances paid for non-current assets include advances for supply of passenger and cargo wagons of 39,836 million Tenge as at June 30, 2012 (December 31, 2011: 17,299 million Tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. INVENTORIES

Inventories comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Refined products for sale	85,125	69,242
Work in process	44,763	44,299
Uranium products	43,684	30,244
Crude oil	42,671	42,221
Goods for resale	37,389	17,081
Production materials and supplies	36,628	29,762
Collateral with property rights	30,439	38,115
Oil and gas industry materials and supplies	18,527	21,209
Railway materials and supplies	18,354	14,149
Fuel	16,746	18,663
Gas refinery products	6,956	18,516
Spare parts for electricity transmission equipment	3,833	3,364
Spare parts for telecommunication equipment	3,493	2,962
Uranium materials and supplies	728	1,318
Other materials and supplies	55,021	40,047
Less: write-down to net realizable value	(16,850)	(15,735)
	427,507	375,457

13. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Other current assets comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Advances paid and deferred expenses	137,989	109,634
Asset to the advantage of the Shareholder	98,251	74,805
Dividends receivable	67,618	34,645
Other taxes prepayment	10,346	8,258
Restricted cash	8,268	651
Amounts due from employees	4,730	2,509
Assets to be transferred under finance lease agreements	2,741	2,546
Prepayment to the Shareholder on dividends	-	9,077
Other accounts receivable	43,259	45,508
Other	32,279	25,869
Less: Impairment allowance	(39,518)	(38,291)
	365,963	275,211

Trade accounts receivable comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Trade accounts receivable	341,981	297,310
Less: allowance for doubtful debts	(22,739)	(20,758)
	319,242	276,552

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)

Movements in the allowance for impairment of trade accounts receivable and other current assets were as follows:

In millions of Tenge

Reserve at January 1, 2012 (audited)	59,049
Foreign currency translation	(377)
Charged	3,905
Written-off	(320)
At June 30, 2012 (unaudited)	62,257

As at June 30, 2012 and December 31, 2011 trade accounts receivable and other current assets were not interest bearing.

As at June 30, 2012 the Group has pledged trade accounts receivable of approximately 58,395 million Tenge as collateral to secure borrowings and payables of the Group (at December 31, 2011: 26,926 million Tenge).

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Bank deposits – Tenge	212,782	173,636
Bank deposits – US Dollars	121,586	254,521
Bank deposits – other currency	11,280	11,834
Current accounts with banks – Tenge	891,660	845,206
Current accounts with banks – US Dollars	268,123	268,722
Current accounts with banks – other currency	25,208	22,598
Cash on hand	64,790	63,802
Reverse repurchase agreements with contractual maturity of less than three months	5,553	5,915
Cash in transit	2,558	381
	1,603,540	1,646,615

Current deposits are placed for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. As at June 30, 2012, the weighted average interest rate for time deposits with banks was 1.28% (December 31, 2011: 1.47%).

15. EQUITY

Share capital

	Number of shares authorized and issued	Par value, in Tenge	Share capital, in millions of Tenge
As at December 31, 2010 (audited)	3,479,076,667		3,891,909
Contributions in cash	560,866	1,000; 100,000	56,080
As at June 30, 2011 (unaudited)	3,479,637,533		3,947,989

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. EQUITY (continued)

Share capital (continued)

As at December 31, 2011 (audited)	3,480,637,455		4,050,383
Contributions in cash	110,000	1,000;100,000 100,000;93,549;	11,000
Contributions of property	311,538	90,092;80,000;5,704	31,153
Contribution of share in other state owned entities	341,164	1,000,000;100,000; 282,174; 46,000	304,180
As at June 30, 2012 (unaudited)	3,481,400,157		4,396,716

As at June 30, 2012 and December 31, 2011 all shares were fully paid.

15.1 Issue of shares

During the first half of 2012 in accordance with the Law of the Republic of Kazakhstan On Republican budget for 2012-2014 dated November 24, 2011 the Shareholder contributed 11,000 million Tenge in cash to the Fund's share capital. This amount was intended for financing projects of subsidiaries of the Fund.

In accordance with the Regulation No.939 of the Government dated September 14, 2010 during the first half of 2012 the Shareholder contributed property with a fair value of 31,153 million Tenge as to the Fund's share capital.

In accordance with the Regulation No.570 of the Government dated May 3, 2012, on June 28, 2012 100% interest in FPSAIMC was transferred to the Fund with a fair value of 300,070 million Tenge as of the date of receipt (*Note 4*).

In accordance with the Regulation No.822 of the Government dated July 18, 2011, on April 19, 2012 state-owned shares of Arkagas JSC were transferred to the Fund with a fair value of 4,110 million Tenge as of the date of receipt.

15.2 Dividends

Dividends attributable to equity holder of the parent

On January 19, 2012 the Government decree No. 139 approved the order of distribution of the Fund's net income for 2010 amounting to 9,077 million Tenge. In accordance with the order of distribution this amount was netted against Prepayment to the Shareholder on dividends (*Note 13*).

In accordance with the Decree No.850 of the Government of the Republic of Kazakhstan dated June 26, 2012, on June 28, 2012 the Fund paid dividends to the Shareholder amounting to 159,113 million Tenge for 2011.

Dividends attributable to non-controlling interest

According to the decision of the General Shareholders Meeting held on May 8, 2012, Kazakhtelecom JSC declared additional dividends on preferred shares in the amount of 7,868 million Tenge and dividends on ordinary shares in the amount of 217,235 million Tenge (for the six months ended June 30, 2011: 92 million Tenge and 5,775 million Tenge, respectively). The share of non-controlling interest in the dividends declared amounted to 114,312 million Tenge.

Dividends attributable to non-controlling interest (continued)

During the six-month period ended June 30, 2012, the Group paid dividends of 34,322 million Tenge to the holders of non-controlling interest in Exploration Production KazMunayGas JSC ("KMG EP") (six months ended June 30, 2011: 22,233 million Tenge).

Dividends paid to other participants of non-controlling interest amounted to 1,312 million Tenge for the six months ended June 30, 2012.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. EQUITY (continued)

15.3 Buy back of shares of subsidiary from the market performed by subsidiary

For the six months ended June 30, 2012, KMG EP, subsidiary of NC KMG, increased its treasury stock due to share repurchase program (1,100,558 common shares repurchased) by 17,945 million Tenge (six months ended June 30, 2011: 529,605 preferred shares were repurchased for 10,197 million Tenge). The carrying value of the derecognized non-controlling interest was 20,649 million Tenge. The difference between the amount paid and carrying value of acquired non-controlling interest derecognized of 2,704 million Tenge was recognized in retained earnings for the six months ended June 30, 2012.

In addition, as a result of transactions with shares by BTA Bank JSC and Temirbank JSC, the Group recognized change in non-controlling interest by 62 million Tenge and change in retained earnings by 272 million Tenge.

15.4 Distributions to the Shareholder

During the six-month period ended June 30, 2012, in accordance with the Resolution of the Shareholder, the Group provided sponsorship for financing of Olympic team of the Republic of Kazakhstan, support of professional Kazakhstani hockey and football, and recorded the effect as distribution to the Shareholder in the amount of 5,032 million Tenge (six months ended June 30, 2011: 33,952 million Tenge).

15.5 (Loss) / earnings per share

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	June 30, 2011 (unaudited)
(Loss) / profit attributable to ordinary equity holders of the parent from continuing operations	(159,028)	261,431
Net gain attributable to ordinary equity holders of the parent from a discontinued operation	98,978	8,656
Net (loss) / profit attributable to ordinary equity holders of the parent for basic earnings	(60,050)	270,087
Weighted average number of ordinary shares for basic and diluted earnings per share	3,480,833,791	3,479,184,404

15.6 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 as of the reporting date, calculated in accordance with the KASE rules.

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Total assets	14,403,561	13,413,405
Intangible assets	(304,234)	(306,989)
Total liabilities	(8,705,977)	(7,683,802)
Net assets for common shares	5,393,350	5,422,614
Number of common shares as of	3,481,400,157	3,480,637,455
Book value per share, Tenge	1,549	1,558

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. BORROWINGS

Borrowings including accrued interest comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Fixed interest rate borrowings	3,921,852	3,156,776
Weighted-average interest rate	7.46%	8.19%
Variable interest rate borrowings	1,176,105	1,040,000
Weighted-average interest rate	3.92%	4.56%
	5,097,957	4,196,776
Less: amounts due within twelve months	(1,853,435)	(550,740)
Amounts due after twelve months	3,244,522	3,646,036

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
US dollar-denominated borrowings	4,440,068	3,582,382
Tenge-denominated borrowings	479,734	469,198
Other currency-denominated borrowings	178,155	145,196
	5,097,957	4,196,776

Credit facility of State China Development Bank

Within credit line with State China Development Bank in the first half of 2012, the Fund received loans of 400 million US Dollars (equivalent to 59,768 million Tenge at the exchange rate as at June 30, 2012). The purpose of the loans is granting loans to Kazakhmys Finance PLC (*Note 8.*)

Credit facility of Barclays Bank plc and HSBC Bank plc

During the first half of 2012 the Group, represented by 100% subsidiary of Kaztemirtrans JSC, Kazakhstan Temir Zholy Finance B.V. signed a credit line agreement with Barclays Bank plc and HSBC Bank plc to finance the purchase of freight wagons for 220 million US Dollars for up to six months with an interest rate of LIBOR + 2%. Within this agreement in May and June 2012, the Group received a loan of 220 million US Dollars (32,635 million Tenge). The loan is repayable from the funds received from Eurobonds issue (*Note 34*). The interest and principal are repaid at maturity. The loan is guaranteed by the Company.

Loan related to Karachaganak

In June 2012 the Group, NC KMG, Agip Karachaganak B.V., BG Karachaganak Limited, Chevron International Petroleum, Lukoil Overseas Karachaganak B.V (further – Consortium) and FPSA/IMC LLP (*Note 4*) concluded a loan agreement for the total amount of 1,000 million US Dollars with the interest rate LIBOR plus 3% times 1.25 per annum. The principal is repaid in equal monthly installments from cash inflows from the Karachaganak project maturing within 3 years. Under this agreement, the Group has undertaken an obligation to provide the collateral in the form of 5% share in the Project to the Consortium. As of June 30, 2012, the loan payable to the Consortium amounted to 149,491 million Tenge.

Default on recovery bonds

In accordance with the contractual terms of new bonds programs and loan facilities BTA Bank JSC is required to maintain certain financial ratios, particularly with regard to its liquidity, capital adequacy and lending exposures. As at June 30, 2012, BTA Bank violates prudential and other ratios established by the National Bank of Republic of Kazakhstan.

On April 23, 2012, the Bank announced suspension of all payments with regards to recoverable bonds which indicates default on these bonds.

On April 28, 2012 the Bank received notification of early redemption of recoverable bonds, the initial aggregate base amount of which is equal to 5,221 million US Dollars, from BNY Mellon Corporate Trustee Services Limited in the capacity of trustee of recoverable bonds' holders based on declared and roughly defined event of default within the framework of Article 13 (iv) (Insolvency) of recoverable bonds.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. BORROWINGS (continued)

Default on recovery bonds (continued)

The bank did not challenge the reasonableness of this notification of early redemption. As a result of the above events, the Group recognized a loss on these recoverable bonds of 630,650 million Tenge in the interim consolidated income statement for the first half of 2012.

17. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

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

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Loans from the Government	964,668	869,715
Less: amounts due within twelve months	(521,185)	(438,968)
Amounts due after twelve months	443,483	430,747

Increase in the loans from the Government during the period mainly represents additional borrowings by BTA Bank from the National Bank.

18. PROVISIONS

Provisions comprised the following:

<i>In millions of Tenge</i>	Asset retirement obligations	Provision for environmental liability	Provision for taxes	Provision for bank letters of credit and guarantees	Other	Total
Provision at December 31, 2011 (audited)	36,042	28,438	22,936	6,136	128,620	222,172
Foreign currency translation	1,047	50	2	23	(425)	697
Change in estimate	15,076	(99)	(8,348)	(2,512)	(1,591)	2,526
Unwinding of discount	931	39	-	-	19	989
Provision for the period	1,641	344	9,770	-	6,574	18,329
Additions through business combinations (Note 4)	7,237	-	-	-	-	7,237
Use of provision	(150)	(201)	(8)	48	(1,864)	(2,175)
Provision at June 30, 2012 (unaudited)	61,824	28,571	24,352	3,695	131,333	249,775

Current portion and non-current portion are segregated as follows:

<i>In millions of Tenge</i>	Asset retirement obligations	Provision for environmental liability	Provision for taxes	Provision for bank letters of credit and guarantees	Other	Total
Current portion	748	1,995	24,352	1,539	125,255	153,889
Non-current portion	61,076	26,576	-	2,156	6,078	95,886
Provision at June 30, 2012	61,824	28,571	24,352	3,695	131,333	249,775
Current portion	748	1,967	22,344	3,699	122,850	151,608
Non-current portion	35,294	26,471	592	2,437	5,770	70,564
Provision at December 31, 2011	36,042	28,438	22,936	6,136	128,620	222,172

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. PROVISIONS (continued)

The change in estimate has arisen mainly due to decrease in discount rate as a result of change in yield to maturity on long-term securities issued by the Government, which resulted in an increase in asset retirement obligation, and reversal of a provision for taxes of 7,794 million Tenge recorded with respect to contingency relating to claims from the Agency of the Republic of Kazakhstan on Competition protection at Refinery Company RT LLP.

19. AMOUNTS DUE TO CUSTOMERS

Amounts due from customers comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Time deposits	480,576	515,066
Current accounts	203,557	205,535
Guarantees and other deposits with restrictive covenants	15,298	16,043
Total amounts due to customers	699,431	736,644
Less: current portion	(592,317)	(550,269)
Non-current portion	107,114	186,375

20. OTHER CURRENT LIABILITIES

Other current liabilities comprised the following:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Advances received and deferred income	171,133	160,225
Other taxes payable	121,026	121,471
Employee benefit liability	64,745	69,041
Dividends payable (Note 15)	40,559	3,093
Other	63,197	54,319
	460,660	408,149

21. REVENUE

Revenue comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
Sales of refined products	982,095	860,845
Railway cargo transportation	333,038	281,503
Sales of crude oil	278,135	252,058
Interest revenue	125,592	129,355
Oil and gas transportation	112,093	110,496
Sales of gas products	97,924	89,195
Telecommunication services	82,752	79,142
Sales of uranium products	74,069	94,416
Air transportation services	57,366	52,200
Electricity complex	54,114	49,477
Sale of medicine	43,724	33,275
Railway passenger transportation	29,385	25,189
Electricity transmission services	26,681	25,226
Postal services	10,939	9,610
Other revenue	139,303	118,053
Less: sales taxes and commercial discounts	(120,852)	(139,034)
	2,326,358	2,071,006

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. COST OF SALES

Cost of sales comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
Materials and supplies	987,666	794,533
Personnel costs	237,827	195,082
Depreciation, depletion and amortization	130,538	119,511
Interest expense	123,414	125,534
Production services rendered	45,791	41,060
Mineral extraction tax	44,869	45,120
Repair and maintenance	30,676	38,256
Rent	17,132	14,600
Other	74,383	63,246
	1,692,296	1,436,942

23. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
Personnel costs	79,614	73,034
Taxes other than income tax	22,171	17,862
Depreciation and amortization	13,164	12,554
Consulting services	13,019	14,274
Charitable donations	12,041	21,944
Provision for doubtful debts	3,180	3,644
Change in provisions for fines and penalties	(2,065)	13,839
Other	33,710	33,383
	174,834	190,534

24. TRANSPORTATION AND SELLING EXPENSES

Transportation and selling expenses comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
Rent tax	82,921	85,411
Transportation	58,270	53,347
Export customs duty	20,134	34,751
Personnel costs	7,674	9,201
Depreciation and amortization	6,931	5,773
Commission fees to agents and advertising	4,624	4,644
Other	7,790	8,129
	188,344	201,256

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. IMPAIRMENT LOSS

Impairment loss comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
Impairment of property, plant and equipment and intangible assets	3,811	483
Impairment of goodwill	586	-
Impairment of financial assets	272	1,734
(Reversal) / impairment of amounts due from credit institutions	(296)	628
(Reversal) / impairment of loans to customers	(549)	26,236
Reversal on impairment of investments in joint ventures and associates	(2,705)	-
Other impairment / (reversal)	2,088	(4,476)
	3,207	24,605

26. SHARE OF INCOME IN JOINT VENTURES AND ASSOCIATES

Share of income in joint ventures and associates comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
TengizChevroil LLP	141,347	148,319
Mangistau Investments B.V.	33,532	36,682
PetroKazakhstan Inc.	22,438	26,211
KazGerMunay LLP	21,349	24,072
KazRosGas JSC	21,110	21,557
Ekibastuzskaya GRES-1 LLP	10,790	8,167
Kazakhoil-Aktobe LLP	6,864	7,286
Katko SP	2,068	9,258
Other	24,908	22,779
	284,406	304,331

27. INCOME TAX EXPENSES

Income tax expense comprised the following:

<i>In millions of Tenge</i>	For the six months ended on June 30, 2012 (unaudited)	For the six months ended on June 30, 2011 (unaudited)
Current income tax expense:		
Corporate income tax	70,980	65,726
Excess profit tax	12,177	5,771
Withholding tax	24,344	27,659
Deferred income tax expense:		
Corporate income tax	10,513	79,875
Excess profit tax	(808)	(504)
Withholding tax	1,849	(4,055)
Income tax expense	119,055	174,472

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. CONSOLIDATION

The following significant subsidiaries have been included in these interim condensed consolidated financial statements:

	June 30, 2012 (unaudited)	December 31, 2011 (audited)
National Company "KazMunayGas" JSC ("NC KMG") and subsidiaries	100.00%	100.00%
National Company "Kazakhstan Temir Zholy" JSC ("NC KTZh") and subsidiaries	100.00%	100.00%
National Atomic Company "Kazatomprom" JSC ("NC KAP") and subsidiaries	100.00%	100.00%
Kazakhtelecom JSC ("KTC") and subsidiaries	51.00%	51.00%
Samruk-Energy JSC ("Samruk-Energy") and subsidiaries	100.00%	100.00%
Kazakhstan Electricity Grid Operating Company JSC ("KEGOC") and subsidiaries	100.00%	100.00%
Air Astana JSC ("Air Astana")	51.00%	51.00%
BTA Bank JSC ("BTA Bank") and subsidiaries	81.48%	81.48%
Alliance Bank JSC ("Alliance Bank") and subsidiaries	67.00%	67.00%
Development Bank of Kazakhstan JSC ("DBK") and subsidiaries	100.00%	100.00%
Entrepreneurship Development Fund "Damu" JSC ("Damu")	100.00%	100.00%
Kazyna Capital Management JSC and subsidiaries	100.00%	100.00%
Kazpost JSC	100.00%	100.00%
Doszhan Temir Zholy JSC	94.96%	94.96%
Investment Fund of Kazakhstan JSC	100.00%	100.00%
National Company "Kazakhstan Engineering" JSC ("Kazakhstan Engineering") subsidiaries	100.00%	100.00%
Real Estate Fund "Samruk-Kazyna" JSC	100.00%	100.00%
State Corporation for Insurance of Export Credit and Investments "KazExportGarant" JSC	100.00%	100.00%
International Airport Aktobe JSC	100.00%	100.00%
Samruk-Kazyna Contract LLP	100.00%	100.00%
SK Pharmacy LLP	100.00%	100.00%
National Mining Company "Tau-Ken Samruk" and subsidiaries	100.00%	100.00%
Kazakh Research power engineering Institute named after Chokin JSC	50.00%+1	50.00%+1
United Chemical Company LLP and subsidiaries	100.00%	100.00%
Samruk-Kazyna Invest LLP	100.00%	100.00%
KOREM JSC	100.00%	100.00%
International airport Atyrau JSC	100.00%	100.00%
Airport Pavlodar JSC	100.00%	100.00%
Karagandagiproshahat and K LLP	90.00%	90.00%
Temirbank JSC	79.90%	79.90%
KGF SLP	100.00%	100.00%
KGF IM	100.00%	100.00%
KGF Management	100.00%	100.00%
National Exploration Company "Kazgeology" JSC	100.00%	100.00%
Samruk-Kazyna Finance LLP	100.00%	100.00%

29. SIGNIFICANT NON-CASH TRANSACTIONS

Non-cash transactions for the six-month period ended June 30, 2012, including the following, have been excluded from the interim consolidated statement of cash flows:

- Shareholder's contributions to the share capital in the form of fixed assets (*Note 15*).
- Acquisition of FPSAIMC (*Note 4*).
- Offset of income tax prepayment with VAT in the amount of 4,000 million Tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions, which have been entered into with related parties during the six months of 2012 and 2011 and the related balances as at June 30, 2012, and December 31, 2011, respectively:

<i>In millions of Tenge</i>		Associates	Joint ventures in which the Group is a venturer	Other state- controlled entities	Other related parties
Due from related parties	June 30, 2012	15,482	21,448	2,358	831
	December 31, 2011	9,565	10,576	1,424	72
Due to related parties	June 30, 2012	3,845	68,262	406	130
	December 31, 2011	29,866	29,622	2,222	912
Sale of goods and services	June 30, 2012	34,518	93,535	7,113	880
	June 30, 2011	25,050	37,345	15,634	393
Purchase of goods and services	June 30, 2012	7,584	128,122	8,450	3
	June 30, 2011	8,735	85,465	6,084	1,819
Current accounts and deposits (liability)	June 30, 2012	201	179	19,270	573
	December 31, 2011	689	11	23,309	2,126
Current accounts and deposits (asset)	June 30, 2012	18,054	-	568,161	1,084
	December 31, 2011	14,968	-	526,898	537,254
Loans given	June 30, 2012	11,785	13,699	22,752	4,638
	December 31, 2011	10,824	6,783	25,265	21,046
Loans received	June 30, 2012	371	-	980,983	-
	December 31, 2011	1,225	-	881,252	151,278
Other assets	June 30, 2012	1,528	19,759	136,245	54
	December 31, 2011	32,263	10,420	146,913	12,817
Other liabilities	June 30, 2012	250	20,520	11,750	-
	December 31, 2011	472	41,181	17,655	45
Interest received	June 30, 2012	923	-	3,229	253
	June 30, 2011	500	45	4,445	6,657
Interest accrued	June 30, 2012	1	-	32,234	183
	June 30, 2011	159	5	27,932	3,234

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RELATED PARTY DISCLOSURES (continued)

Halyk Bank JSC is not considered as a related party from January 6, 2012 as the ultimate controlling party of Halyk Bank JSC resigned from the key management position within the Group. As of June 30, 2012, some of the Group's borrowings of 96,329 million Tenge were guaranteed by the Government of the Republic of Kazakhstan (December 31, 2011: 65,969 million Tenge).

Total compensation to key management personnel included in personnel costs in the accompanying interim consolidated statement of comprehensive income was 4,448 million Tenge for the six month period ended June 30, 2012 (for the six month period ended June 30, 2011: 3,752 million Tenge). Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

31. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

<i>In millions of Tenge</i>	Level 1	Level 2	Level 3	June 30, 2012 (unaudited)
Financial instruments category				
Available-for-sale financial assets	258,062	154,006	-	412,068
Financial assets at fair value through profit and loss	-	23,707	13,023	36,730
Trading securities	68,262	4	-	68,266
Derivative financial assets	-	39,046	-	39,046
Derivative financial liabilities	934	9,211	-	10,145

<i>In millions of Tenge</i>	Level 1	Level 2	Level 3	December 31, 2011
Financial instruments category				
Available-for-sale financial assets	294,763	155,293	-	450,056
Financial assets at fair value through profit and loss	-	24,162	14,654	38,816
Trading securities	70,456	20	-	70,476
Derivative financial assets	133	35,691	-	35,824
Derivative financial liabilities	297	13,628	-	13,925

Reconciliation of the beginning balance and ending balance based on the Level 3 hierarchy of the fair value as at June 30, 2012 is presented as follows:

<i>In millions of Tenge</i>	Available-for-sale financial assets	Financial assets at fair value through profit / loss	Trading securities	Derivative Financial Assets	Total financial assets
As at January 1, 2012	-	14,654	-	-	14,654
Acquisition	-	2,866	-	-	2,866
Sale	-	(144)	-	-	(144)
Repayment	-	(4,413)	-	-	(4,413)
Others	-	60	-	-	60
As at June 30, 2012	-	13,023	-	-	13,023

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES

As of June 30, 2012 there were no significant changes in commitments and contingencies of the Group, disclosed in the annual consolidated financial statements as of December 31, 2011, except for the following:

Legal proceedings

BTA Bank (Kyrgyzstan)

Based on the court ruling in Kyrgyzstan in 2009, the shares of BTA Bank (Kyrgyzstan) CJSC owned by the Group were foreclosed, which resulted in a loss of control over BTA Bank (Kyrgyzstan) JSC. The management of the Group believes that the ruling of Kyrgyzstan courts is not in compliance with international laws and agreements between the Republic of Kazakhstan and Kyrgyzstan. Moreover, the foreclosure was executed with violations of the Kyrgyzstan law. The Group filed a claim with the Kyrgyzstan government for reimbursement of GBP 30,418,143 and 38,891,000 US Dollars for damages incurred as a result of illegal acts of Kyrgyz legal and government entities.

Taking into account the intention of the Government of the Kyrgyz Republic to endeavor best efforts to reinstate the legal rights of BTA Bank the Group suspended the international arbitration proceedings. As of the date of these interim condensed consolidated financial statements arbitration proceedings have been suspended. Also, in order to restore the control over BTA Bank (Kyrgyzstan) CJSC, on December 29, 2011 the Group applied to the Interregional court of Bishkek to cancel the tender for sale of BTA Bank (Kyrgyzstan) CJSC.

As of the date of these interim condensed consolidated financial statements the management of the Group cannot reasonably estimate a possible outcome of this litigation or amount of potential recovery.

Claims at the territory of the Republic of Georgia

In 2006 - 2008 BTA Bank issued loans to several companies in the Republic of Georgia for the construction of real estate and infrastructure facilities totaling to USD 322,262,391. The amount approved for financing of these companies totaled to USD 528,425,000. In addition, collaterals were registered at the total amount of USD 302,192,086.

One of the borrowers of BTA Bank at the territory of the Republic of Georgia filed a claim against the BTA Bank demanding to reimburse for losses in the amount of USD 500,000,000 for the damage caused to business reputation. On March 24, 2011, Tbilisi Municipal Court ruled to take preliminary provisional measures prior to filing a claim on attachment with respect to 147,000 shares of BTA Bank (Georgia) JSC belonging to BTA Bank. This notice of claim is under consideration in Tbilisi City Court. Three statements for release of encumbrance from real estate pledged in favor of the BTA Bank for the total amount of USD 84,452,185 were filed to the Regular Arbitration Court for Civil Disputes. Plaintiffs requested to cancel the respective pledge agreements as well as replace the previously provided pledge for property belonging to other legal entities.

The Regular Arbitration Court for Civil Disputes sustained two statements of claim. Decisions of the court were reasoned by losses incurred by borrowers in connection with short-received amounts agreed by the borrowers with the BTA Bank earlier. The BTA Bank filed statements of claim to the relevant Georgian judicial agencies (Tbilisi City Court, Tbilisi Court of Appeals) with relevant jurisdiction protesting against the competency of the Regular Arbitration Court for Civil Disputes (objection to jurisdiction) as well as objecting to facts stated by the plaintiff on the merits of a dispute and requiring to set aside the awards. All applications of the BTA Bank were dismissed by relevant judicial agencies of Georgia. The awards took effect and led to the loss by the BTA Bank of a collateral amounting to USD 63,699,085. As at the date of these interim consolidated financial statements the Bank considers the issue of bringing the case before the court at the territory of Georgia with respect to actions of arbitrator considering both arbitration proceedings. With respect to the third arbitration proceedings the case is under consideration of Regular Arbitration Court for Civil Disputes, the decision of the case is pending.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Claims in Turkey

On December 28, 2011, Istanbul court came to a decision to arrest 15,912,460 common shares of Shekerbank (which is equal to about 1,171 million Tenge) that belong to "Subsidiary of BTA Bank "BTA Securities" JSC (hereinafter - "BTA Securities") in order to meet requirements of an individual, Turkish citizen, Turgut Sera Tiraly, to the Ministry of Finance of the Republic of Kazakhstan. The arrest was based on the fact that Turkish authorized bodies discovered relation between the Ministry of Finance of the Republic of Kazakhstan and BTA Securities, since BTA Securities is a subsidiary of the BTA Bank, the controlling interest in which belongs to Sovereign Wealth Fund "Samruk-Kazyna" JSC, and the sole shareholder of Sovereign Wealth Fund "Samruk-Kazyna" JSC is the Government of the Republic of Kazakhstan. On April 16, 2012, based on the claim of Turgut Sera Tirali arrest from Sekerbank shares was withdrawn. However BTA Securities intends to sue for the reimbursement of court expenses and caused damage by Turgut Sera Tirali.

During the most recent court session held on July 12, 2012, the court decided to appoint the experts and get this case reviewed by the experts. The BTA Bank management believes that the expert examination will be completed during the next three-four months.

On February 7, 2012, the Commercial Court of Istanbul arrested other 101,726,214 shares of Shekerbank which belong to BTA Securities, approximating to 20.7 billion Tenge as requested by Turkiye Vakiflar Bank T.A.O. (Turkey) based on guarantee issued by the Bank in favour of Turkiye Vakiflar Bank T.A.O. under the instruction of the BTA Bank customer. The arrest was based on the fact that the BTA Bank is the sole shareholder of BTA Securities.

BTA Securities appealed to the law of court of Turkey regarding the above arrest. According to the management of BTA Bank, the case has been currently expedited to the Higher Court of Turkey. The date of hearings has not been determined by the Higher Court of Turkey yet.

On February 22, 2012, the claim against the BTA Bank on the above guarantee had been filed by Vakifbank and consideration of the case was appointed to November 28, 2012.

As at the date of these interim financial statements final decisions on these legal proceedings were not adopted. The Group's management is not able to estimate the possible result of these disputes.

Tax audit of KMG EP (subsidiary of NC KMG)

On July 12, 2012, the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan completed the 2006-2008 comprehensive tax audit of KMG EP. As a result of the tax audit, which was commenced in October 2011, the tax authorities provided a tax assessment to KMG EP of 16,938 million Tenge, including 5,800 million Tenge of principal, 7,160 million Tenge of administrative fines and 3,978 million Tenge of late payment interest. Matters involved in the assessment relate mainly to reallocation of certain revenues and expenditures among the subsoil use contracts, timing of recognition of demurrage expenses, adjustment of revenues based on transfer pricing regulations.

KMG EP disagreed with the above assessments and filed an appeal to the Ministry of Finance. The management of KMG EP believes its interpretations of the tax legislation were appropriate. However, as management believes the outcome of the dispute is uncertain and further believes that it is more likely than not that KMG EP may not be entirely successful in its appeals, due to the ambiguity contained in the tax legislation and a history of varying interpretations and inconsistent opinions of the authorities and courts, management has accrued for certain matters that arose in the assessment. As at June 30, 2012, existing provision for tax has been increased by 9,248 million Tenge, including principal of 4,159 million Tenge, fines of 2,307 million Tenge and late payment interest of 2,782 million Tenge (*Note 18*). The management of the Group believes that KMG EP will be successful in appealing the remaining balances of principal, fines, and late payment interest of the assessments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Tax audit of KMG RM (subsidiary of NC KMG)

On June 5, 2012, the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan completed a comprehensive tax audit of KMG RM for the period from 2006 through 2010 and assessed additional: a) CIT of 2,980 million Tenge with corresponding penalty for late payment of 1,599 million Tenge and; b) VAT of 693 million Tenge with corresponding penalty for late payment of 332 million Tenge. In addition, 1,490 million Tenge of administrative fine for CIT and 347 million Tenge for VAT might also be assessed. Additional CIT and VAT were assessed based on the article 82 of the Tax Code of the Republic of Kazakhstan effective as at January 1, 2008, and related to calculation of gain on disposal of KazMunaiGaz PKOP Investment B.V. and KazMunaiGaz PKOP Finance B.V. On July 17, 2012, KMG RM appealed the results of the tax audit to the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan. Management of the Group believes that the tax liability and late payment interest were assessed as a result of an incorrect interpretation of laws in force and it is not probable that the outflow of resources will be required to settle the obligation and therefore no tax provision has been made in these interim condensed consolidated financial statements.

Commitments related to Special Fund for Petroleum Products

As of June 30, 2012, Rompetrol Rafinare, subsidiary of NC KMG, has an unresolved tax dispute related to taxation of the amounts released from Special Fund for Petroleum Products. As of June 30, 2012, there is no action being taken by the tax authorities on the issue and it is a matter of interpretation as to whether the tax amounts will be claimed by the tax authorities. As of June 30, 2012, the contingent liability comprises 48 million US Dollars (or 7,217 million Tenge).

Capital commitments

NC KTZh

As at June 30, 2012, NC KTZh had committed to contracts for the construction of "Uzen – state border with Turkmenistan" and "Khorghos – Zhetigen" railways, the primary backbone transport communication net, the plant for production of passenger wagons in Astana, the capital repair of railways, the activities related to expansion of Dostyk station, and the purchase of cargo and passenger electric locomotives, cargo and passenger wagons and backbone locomotives totalling 897,562 million Tenge (December 31, 2011: 467,859 million Tenge).

NC KMG

As of June 30, 2012, NC KMG had capital commitments of approximately 357,000 million Tenge (December 31, 2011: 419,530 million Tenge) related to acquisition and construction of property, plant and equipment mainly represented by the aromatic hydrocarbons plant and the advanced oil processing plant.

Samruk -Energy

In accordance with Agreements on Investment Obligations with the Ministry of Industry and New Technologies of the Republic of Kazakhstan, the Samruk-Energy involved in the production of electricity has investment obligations of 8,393 million Tenge as of June 30, 2012. As of June 30, 2012, the Samruk Energy fulfilled its investment obligations under these agreements for the amount of 1,533 million Tenge.

Air Astana

During 2008-2011, Air Astana signed an agreement with Airbus and Embraer to purchase six and two narrow-body aircrafts with the last payments due in 2013 and 2012, respectively. During 2012, Air Astana signed an agreement with Boeing to purchase three Boeing-787 and four Boeing-767 aircraft. The fourth Boeing 767 is subject to purchase reconfirmation by the Air Astana in September 2012. Air Astana repays advance payments in accordance with agreed table of payments. The terms of the contracts do not allow disclosing information on the purchase cost of the aircrafts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES (continued)

Capital commitments (continued)

KEGOC

To ensure the stable and reliable performance of the national electricity grid equipment, the KEGOC developed a capital investment plan. As at June 30, 2012, the KEGOC's outstanding contractual commitments within the frameworks of this plan amount to 56,140 million Tenge (December 31, 2011: 19,347 million Tenge).

In accordance with the Project Implementation Plan of "Construction of SS Alma with connection to Kazakhstan NES using 500, 220 kV voltage lines" the KEGOC has outstanding co-financing commitments in the amount of 17,161 million Tenge as June 30, 2012.

Other contractual commitments

As of June 30, 2012, the capital commitments of the Group under the contracts on acquisition of plant, property and equipment and inventory amounted to 82,156 million Tenge (as of December 31, 2011: 46,567 million Tenge).

Operating lease commitments

Operating lease commitments relate mainly to aircraft lease with the lease term from 5 to 10 years. All operating lease contracts contain market review clauses in the event that Air Astana exercises option to renew. Air Astana does not have the option to purchase leased assets at the expiry of lease period.

As at June 30, 2012 and December 31, 2011 operating lease commitments were as follows:

<i>In millions of Tenge</i>	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Within one year	17,308	20,043
From one to five years	35,066	28,122
Over five years	16,627	12,493
Total	69,001	60,658

Operating lease commitments include fixed rental payments and certain portion of payments for technical support which vary according to flying hours.

The fixed and variable rental payments are denominated and settled in US Dollars. This currency is routinely used in international commerce for aircraft operating leases.

Commitments under the Stabilization Plan

The Fund was assigned as the Government's main operator in implementation of the Stabilization Plan approved by the Government in 2008 (Note 1).

Commitments on repetitive use of anti-crisis funds

In accordance with the minutes No. 17-5/11-380 of the State committee on issues related to modernization of the economy in the Republic of Kazakhstan, the Fund has to finance certain investment projects in the total amount of 352,090 million Tenge during 2012-2013.

Financing of a housing construction program – implementation of the "Available housing" program

In accordance with the Decree No. 821 of the Government dated June 21, 2012, the Fund and the National fund are to finance housing construction through Real Estate Fund "Samruk-Kazyna" JSC. On June 30, 2012 the Fund's commitments to finance the "Available housing" program amounted to 99,053 million Tenge (December 31, 2011: nil).

Implementation of the Fund's investment projects

On June 30, 2012, the Fund's commitments to finance other investment projects amounted to 241,487 million Tenge (December 31, 2011: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. SEGMENT REPORTING

The following represents information about profit and loss, and assets and liabilities of operating segments of the Group as of June 30, 2012 and for the six-month period then ended:

<i>In millions of Tenge</i>	Oil and Gas	Mining	Transportation	Telecommunication	Energy	Financial and Innovation Institutions	Corporate center and projects	Elimination	Total
Revenues from sales to external customers	1,432,794	104,677	427,865	93,210	66,234	133,850	67,728	-	2,326,358
Revenues from sales to other segments	14,395	10,387	7,196	2,300	6,078	36,715	178,970	(256,041)	-
Total revenue	1,447,189	115,064	435,061	95,510	72,312	170,565	246,698	(256,041)	2,326,358
Gross profit	420,917	23,187	134,508	31,281	14,719	26,219	155,374	(158,328)	647,877
General and administrative expenses	(59,989)	(11,873)	(39,037)	(11,628)	(7,213)	(40,836)	(7,752)	3,494	(174,834)
Transportation and selling expenses	(180,960)	(1,753)	(3,334)	(2,002)	(157)	-	(1,099)	961	(188,344)
Finance income	17,692	2,155	1,461	2,369	1,591	1,752	35,970	(33,165)	29,825
Finance cost	(78,202)	(6,631)	(13,865)	(4,842)	(3,313)	(270)	-	14,326	(92,797)
Share of income in joint ventures and associates	252,072	11,918	132	-	16,029	4,255	-	-	284,406
Losses from change in the cost of recoverable bonds	-	-	-	-	-	(630,650)	-	-	(630,650)
Net foreign exchange (loss) / gain, net	(7,452)	(1,306)	(2,245)	(735)	(13)	(8,724)	1,093	326	(19,056)
Gain on disposal of discontinued operations	-	-	-	200,034	-	-	-	-	200,034
Income tax expense	(85,394)	(2,663)	(18,347)	(3,159)	(2,899)	(2,255)	(4,338)	-	(119,055)
Profit / (loss) for the period	277,788	11,361	62,244	214,003	20,943	(625,151)	168,103	(158,218)	(28,927)
<i>Other segment information at June 30, 2012</i>									
Total assets of the segment	6,782,901	705,482	1,919,911	448,876	675,667	3,695,985	4,534,605	(4,359,866)	14,403,561
Total liabilities of the segment	3,193,274	301,531	894,929	168,133	246,064	4,300,144	1,699,563	(2,097,661)	8,705,977
Investments in associates and joint ventures	890,744	116,668	6,341	23	187,304	96,359	-	-	1,297,439

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. SEGMENT REPORTING (continued)

The following represents information about profit and loss, and assets and liabilities of operating segments of the Group as of June 30, 2011 and for the six-month period then ended:

<i>In millions of Tenge</i>	Oil and Gas	Mining	Transportation	Telecommunication	Energy	Financial and Innovation Institutions	Corporate center and projects	Elimination	Total
Revenues from sales to external customers	1,237,726	122,314	369,262	88,750	65,182	137,207	50,565	-	2,071,006
Revenues from sales to other segments	12,903	8,694	5,251	2,399	5,632	34,290	88,595	(157,764)	-
Total revenue	1,250,629	131,008	374,513	91,149	70,814	171,497	139,160	(157,764)	2,071,006
Gross profit	421,428	38,557	122,300	30,305	18,430	17,650	62,601	(64,560)	646,711
General and administrative expenses	(73,746)	(8,924)	(35,832)	(10,693)	(5,729)	(48,018)	(10,345)	2,753	(190,534)
Transportation and selling expenses	(194,033)	(1,660)	(2,928)	(1,535)	(142)	(10)	(1,156)	208	(201,256)
Finance income	24,867	2,979	3,643	1,919	1,291	1,515	29,101	(32,331)	32,984
Finance cost	(84,207)	(6,020)	(10,335)	(4,562)	(3,689)	(739)	-	12,244	(97,308)
Share of income in joint ventures and associates	267,944	19,289	(141)	-	15,071	2,168	-	-	304,331
Net foreign exchange gain, net	6,778	90	1,682	950	296	2,883	93	(323)	12,449
Income tax expense	(65,365)	(7,832)	(22,321)	(3,129)	(3,236)	(62,096)	(7,714)	(2,779)	(174,472)
Profit / (loss) for the period	299,651	34,140	68,083	29,739	22,507	(114,626)	(51,108)	20,020	308,406
<i>Other segment information as of December 31, 2011</i>									
Total assets of the segment	6,181,018	653,788	1,767,920	461,835	661,982	3,628,629	4,125,542	(4,067,309)	13,413,405
Total liabilities of the segment	3,020,860	277,728	771,842	169,721	247,481	3,667,810	1,592,738	(2,064,378)	7,683,802
Investments in associates and joint ventures	919,154	105,018	4,940	24	176,741	89,105	-	-	1,294,982

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. SUBSEQUENT EVENTS

Loans issued and received

In the second half of 2012, the Fund issued a loan to Kazakhmys Finance PLC in the amount of 200 million US Dollars to finance a development of a copper field Bozshakol, Kazakhstan (*Note 8*). Financing was made using the funds received under the credit line from the State Development Bank of China in the third quarter of 2012 (*Note 16*).

On August 3, 2012, Development Bank of Kazakhstan JSC issued Islamic medium term notes "Sukuk Al-Murabahah" in the amount of 240 million Malaysian ringgits (11,460 million Tenge as of the date of issue) which mature in August 2017 and bear an interest rate of 5.5% p.a.

Atyrau Refinery Plant signed a contract with the Japanese Bank of International Cooperation in the amount of 297.5 million US Dollars for the period of 13 years for the purpose of financing of the construction of a deep conversion facility of 252 million US Dollars. The total cost of project is 1,679.9 million US Dollars.

On July 5, 2012, KMG EP fully repaid the remaining principal and accrued interest of the KMG PK1 Finance notes in the amount of 538.2 million US Dollars (80,479 million Tenge as of the date of payment) and 20 million US Dollars (2,992 million Tenge as of the date of payment), respectively.

On July 10, 2012, Kazakhstan Temir Zholy Finance B.V., subsidiary of NC KTZh, issued Eurobonds totaling 800 million US Dollars (119,760 million Tenge as of the date of issue) on external (LSE) and internal (KASE) stock exchanges in the Rule 144A/Regulation S format with maturity until 2042 with a coupon rate of 6.95% per annum. The Eurobonds are guaranteed by NC KTZh and subsidiaries of NC KTZh: Kaztemirtrans JSC and Locomotive JSC. Interest is payable on such Eurobonds semi-annually on January 10 and July 10. The issuance was organized by Barclays Bank plc and HSBC Bank plc.

On July 10, 2012, Kazakhstan Temir Zholy Finance BV repaid the bridge loan from HSBC Bank plc and Barclays Bank plc of 220 millions US Dollars (32,934 million Tenge as of the date of payment) from the funds received from Eurobonds issue (*Note 16*).

Changes in the Group structure

On July 13, 2012, KMG EP signed a SPA with MOL Hungarian Oil and Gas Plc. on the sale of 49% of shares in the subsidiary of KMG EP, Karpovskiy Severniy JSC. The deal was approved on June 26, 2012 by the Board of Directors of KMG EP.

The transaction is subject to consent of the Ministry of Oil and Gas of Kazakhstan, and the waiver of state priority and approval of the Kazakhstan and European Union antimonopoly bodies.

Financial position of BTA Bank

On July 12, 2012, BTA Bank announced that the process of restructuring started with regards to the BTA Bank in the Specialised Financial Court of Almaty had been acknowledged in Great Britain as the main foreign proceedings. The order on recognition of the restructuring process was adopted on July 11, 2012, by the High Court of Justice of England and Wales in accordance with UNCITRAL Model Law on Cross-Border Insolvency as specified in Cross-Border Insolvency Regulations dated 2006.

On August 16, 2012, Specialized Financial Court of Almaty considering an ongoing negotiations between the Bank and its creditors has prolonged restructuring process due date until December 20, 2012.

On August 20, 2012 the restructuring process, initiated in respect of BTA bank in the specialized financial court of Almaty, was acknowledged as a foreign main proceedings in the United States. This acknowledgment was received on August 16, 2012 according to the order of the United States Court for the financial insolvency of the Southern District of New York, in accordance with Chapter 15 under the "U.S. Bankruptcy Act". This acknowledgment is part of the ongoing restructuring of BTA bank and shall apply to any proceedings in respect of BTA bank or its assets in the United States.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. SUBSEQUENT EVENTS (continued)

Financial position of BTA Bank (continued)

Restructuring process initiated in respect of BTA bank in the specialized financial court of Almaty, was acknowledged in Ukraine. This acknowledgment was received on August 31, 2012 in accordance with the Order of Solomenskiy district of Kyiv dated August 31, 2012. This acknowledgment provides a suspension of the court enforcement action in Ukraine with regard to the BTA bank's financial liabilities, subject to restructuring, the suspension of creditors' claims on such financial obligations of the Bank, as well as the prohibition of claim on assets of the BTA bank in Ukraine from its creditors.

Law on major pipelines

On July 4, 2012, the "Law on major pipelines" of the Republic of Kazakhstan came into force, in accordance to which the owner of the major pipeline should perform environmental rehabilitation procedures, including land recultivation measures, upon retirement of the pipeline from service. As of the date of these interim condensed consolidated financial statements the Group was not able to estimate future expenditures on dismantling and liquidation of the pipelines as well as expenditures related to environmental rehabilitation procedures and estimate the likelihood of the potential obligations.

Loans from the Government

In the second half of 2012 amendments to the terms of the bonds placed with the NBRK were registered (*Note 17*). In accordance with these changes, the term of the bonds payable were prolonged to 2062 and the interest rates were reduced to 0.01%.

Other events

On July 5, 2012 Halyk Bank additionally purchased 40,000,000 of its preferred shares. The total amount of realization of purchased shares was 7,208 million Tenge.

As part of its common share and GDR buyback program, between June 30, 2012, and August 6, 2012, KMG EP purchased 1,253,450 GDR's and 811 of its common shares at an aggregate value of 3,365 million Tenge. Under this common share and GDR buyback program as at August 6, 2012, KMG EP has repurchased a total of 9,027,737 GDR's and 17,070 common shares for an aggregate value of 24,251 million Tenge.

In July 2012 the building of telerradio complex with the land on which it is located with carrying value of 55,694 million Tenge as at June 30, 2012 (included in other current assets), was donated to the Information and Archives Committee of the Ministry of Culture and Information of the Republic of Kazakhstan on the basis of a contract No. 2 of donation dated July 16, 2012, concluded between the Company and the state institution "Department of state property and privatization of the city of Astana". As a result, the Group settled its corresponding obligation, recorded as at June 30, 2012 (*Note 18*).

In July 2012, Air Astana JSC negotiated the financing with the Brazilian Development Bank for the purchase of two Embraer aircraft.

In September 7, 2012, by Decision No. 63 of the Board of Directors Samruk-Energy JSC approved program to issue Eurobonds in the amount of 105,000 million tenge with maturity period of up to ten years. Samruk-Energy JSC plans to issue Eurobonds under the bond program.