National Welfare Fund “Samruk-Kazyna” JSC

Interim condensed consolidated
financial statements

As at September 30, 2013 and for the nine months then ended

CONTENTS

Interim condensed consolidated financial statements

INTERIM CONSOLIDATED BALANCE SHEET

In millions of Tenge	Notes	September 30, 2013	December 31, 2012 (restated)*
Assets			
Non-current assets			
Property, Plant and Equipment	6	**6,625,962**	6,093,002
Intangible assets		**343,606**	358,276
Investments in joint ventures and associates	7	**1,676,873**	1,351,044
Loans to customers	8	**1,070,313**	1,386,384
Amounts due from credit institutions		**284,846**	269,627
Other financial assets	9	**166,725**	464,934
Deferred tax asset		**66,959**	77,964
Other non-current assets	10	**486,128**	421,092
		10,721,412	10,422,323
Current assets			
Inventories		**417,928**	409,508
VAT recoverable		**226,199**	193,950
Income tax prepaid		**85,150**	78,372
Trade accounts receivable	11	**348,065**	342,352
Loans to customers	8	**548,195**	665,326
Amounts due from credit institutions		**1,222,957**	1,076,442
Other financial assets	9	**141,186**	267,809
Other current assets	11	**272,147**	298,175
Cash and cash equivalents	12	**1,017,409**	1,468,426
		4,279,236	4,800,360
Assets classified as held for sale	5	**302,765**	51,521
Total assets		**15,303,413**	15,274,204

Notes on pages 9 to -52 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET (continued)

In millions of Tenge	Notes	September 30, 2013	December 31, 2012 (restated)*
Equity and liabilities			
Equity attributable to equity holder of the parent			
Share capital	13	**4,453,220**	4,409,314
Revaluation reserve for available-for-sale investments		**25,853**	24,846
Currency translation reserve		**269,179**	219,712
Other capital reserves		**(2,020)**	16,200
Retained Earnings		**2,052,597**	1,944,252
		6,798,855	6,614,324
Non-controlling interest	13	**818,529**	801,135
Total equity		**7,617,384**	7,415,459
Non-current liabilities			
Borrowings	14	**3,641,301**	3,526,943
Loans from the Government of the Republic of Kazakhstan	15	**196,026**	210,810
Finance lease liabilities		**55,787**	35,313
Provisions		**137,278**	136,312
Deferred tax liability		**363,312**	336,950
Employee benefit liability		**55,071**	45,940
Amounts due to customers		**31,987**	106,663
Derivatives		**-**	7,450
Other non-current liabilities		**315,087**	296,660
		4,795,849	4,703,041
Current liabilities			
Borrowings	14	**435,213**	680,962
Loans from the Government of the Republic of Kazakhstan	15	**545,506**	559,831
Finance lease liabilities		**10,313**	8,425
Provisions		**121,389**	124,202
Employee benefit liability		**4,002**	4,039
Income taxes payable		**56,526**	48,841
Trade and other payables		**399,810**	496,946
Amounts due to customers		**631,308**	636,058
Derivatives		**20**	888
Other current liabilities	16	**535,573**	575,195
		2,739,660	3,135,387
Liabilities associated with assets classified as held for sale	5	**150,520**	20,317
Total liabilities		**7,686,029**	7,858,745
Total equity and liabilities		**15,303,413**	15,274,204

** Certain amounts given above are not consistent with the amounts in the consolidated financial statements for 2012 because they reflect performed reclassifications detailed in Note 2.*

Managing Director – Member of the Management Board

Nurlan Rakhmetov

Chief Accountant

Almaz Abdrakhmanova

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of Tenge	Notes	For the nine months ended September 30, 2013	September 30, 2012
Revenue	17	**3,541,208**	3,478,930
Government grants		**18,884**	20,747
		3,560,092	3,499,677
Cost of sales	18	**(2,487,234)**	(2,506,380)
Gross profit		**1,072,858**	993,297
General and administrative expenses	19	**(282,985)**	(270,201)
Transportation and selling expenses	20	**(247,682)**	(287,368)
Bargain purchase gain on acquisition		**1,203**	-
(Loss) / income on disposal of property and equipment, net		**(4,555)**	430
Impairment loss	21	**(146,270)**	(42,575)
Other operating income		**57,705**	67,109
Other operating loss	22	**(36,671)**	(656,166)
Profit / (loss) from operating activities		**413,603**	(195,474)
Finance costs	23	**(174,286)**	(157,695)
Finance income		**56,083**	55,553
Share of income in associates and joint ventures	24	**417,467**	402,787
Net foreign exchange loss		**(36,529)**	(26,767)
Profit before income tax		**676,338**	78,404
Income tax expenses		**(177,346)**	(189,939)
Profit/ (loss) for the period from continuing operations		**498,992**	(111,535)
(Loss) / profit from discontinued operations	5	**(4,363)**	207,865
Profit for the period		**494,629**	96,330

Notes on pages 9 to -52 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In millions of Tenge	Notes	For the nine months ended **September 30, 2013**	September 30, 2012
Other comprehensive income, net of tax:			
Other comprehensive income subject to reclassification within profit or loss in the subsequent periods:			
Foreign currency translation		**51,259**	18,240
Unrealized (loss) from revaluation of available-for-sale financial assets		**(2,088)**	(22,895)
Net realized (loss) / on financial assets available-for-sale		**(66)**	(819)
Reclassifications from other comprehensive income to other losses on impairment of financial assets available for sale		**-**	-
Other comprehensive income/ (loss) subject to reclassification within profit or loss in the subsequent periods, net of tax:		**49,105**	(5,474)
Other comprehensive income not subject to reclassification within profit or loss in the subsequent periods:			
Actuarial losses on defined benefit plan, net of tax		**(293)**	-
Loss from cash flow hedging instruments		**(254)**	(163)
Other comprehensive loss not subject to reclassification within profit or loss in the subsequent periods, net of tax:		**(547)**	(163)
Other comprehensive income/ (loss), net of tax		**48,558**	(5,637)
Total comprehensive income for the period, net of tax		**543,187**	90,693
Profit for the period attributable to:			
the Shareholder		**449,442**	51,072
Non-controlling interest		**45,187**	45,258
		494,629	96,330
Total comprehensive income for the period, net of tax attributable to:			
the Shareholder		**497,725**	43,817
Non-controlling interest		**45,462**	46,876
		543,187	90,693
Earnings per share:			
Basic and diluted share in profit for the period attributable to the equity holder of the parent, Tenge	13	**129.09**	14.67
Earnings/(loss) per share from continuing operations:			
Basic and diluted share in profit/(loss) from continuing operations attributable for the equity holder of the parent, Tenge	13	**130.31**	(13.95)

Managing Director – Member of the Management Board

Nurlan Rakhmetov

Chief Accountant

Almaz Abdrakhmanova

Notes on pages 9 to -52 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holder of the parent							
In millions of Tenge	Share capital	Revaluation reserve for available-for-sale investments	Currency translation reserve	Other capital reserves	Retained Earnings	Total	Non-controlling interest	Total
Balance as at December 31, 2011 (as previously reported)	**4,050,383**	**(106,997)**	**186,145**	**17,656**	**823,433**	**4,970,920**	**758,983**	**5,729,603**
Restatement *(Note 2)*	-	-	-	165	21,761	21,626	-	21,626
Balance as at December 31, 2011 (restated)*	**4,050,383**	**(106,997)**	**186,145**	**17,821**	**845,194**	**4,992,546**	**758,983**	**5,751,529**
Total comprehensive income for the period*	-	(24,026)	17,364	(593)	51,072	43,817	46,876	**90,693**
Issue of share capital	347,333	-	-	-	-	347,333	-	**347,333**
Discount on loans from the Government and on bonds purchased by the National Bank of RK	-	-	-	-	305,668	305,668	-	**305,668**
Dividends paid	-	-	-	-	(168,190)	(168,190)	(150,461)	**(318,651)**
Other transactions with the Shareholder	-	-	-	-	1,630	1,630	-	**1,630**
Recognition of share based payments	-	-	-	167	-	167	798	**965**
Change in ownership interests of subsidiaries – acquisition of non-controlling interest	-	(220)	-	(278)	708	210	1,045	**1,255**
Buy back of shares of a subsidiary from the market performed by a subsidiary	-	-	-	-	5,004	5,004	(30,745)	**(25,741)**
Other distributions to the Shareholder	-	-	-	-	(10,547)	(10,547)	-	**(10,547)**
Increase in other capital reserves	-	-	-	1	(1)	-	-	**-**
Balance as at September 30, 2012	**4,397,716**	**(131,243)**	**203,509**	**17,118**	**1,030,538**	**5,517,638**	**626,496**	**6,144,134**

Notes on pages 9 to -52 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

		Attributable to equity holder of the parent							
In millions of Tenge	Notes	Share capital	Revaluation reserve for available-for-sale investments	Currency translation reserve	Other capital reserves	Retained Earnings	Total	Non-controlling interest	Total
Balance as at December 31, 2012 (as previously reported)		**4,409,314**	**24,846**	**219,712**	**15,828**	**1,920,696**	**6,590,396**	**801,135**	**7,391,531**
Restatement *(Note 2)*		-	-	-	372	23,556	**23,928**	-	**23,928**
Balance as at December 31, 2012 (restated)*		**4,409,314**	**24,846**	**219,712**	**16,200**	**1,944,252**	**6,614,324**	**801,135**	**7,415,459**
Total comprehensive income for the period		-	(871)	49,558	(404)	449,442	497,725	45,462	**543,187**
Issue of share capital	13.1	43,906	-	-	-	(26,234)	17,672	-	**17,672**
Discount on bonds purchased by the National Bank of the Republic of Kazakhstan	13.2	-	-	-	-	249,828	249,828	-	**249,828**
Dividends paid	13.3	-	-	-	-	-	-	(46,684)	**(46,684)**
Other transactions with the Shareholder	13.4	-	1,879	(92)	(17,617)	(576,772)	(592,602)	-	**(592,602)**
Recognition of share based payments		-	-	-	3	39	42	(25)	**17**
Acquisition of subsidiaries		-	-	-	-	-	-	12,287	**12,287**
Change in ownership interests of subsidiaries – acquisition of shares by non-controlling interest	13.5	-	-	-	-	13,408	13,408	6,943	**20,351**
Change in ownership interests of subsidiaries – acquisition of non-controlling interest		-	25	1	(206)	(754)	(934)	(463)	**(1,397)**
Buy back of shares of a subsidiary from the market performed by a subsidiary		-	-	-	-	(131)	(131)	(126)	**(257)**
Other distributions to the Shareholder	13.6	-	-	-	-	(477)	(477)	-	**(477)**
Increase in other capital reserves		-	-	-	4	(4)	-	-	**-**
Balance as at September 30, 2013		**4,453,220**	**25,879**	**269,179**	**(2,020)**	**2,052,597**	**6,798,855**	**818,529**	**7,617,384**

** Certain amounts given above are not consistent with the amounts in the consolidated financial statements for 2011 because they reflect performed restatements detailed in Note 2.*

Managing Director – Member of the Management Board
Nurlan Rakhmetov

Chief Accountant
Almaz Abdrakhmanova

Notes on pages 9 to -52 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the nine months ended	
In millions of Tenge	**Notes**	**September 30, 2013**	September 30, 2012
Cash flows from operating activities:			
Profit before income tax from continuing activities		**676,338**	78,404
(Loss) / profit from discontinued operations before income tax		**(2,546)**	209,753
Adjustments for:			
Depreciation, depletion and amortization	18,19,20	**270,819**	233,986
Share of income in associates and joint ventures	7, 24	**(417,467)**	(402,787)
Finance costs	23	**174,286**	157,695
Finance income		**(56,083)**	(55,553)
Impairment loss	21	**146,270**	42,575
Expenses on recognition of recovery obligations by BTA Bank	22	**-**	628,572
Loss / (gain) on disposal of discontinued operations		**2,276**	(200,034)
Gain on purchase of own debt securities issued be BTA Bank		**-**	(10,458)
Bargain purchase gain on acquisition		**(1,203)**	-
Provision charges		**31,224**	(5,085)
Allowance for doubtful trade accounts receivable and other current assets	19	**3,846**	3,855
Loss / (gain) on revaluation of financial assets designated at fair value through profit or loss		**4,661**	(3,877)
Loss / (income) on disposal of property and equipment, net		**4, 555**	(430)
Unrealized foreign exchange loss		**32,334**	15,803
Other transactions		**12,426**	2,324
Cash flows from operating activities before working capital changes		**881,736**	694,743
Changes in other non-current assets		**(16,442)**	(15,922)
Changes in loans to customers		**(103,429)**	(227,610)
Changes in amounts due from credit institutions		**19,552**	137,338
Changes in other financial assets		**19,841**	19,990
Changes in inventories		**(30,630)**	(89,717)
Changes in VAT recoverable		**(37,738)**	(27,793)
Changes in trade accounts receivable		**(15,777)**	(96,582)
Changes in other current assets		**(9,434)**	31,300
Changes in borrowings and loans from the Government of the Republic of Kazakhstan		**8,994**	303,826
Changes in trade accounts payables		**(124,785)**	(52,997)
Changes in amounts due to the customers		**(72,240)**	(20,507)
Changes in derivative financial instruments		**2,273**	(5,571)
Changes in other liabilities		**(29,917)**	(9,947)
		492,004	640,551
Income tax paid		**(167,690)**	(139,975)
Interest paid		**(121,729)**	(93,737)
Interest received		**39,663**	19,384
Net cash flow from operating activities		**242,248**	426,223

Notes on pages 9 to -52 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In millions of Tenge	Notes	For the nine months ended September 30, 2013	September 30, 2012
Cash flows from investing activities:			
Placement of bank deposits, net		**(310,189)**	(302,853)
Acquisition of associates and joint ventures		**(266,165)**	(23,781)
Acquisition of subsidiaries, net of cash acquired		**(17,501)**	-
Purchase of property, plant and equipment		**(654,610)**	(669,692)
Purchase of intangible assets		**(12,268)**	(7,370)
Proceeds from disposal of other financial assets, net		**38,494**	69,426
Proceeds from sale of property, plant and equipment		**6,635**	7,162
Advances paid for non-current assets	10	**(80,347)**	(85,735)
Dividends received from joint entities and associates	7	**308,354**	376,292
Cash of disposed subsidiaries	5	**(171,278)**	-
Cash of subsidiaries reclassified to assets held for sale		**(9,680)**	-
Proceeds from sale of associate and assets held for sale		**-**	225,739
Proceeds from sale of subsidiaries		**4,528**	7,557
Execution of shares call option		**14**	965
Net cash used in investing activities		**(1,164,013)**	(402,290)
Cash flows from financing activities:			
Proceeds from borrowings		**1,157,693**	662,708
Repayment of borrowings		**(651,187)**	(429,758)
Repayment of finance lease liabilities		**(7,868)**	(6,687)
Buy back of shares of a subsidiary from the market performed by a subsidiary		**(258)**	(26,019)
Dividends paid to the Shareholder		**-**	(159,113)
Transactions with the Shareholder		**(9,239)**	(21,812)
Dividends paid to non-controlling shareholders of subsidiaries		**(46,449)**	(147,011)
Contributions to the share capital by non-controlling shareholders		**20,351**	271
Acquisition of non-controlling interest		**(1,467)**	1,255
Contribution to the share capital	13	**9,320**	12,000
Net cash from/(used in) financing activities		**470,896**	(114,166)
Effect of exchange rates changes on cash and cash equivalents		**(148)**	3,122
Net change in cash and cash equivalents		**(451,017)**	(87,111)
Cash and cash equivalents, beginning	12	**1,468,426**	1,649,999
Cash and cash equivalents, ending	12	**1,017,409**	1,562,888

Information on significant non-cash transactions is disclosed in Note 26.

Managing Director – Member of the Management Board

Nurlan Rakhmetov

Chief Accountant

Almaz Abdrakhmanova

NOTES TO 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 conjunction with the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 and the Decree of the Government of the Republic of Kazakhstan dated October 17, 2008. The formation was enacted by the merger of Sustainable Development Fund “Kazyna” JSC (“Kazyna”) and Kazakhstan Holding Company for State Assets Management “Samruk” JSC (“Samruk”) and the additional transfer of ownership in certain entities owned by the Government of the Republic of Kazakhstan (the “Government” or the “State”) to the Fund. The Government, represented by the State Assets and Privatization Committee of the Ministry of Finance is the sole shareholder of the Fund (the “Shareholder”).

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

The Fund is a holding company combining state-owned enterprises listed in *Note 25* (the “Group”). Prior to February 1, 2012, the Fund’s activities were governed by the Law of the Republic of Kazakhstan “On Sovereign Wealth Fund” No. 134-4 dated February 13, 2009 and were aimed at assistance in providing stable development of the state economy, modernization and diversification of economy, and improvement of the Fund companies’ efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 “On Sovereign Wealth Fund” No. 550-4, the Fund’s activity is focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Fund companies and by effective management of assets of the Fund's 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 30*):

- Oil and Gas segment includes operations related to exploration and production of oil and gas, transportation of oil and gas and refining and trading of crude oil, gas and refined products.
- Transportation segment includes operations related to railway and air transportation of cargo and passengers.
- 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.
- 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 Kazakhstan.
- 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.
- Financial and Innovation Institutions segment includes operations related to development and stimulation of investment and innovation activities in all segments of the economy of Republic 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, including provision of loans to related and third parties

The address of the Fund’s registered office is Astana, Konayev str. 8, the Republic of Kazakhstan.

These interim condensed consolidated financial statements were authorised for issue on November 28, 2013, by the Managing Director – Member of the Management Board and Chief Accountant of the Fund.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

The plan of stabilization of economy and financial system

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

- Stabilization of financial sector;
- Stabilization of real estate market;
- 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 and Alliance Bank JSC and acquired a significant stake in Halyk Bank of Kazakhstan JSC and Kazkommertsbank JSC. These measures were aimed to provide additional liquidity to the banks and ensure their solvency. In 2012 and 2011 the Fund sold all common shares and a part of preferred shares of Halyk Bank of Kazakhstan JSC.

In 2010, under BTA Bank's JSC ("BTA Bank") debt restructuring plan approved in March 2010, the Fund acquired newly issued shares of Temirbank JSC ("Temirbank"), a subsidiary of BTA Bank.

The Fund is not planning to keep its ownership 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 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.

The ability of BTA Bank to continue as a going concern entity largely depends on successful realization of new business model in accordance with the conditions of the second restructuring of its debts completed in December 2012.

In accordance with a minutes of meeting with participation of the President of the Republic of Kazakhstan dated January 23, 2013 No. 01-7.1 "On results of social and economic development of the Republic of Kazakhstan in 2012 and aims on realization of "Kazakhstan-2050" Strategy" the Government was assigned to transfer institutions of development and financial organisations (Development Bank of Kazakhstan JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation KazExportGarant JSC, "Entrepreneurship development Fund "Damu" JSC, "Investment Fund of Kazakhstan" JSC) to the supervision of newly created organisation with 100% ownership by the Government, and the transfer of SK-Pharmacy LLP to the Ministry of Health of the Republic of Kazakhstan.

In April 2013, shares of development institutions and financial organizations have been transferred to the relevant ministries for the beneficial ownership with the right of overall control. Following the formation in May 2013 of National Holding "Baiterek", the stockholdings of development institutions and financial organisations were transferred to it for the trust management with the right of overall control *(Note 5)*.

In April 2013 the share in SK-Pharmacy was transferred to trust management with overall control to the Ministry of Health of the Republic of Kazakhstan *(Note 5)*.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

The plan of stabilization of economy and financial system (continued)

In accordance with Decree of the Government of the Republic of Kazakhstan No. 206 dated March 4, 2013 the Fund is allowed to become a participant in Pension Fund "Halyk Bank" JSC, Pension Fund "Grantum" and Pension Fund "Ular Umit" in exchange of part of Fund's share in Kazkommertsbank JSC and BTA Bank JSC.

For the purpose of sale of Fund's share in BTA Bank JSC, Alliance Bank JSC and Temirbank JSC before December 31, 2013, in case the shareholders of banks refuse their privileged right of purchase of shares, the Fund is recommended to:

- take measures on disposal of shares of Alliance Bank JSC and Temirbank JSC to sole strategic investor;
- propose to Halyk Bank JSC to acquire remaining shares of BTA Bank JSC.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the nine months ended September 30, 2013 were prepared in accordance with International Accounting Standard No. 34 "Interim financial statements" (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Fund's annual consolidated financial statements of the Group for the year ended December 31, 2012.

Foreign currency translation

Functional and presentation currency

Items included in these interim condensed consolidated financial statements for the nine months ended September 30, 2013 of each of the Group's entities included in these interim condensed consolidated financial statements are measured using the currency of primary economic environment in which the entities operate ("the functional currency"). The interim condensed consolidated financial statements are presented in Tenge («Tenge»), which is the Group's presentation currency.

Transactions and balances

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

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

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 functional currency are translated into the presentation currency as follows:

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

2. BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

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 rate to Tenge:

	September 30, 2013	December 31, 2012
US dollar	**153.62**	150.79
EUR	**207.56**	199.22
RUR	**4.73**	4.96

The currency exchange rate of KASE as at November 28, 2013 was 154.05 Tenge to 1 US Dollar.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2012, except for the adoption of new Standards and Interpretations as at January 1, 2013, noted below:

IAS 1 Presentation of Items of Other Comprehensive Income (Amendment)

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time (e.g., net income from hedging of net investments, foreign exchange differences arising from translation of financial statements of foreign entities, net change in cash flows hedging and net income or expenses on financial assets available-for-sale), would be presented separately from items that will never be reclassified (e.g., actuarial gains and losses under the defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no significant impact on the Group's consolidated financial position or performance.

IAS 1 Clarification of the Requirement for Comparative Information (amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the "third balance sheet") must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

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

IAS 34 Interim Financial Reporting and Segment Information for Total Assets and Liabilities (amendments)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments.* Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. These amendments did not have significant impact on interim condensed consolidated financial statements of the Group.

IAS 19 Employee Benefits (revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans. In particular, actuarial gains and losses that are now recognized in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. These amendments did not have significant impact on interim condensed consolidated financial statements of the Group.

Amendments to IFRS 7 Financial Instruments: Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes indications on issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 changes the definition of control so that it is considered that an investor controls an investee if it is entitled to a variable return on investment or subject to a risk associated with its change and may have an impact on this return due to its powers over an investee. According to the definition of control in IFRS 10, an investor controls an investee only when the following conditions are met: (a) an investor has powers over an investee; (b) an investor is entitled to a variable return on investment or exposed to a risk associated with its change; (c) an investor has a possibility to use its powers over an investee for the purpose of having an impact on a variable return on investment. IFRS 10 did not have significant impact on interim condensed consolidated financial statements of the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. These amendments did not have significant impact on interim condensed consolidated financial statements of the Group.

2. BASIS OF PREPARATION (continued)

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

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements. Unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Application of IFRS 13 did not have a significant impact on the fair value measurement determined by the Group.

IFRS 13 also provides for the requirements with respect to certain disclosures of fair values, which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures.* Some of these requirements to disclosures of financial instruments under IAS 34.16A(j) apply to the interim condensed financial statements. The Group provides these disclosures in the notes to the interim condensed consolidated financial statements.

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

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This interpretation did not have a material impact on the interim condensed consolidated financial statements of the Group.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after January 1, 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Restatement of previously presented data in connection with the transfer of an entity under common control

In accordance with the Resolution of the Government of the Republic of Kazakhstan No. 1538 dated December 4, 2012, on July 26, 2013 state-owned shares of National Company "Aktau International Commercial Seaport " JSC were transferred to the Fund. Since the transfer of National Company "Aktau International Commercial Seaport " JSC shares represents business combination of entities under common control, these consolidated interim condensed financial statements was prepared using accounting method of predecessor company. Accordingly, these consolidated interim condensed financial statements were presented as if the shares of National Company "Aktau International Commercial Seaport " JSC were transferred at the beginning of the earliest presented period and, as a result, relevant comparative information was restated.
Assets and liabilities of National Company "Aktau International Commercial Seaport " JSC were recorded in these consolidated financial statements at current value indicated in their financial statements, together with corresponding crediting to the capital.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Restatement of previously presented data in connection with the transfer of an entity under common control (continued)

The effect of changes in the comparatives is as follows:

In millions of Tenge	Combination of financial statements of National Company "Aktau International Commercial Seaport " JSC
Impact on the statement of financial position as at December 31, 2012:	
Change in property and equipment	25,964
Change in intangible assets	48
Change in amounts due from credit institutions	1,876
Change in other non-current assets	821
Change in non-current assets	**28,709**
Change in inventories	716
Change in income tax prepayment	424
Change in trade accounts receivable	95
Change in amounts due from credit institutions	5,786
Change in other current assets	469
Change in cash and cash equivalents	2,878
Change in current assets	**10,368**
Change in total amount of assets	**39,077**
Change in loans	9,397
Change in deferred income tax liabilities	3,086
Change in non-current liabilities	**12,483**
Change in loans	1,887
Change in trade and other payables	148
Change in other current liabilities	631
Change in current liabilities	**2,666**
Change in total amount of liabilities	**15,149**
Change in net assets	**23,928**

3. SEASONALITY OF OPERATIONS

Operating expenses of the Group are subject to seasonal fluctuations. In this connection, higher expenses on materials, professional services, technical maintenance and other services are generally expected in the second half- year. Such fluctuations are mainly caused by the requirements to conduct official open tenders during the first half-year and acquisition of goods and services during the second half-year.

4. PURCHASES

Acquisition of interest in Kazzinc LLP

On February 1, 2013 the Fund acquired 29.8221% of the share capital of "Kazzinc" LLP through acquisition of 100% of ownership interest in the share capital of "Logic Business" LLP, "Logic Invest Capital" LLP and Investment House "Dana" LLP, each of which owns 9.9407% ownership interest in "Kazzinc" LLP for the total amount of 248,838 million Tenge (value of each company is 82,946 million Tenge). The Fund transferred this ownership interest in "Kazzinc" LLP into the share capital of "Tau-Ken Samruk" JSC. The consideration for the acquisition was paid by using proceeds received from the placement of the Fund's bonds in the amount of 255,000 million Tenge purchased by the National Bank of the Republic of Kazakhstan *(Note 15)*. The maturity of bonds is 50 years, coupon interest of 0.01% shall be paid annually.

The interest in Kazzinc LLP is accounted for using the equity method in the interim condensed consolidated financial statements of the Group. Acquisition of Kazzink LLP was recorded in the interim condensed consolidated financial statements using the purchase method.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. PURCHASES (continued)

Acquisition of interest in Kazzinc LLP (continued)

Amounts of shares in fair value of identifiable assets and liabilities as at the acquisition date were presented as follows:

In millions of Tenge	
Non-current assets	206,890
Current assets	44,237
Total assets	**251,127**
Non-current liabilities	27,307
Current liabilities	23,360
Total liabilities	**50,667**
Net assets	**200,460**
Fair value of the consideration	248,838
Goodwill	**48,378**

The consolidated net profit of the Group for the nine months ended September 30, 2013 includes a share of income attributable to 29,8221% interest in net profit of Kazzinc LLP from acquisition date till September 30, 2013 in the amount of 4,935 million Tenge.

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY

Discontinued operations

Transfer to the Shareholder of development institutes, financial organizations and SK-Pharmacy LLP.

In accordance with a minutes of meeting with participation of the President of the Republic of Kazakhstan dated January 23, 2013 No. 01-7.1 "On results of social and economic development of Republic of Kazakhstan in 2012 and aims on realization of "Kazakhstan-2050" Strategy" the Government was instructed to establish "National development agency" JSC with 100% ownership by the Government. The Government was also instructed to transfer to the new Agency the Fund's share in development institutions and financial organizations, including the transfer of SK-Pharmacy LLP to the Ministry of Healthcare of the Republic of Kazakhstan.

In April 2013, in accordance with the trust management agreements with the right of full control, the Fund transferred its shares in certain development institutes and financial organizations to the Shareholder represented by the following government institutions: Ministry of Regional Development of the Republic of Kazakhstan – Entrepreneurship Development Fund "Damu" JSC, Ministry of Industry and New Technologies of the Republic of Kazakhstan – Development Bank of Kazakhstan JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation "KazExportGarant" JSC, Investment Fund of Kazakhstan JSC, and Ministry of Healthcare of the Republic of Kazakhstan – SK Pharmacy LLP. In May 2013, these trust management agreements with the government institutions were cancelled and new agreements with National Managing Holding "Baiterek" JSC were concluded.

In May 2013, in accordance with the trust management agreements with the right of full control, the Fund transferred its shares in the development institutions and financial organisations to National Managing Holding "Baiterek" JSC. This National Holding was established in accordance with the Resolution of the Government dated May 25, 2013.

In July 2013, in execution of the Resolution of the Government of the Republic of Kazakhstan dated May 25, 2013 No.516 on "measures of implementation of the Decree of the President of the Republic of Kazakhstan dated May 22, 2013 No.571 "On certain measures to optimize the management system of development institutes and develop the national economy", the Fund and Committee of the State Property and Privatization of the Ministry of Finance of RK signed the exchange agreement whereby the legal title on share interest and share of participation in subsidiaries (Entrepreneurship Development Fund "Damu" JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation "KazExportGarant" JSC, Investment Fund of Kazakhstan JSC, Development Bank of Kazakhstan JSC, SK-Pharmacy LLP) were transferred to the state ownership in exchange for the state property in accordance with the list attached to the Government Resolution. In August 2013, under the stated above exchange agreement the Fund completed the transfer to the state ownership the share interest and share of participation in subsidiaries (Entrepreneurship Development Fund "Damu" JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation "KazExportGarant" JSC, Investment Fund of Kazakhstan JSC, SK-Pharmacy LLP).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY

Discontinued operations (continued)

Transfer to the Shareholder of development institutes, financial organizations and SK-Pharmacy LLP (continued).

Due to loss of control over these subsidiaries in April 2013 the Fund disposed development institutions and financial organizations, SK-Pharmacy LLP and recognized their disposal as distribution to the Shareholder *(Note 13).*

Also, in accordance with this Exchange Agreement, the title to the shareholding in National Geological Company "Kazgeology" JSC was transferred to the state ownership in exchange for the state property in accordance with the list attached to the Government Resolution. In August 2013, under the stated above exchange agreement the Fund completed the transfer to the state ownership the shareholding in National Geological Company "Kazgeology" JSC and recorded disposal of National Geological Company "Kazgeology" JSC as distribution to the Shareholder.

Development institutions and financial organizations

Results of operations of the development institutions and financial organizations are presented as follows:

(In millions of Tenge)	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Revenue	**12,078**	36,218
Cost of sales	**(14,254)**	(27,175)
Gross (loss) / profit	**(2,176)**	9,043
General and administrative expenses	**(1,813)**	(5,292)
Reversal/impairment (loss)	**893**	(2,143)
Other operating income	**1,840**	5,085
Other operating expenses	**(810)**	(3,553)
Operating (loss)/profit	**(2,066)**	3,140
Net foreign exchange gain /(loss)	**181**	(2,118)
(Loss) / profit before tax from discontinued operations	**(1,885)**	1,002
Income tax expenses	**(352)**	(1,342)
Loss for the period from discontinued activities	**(2,237)**	(320)

The major classes of assets and liabilities of the development institutions and financial organizations as at the date of disposal are as follows:

(In millions of Tenge)	**Assets and liabilities as at the date of disposal**
Assets	
Loans to customers	408,552
Other financial assets	469,612
Amounts due from credit institutions	230,911
Income tax prepaid	7,108
Other non-current assets	14,731
Other current assets	19,766
Cash and cash equivalents	140,079
Total assets	**1,290,759**
Liabilities	
Borrowings	784,244
Loans from the Government of the Republic of Kazakhstan	27,695
Derivative financial instruments	7,575
Amounts due to customers	6,384
Other non-current liabilities	22,424
Other current liabilities	9,493
Total liabilities	**857,815**
Net assets	**432,944**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

Transfer to the Shareholder of development institutes, financial organizations and SK-Pharmacy LLP (continued)

Development institutions and financial organizations (continued)

Net cash flows of the development institutions and financial organizations are presented as follows:

(In millions of Tenge)	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Operating	**(134,777)**	(68,060)
Investment	**(2,242)**	(2,514)
Financial·	**63,078**	-
Net cash outflows	**(73,941)**	(70,574)

SK-Pharmacy LLP

SK Pharmacy LLP does not meet the definition of discontinued operations and was classified as disposal group.

The major classes of assets and liabilities of SK-Pharmacy LLP as at the date of disposal are as follows:

In millions of Tenge	**Assets and liabilities as at the date of disposal**
Assets	
Inventories	23,628
Amounts due from credit institutions	3,315
Other assets	5,247
Cash and cash equivalents	25,242
Total assets	**57,432**
Liabilities	
Trade accounts payable	39,611
Other current liabilities	9,678
Total liabilities	**49,289**
Net assets	**8,143**

Net profit for the period from January 1, 2013 till the date of disposal from activities of SK-Pharmacy LLP amounted to 1,080 million Tenge (during the nine months ended September 30, 2012: 2,312 million Tenge).

Net cash flows of SK-Pharmacy LLP are presented as follows:

In millions of Tenge	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Operating	**19,670**	6,348
Investment	**(9)**	(1,010)
Net cash inflow	**19,661**	5,338

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

Transfer to the Shareholder of development institutes, financial organizations and SK-Pharmacy LLP (continued)

National Mining Company "Kazgeology" JSC

National Mining Company "Kazgeology" JSC does not meet the definition of discontinued operations and was classified as disposal group.

The major classes of assets and liabilities of National Mining Company "Kazgeology" JSC as at the date of disposal are as follows:

In millions of Tenge	**Assets and liabilities as at the date of disposal**
Assets	
Other assets	9,037
Total assets	**9,037**
Liabilities	
Other liabilities	72
Total liabilities	**72**
Net assets	**8,965**

Net profit for the period from January 1, 2013 till the date of disposal from activities of National Mining Company "Kazgeology" JSC amounted to 173 million Tenge (net loss for the nine months ended September 30, 2012: 310 million Tenge).

Net cash flows of National Mining Company "Kazgeology" JSC are presented as follows:

In millions of Tenge	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Operating	**(150)**	(1,476)
Investment	**(18)**	(7)
Financial	-	5,413
Net (outflow)/cash inflow	**(168)**	3,930

Temirbank JSC

In accordance with the minutes of meeting with participation of the President of the Republic of Kazakhstan dated January 23, 2013 No. 01-7.1 On results of social and economic development of the Republic of Kazakhstan for 2012 and tasks on implementation of the Strategy Kazakhstan-2050, the Fund is authorized to take appropriate measures to withdraw as shareholders of BTA Bank JSC, Alliance Bank JSC, Temirbank JSC by selling shares owned by the Fund before December 31, 2013. Also, in accordance with the Resolution of the Government of the Republic of Kazakhstan No.206 dated March 4, 2013, the Fund is allowed to become a shareholder of NPF Narodnyi Bank JSC, NPF Grantym and NPF Ular Umir by selling shares of Kazkommertsbank JSC and BTA Bank JSC owned by the Fund.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

Temirbank JSC

For the purpose of sale of Fund's share in BTA Bank JSC, Alliance Bank JSC and Temirbank JSC before December 31, 2013, in case the shareholders of banks refuse their privileged right of purchase of shares, the Fund is recommended to:

- take measures on disposal of shares of Alliance Bank JSC and Temirbank JSC to sole strategic investor;
- propose to Halyk Bank JSC to acquire remaining shares of BTA Bank JSC.

As at September 30 2013, negotiations with Bulat Utemuratov regarding purchase and sale of shares of Temirbank JSC and Alliance Bank JSC were in progress. On October 9, 2013 a tentative, but not binding agreement was reached regarding the sale of shares of Temirbank JSC (79.88%) and a portion of shares of Alliance Bank JSC (16%) owned by the Fund.

As at September 30, 2013 Temirbank JSC was classified as disposal group held for sale and discontinued operations. In connection with the fact that in accordance with tentative agreement, Alliance Bank JSC shares will be sold in the amount of 16% and the remaining 51% shares will remain in the possession of the Fund, which will enable the Fund to exercise control over Alliance Bank JSC, Alliance Bank JSC was not classified as disposal group held for sale as at September 30, 2013.

Results of Temirbank JSC operations are presented below:

(In millions of Tenge)	**For the nine months ended 30 September 2013**	For the nine months ended 30 September 2012
Revenue	**22,250**	20,272
Cost of sales	**(6,860)**	(7,313)
Gross profit	**15,390**	12,959
General and administrative expenses	**(8,247)**	(6,291)
Reversal/impairment (loss)	**(6,047)**	97
Other operating income	**2,762**	6,291
Other operating expenses	**(2,424)**	(5,777)
Operating profit	**1,434**	7,279
Net foreign exchange gain	**142**	248
Profit before income tax from discontinued operations	**1,576**	7,527
Income tax expenses	**(1,465)**	(549)
Profit for the period from discontinued activities	**111**	6,978

The main classes of assets and liabilities of Temirbank JSC classified as disposal group held for sale as at September 30 are presented below:

(In millions of Tenge)	**2013**
Assets	
Loans to customers	**233,640**
Other financial assets	**26,420**
Amounts due from credit institutions	**3,525**
Other assets	**16,853**
Cash and cash equivalents	**9,680**
Total assets	**290,118**

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

Temirbank JSC

	2013
Liabilities	
Amounts due to customers	92,029
Borrowings	54,419
Other liabilities	687
Total liabilities	147,198
Net assets	142,920

Net cash flows of Temirbank JSC are presented as follows:

(In millions of Tenge)	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Operating	(12,940)	(4,091)
Investment	1,218	(1,047)
Financial	(145)	(3,199)
Net cash outflows	(11,867)	(8,337)

«Aysir Turizm ve Inshaat A.S»

In 2012, the Group decided to sell its 75% interest in "Aysir Turizm ve Inshaat AS" ("Aysir").

The disposal of Aysir should be completed in 2013 and, as at September 30, 2013, final sale negotiations were in progress. At December 31, 2012 Aysir was classified as a disposal group classified as held for sale and as a discontinued operation.

The results of Aysir for the nine months ended September 30, 2013 and 2012 are presented below:

	For the nine months ended	
In millions of Tenge	September 30, 2013	September, 30 2012
Revenue	2,534	2,316
Cost of sales	(1,814)	(1,952)
Gross profit	720	364
General and administrative expenses	(112)	(252)
Other operating income	9	10
Operating profit	617	122
Net foreign exchange (loss) / gain	(89)	120
Finance income	4	7
Finance costs	(29)	(63)
Profit for the period before tax from discontinued activities	503	186
Income tax expenses	-	13
Profit for the period after tax from discontinued activities	503	199

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

«Aysir Turizm ve Inshaat A.S» (continued)

The major classes of assets and liabilities of Aysir classified as held for sale as follows:

In millions of Tenge	**September 30, 2013**	December 31, 2012
Assets		
Property, plant and equipment	**6,260**	6,738
Other assets	**2,687**	467
Cash and cash equivalents	**889**	540
Assets classified as held for sale	**9,836**	7,745
Liabilities		
Borrowings	**741**	1,405
Other non-current liabilities	**1,486**	1,414
Trade accounts payable	**217**	262
Other current liabilities	**877**	2
Liabilities relating to assets classified as held for sale	**3,321**	3,083
Net assets relating to disposal group	**6,515**	4,662

Net cash flows of Aysir are presented as follows:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Operating	**918**	724
Investment	**(110)**	(90)
Financial	**(369)**	(376)
Net cash inflow	**439**	258

Locomotive Kurastyru Zauyty JSC

During 2012 the management of the Group committed to a plan to sell a 50% interest in the subsidiary, Locomotive Kurastyru Zauyty JSC. In May 2013 the transaction was completed through the sale of 26% of the Group's interest and simultaneous issue of 24% of shares of Locomotive Kurastyru Zauyty JSC. As a result of the sale, the Group lost its full control over Locomotive Kurastyru Zauyty JSC. The Group recognized its remaining 50% interest in Locomotive Kurastyru Zauyty JSC as investment in joint-venture.

Loss from discontinued operation is presented as follows:

In millions of Tenge	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Loss from discontinued operations for the period	**(463)**	(987)
Loss on disposal of assets related to discontinued operations	**(2,276)**	-
Loss from discontinued operations	**(2,739)**	(987)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

Locomotive Kurastyru Zauyty JSC (continued)

Results of operations of Locomotive Kurastyru Zauyty JSC are presented as follows:

In millions of Tenge	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Revenue	**34**	102
Cost of sales	**(10)**	(3)
Gross profit	**24**	99
General and administrative expenses	**(272)**	(348)
Other operating expenses, net	**-**	(159)
Operating loss	**(248)**	(408)
Net foreign exchange loss	**(54)**	(175)
Finance income	**2**	5
Finance costs	**(163)**	(410)
Loss for the period before tax from discontinued activities	**(463)**	(987)
Income tax expenses	**-**	-
Loss for the period after tax from discontinued activities	**(463)**	(987)

The major classes of assets and liabilities of Locomotive Kurastyru Zauyty JSC as at the date of disposal are as follows:

In millions of Tenge	**Assets and liabilities as at the date of disposal**
Assets	
Property, plant and equipment	14,941
Intangible assets	538
Other non-current assets	596
Inventories	22,628
Other current assets	2,139
Cash and cash equivalents	440
Total assets	**41,282**
Liabilities	
Borrowings	10,605
Trade accounts payable	12,441
Other non-current liabilities	920
Other current liabilities	1,441
Total liabilities	**25,407**
Net assets	**15,875**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Discontinued operations (continued)

Locomotive Kurastyru Zauyty JSC (continued)

Net cash flows of Locomotive Kurastyru Zauyty JSC are presented as follows:

In millions of Tenge	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2012
Operating	**2,634**	2,630
Investment	**(475)**	(1,079)
Financial	**(1,739)**	(2,099)
Net (outflow)/cash inflow	**420**	(548)

Loss on disposal of assets related to discontinued operations is presented as follows:

In millions of Tenge	For the nine months ended September 30, 2012
Consideration received	4.528
Disposed net assets	(15.875)
Fair value of the remaining interest	9.071
Loss on disposal of assets related to discontinued operations	(2.276)

Net cash inflows from disposal of the subsidiary are presented as follows:

In millions of Tenge	For the nine months ended September 30, 2013
Consideration received	4,528
Less disposed cash and cash equivalents	(440)
	4,088

Loss of control over subsidiary

Doszhan Temir Zholy JSC

Due to the fact that Investment Fund of Kazakhstan JSC owns 48.94% interest in Doszhan Temir Zholy JSC, disposal of Investment Fund of Kazakhstan JSC resulted in a loss of control by the Group over Doszhan Temir Zholy JSC. The Group disposed Doszhan Temir Zholy JSC and recognized its disposal as distribution to the Shareholder in interim consolidated statement of changes in equity. As at the date of loss of control over Doszhan Temir Zholy JSC the Group recognized the remaining 46.02% interest in Doszhan Temir Zholy JSC as investments in associates at its fair value equal to nil.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS, ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL OVER SUBSIDIARY (continued)

Loss of control over subsidiary (continued)

Doszhan Temir Zholy JSC (continued)

The major classes of assets and liabilities of Doszhan Temir Zholy JSC as at the date of disposal are as follows:

In millions of Tenge	**Assets and liabilities as at the date of disposal**
Assets	
Intangible assets	23,968
Property, plant and equipment	3,621
Other assets	815
Cash and cash equivalents	6,096
Total assets	**34,500**
Liabilities	
Borrowings	30,401
Other current liabilities	584
Total liabilities	**30,985**
Net assets	**3,515**

Net loss from January 1, 2013 to the date of disposal from operations of Doszhan Temir Zholy JSC amounted to 1,189 million Tenge (for the nine months ended September 30, 2012: 2,389 million Tenge).

Net cash flows of Doszhan Temir Zholy JSC are presented as follows:

In millions of Tenge	**From January 1, 2013 till the date of disposal**	For the nine months ended September 30, 2013
Operating	**(639)**	(1,130)
Investment	**(14)**	(150)
Financial	**-**	(1,263)
Net cash outflows	**(653)**	(2,543)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT

In millions of Tenge	Oil and gas assets	Exploration and evaluation assets	Pipelines and refinery assets	Buildings and constructions	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Construction-in-progress	Total
Net book value at January 1, 2013 (restated)	**1,935,855**	**126,406**	**753,804**	**540,833**	**575,173**	**1,621,974**	**36,962**	**57,953**	**444,042**	**6,093,002**
Foreign currency translation	32,325	695	6,278	1,208	-	912	-	73	139	41,630
Additions	83,313	28,007	12,093	28,210	115	117,458	9,894	6,059	524,024	809,173
Acquisitions through business combinations	-	-	-	17,000	-	7,423	-	2,124	134	26,681
Disposals	(9,633)	(3,788)	(1,070)	(10,338)	(26)	(12,186)	(16)	(3,414)	(4,473)	(44,944)
Discontinued operations	-	-	-	(1,111)	-	(1,186)	-	(1,301)	(3,178)	(6,776)
Depreciation charge	(44,081)	-	(37,159)	(23,406)	(16,848)	(124,820)	(8,441)	(10,510)	-	(265,265)
Depreciation on disposals	6,583	-	997	3,162	20	10,505	-	2,925	-	24,192
Impairment provision, net of reversal	(49,266)	-	100	(1,884)	(416)	(2,463)	-	(447)	(4,088)	(58,464)
Transfers from/(to) inventories, net	-	-	(72)	(217)	(1,473)	4,057	-	249	7,191	9,735
Transfer to assets classified as held for sale	(22)	(200)	(34)	(1,154)	-	(30)	-	(45)	-	(1,485)
Transfer from/(to) intangible assets, net	(71)	-	-	-	-	209	-	-	(1,655)	(1,517)
Other transfers and reclassifications	55,582	-	26,492	33,646	15,144	93,180	8	6,702	(230,754)	-
Net book value as at September 30, 2013	**2,010,585**	**151,120**	**761,429**	**585,949**	**571,689**	**1,715,033**	**38,407**	**60,368**	**731,382**	**6,625,962**
At cost	2,428,006	160,829	1,033,185	758,241	676,740	2,617,998	78,555	137,957	745,443	8,636,953
Accumulated depreciation and impairment	(417,421)	(9,709)	(271,756)	(172,292)	(105,051)	(902,965)	(40,148)	(77,589)	(14,061)	(2,010,992)
Net book value as at September 30, 2013	**2,010,585**	**151,120**	**761,429**	**585,949**	**571,689**	**1,715,033**	**38,407**	**60,368**	**731,382**	**6,625,962**
At cost	2,262,918	135,923	988,248	704,931	664,533	2,413,242	68,685	130,609	461,947	7,831,036
Accumulated depreciation and impairment	(327,063)	(9,517)	(234,444)	(164,098)	(89,360)	(791,268)	(31,723)	(72,656)	(17,905)	(1,738,034)
Net book value at December 31, 2012 (restated)	**1,935,855**	**126,406**	**753,804**	**540,833**	**575,173**	**1,621,974**	**36,962**	**57,953**	**444,042**	**6,093,002**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement of exploration and evaluation assets is presented as follows:

In millions of Tenge	Oil and gas assets	Mining assets	Total
Net book value at January 1, 2013 (restated)	123,939	2,467	126,406
Foreign currency translation	695	-	695
Additions	26,042	1,965	28,007
Disposals	(3,341)	(447)	(3,788)
Transfer to assets classified as held for sale	-	(200)	(200)
Net book value as at September 30, 2013	**147,335**	**3,785**	**151,120**
At cost	**157,044**	**3,785**	**160,829**
Accumulated impairment	**(9,709)**	**-**	**(9,709)**
Net book value as at September 30, 2013	**147,335**	**3,785**	**151,120**

As at September 30, 2013, certain items of property, plant and equipment with net book value of 1,262,971 million Tenge (December 31, 2012: 1,087,516 million Tenge) were pledged as collateral for some of the Group's borrowings.

As at September 30, 2013, carrying amount of property, plant and equipment acquired under finance lease agreements, included in property, plant and equipment was 90,662 million Tenge (December 31, 2012: 65,638 million Tenge).

As at September 30, 2013, cost of fully amortised property, plant and equipment of the Group was 474,239 million Tenge (December 31, 2012: 483,458 million Tenge).

During the nine months ended September 30, 2013, the Group capitalized borrowing costs in the amount of 9,763 million Tenge (during the nine months ended September 30, 2012: 4,435 million Tenge).

During the nine months ended September 30, 2013, the Group recorded net impairment of 58,464 million Tenge which is mainly attributable to property, plant and equipment of Exploration Production KazMunayGas JCS in the amount of 58,637 million Tenge due to the increase in export customs duty from April 12, 2013 - from 40 US Dollars per ton to 60 US Dollars per ton. The main assumptions used for the formal assessment at 2012 year end remain unchanged. The results of the assessment are sensitive to estimates related to production and pricing. If production profile was assumed to be 5% higher or lower of that used in the assessment, this would have the effect of reducing impairment by more than 50 billion Tenge or increasing impairment by more than 50 billion Tenge, respectively. If Brent crude oil price were assumed to be 5% higher or lower of those used in the assessment, this would have the effect of reducing impairment by more than 40 billion Tenge or increasing impairment by more than 40 billion Tenge, respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates are presented as follows:

	September 30, 2013		December 31, 2012 (restated)	
In millions of Tenge	Carrying value	Ownership %	Carrying value	Ownership %
Joint ventures:				
Tengizchevroil LLP	**293,970**	**20.00%**	264,699	20.00%
Mangistau Investments B.V.	**205,619**	**50.00%**	176,949	50.00%
Ekibastuz GRES-1 LLP	**147,620**	**50.00%**	136,845	50.00%
Kazakhoil-Aktobe LLP	**81,032**	**50.00%**	72,085	50.00%
Beineu-Shymkent Gas Pipeline LLP	**71,199**	**50.00%**	72,453	50.00%
JV KazGerMunai LLP	**67,446**	**50.00%**	55,316	50.00%
KazRosgas LLP	**38,599**	**50.00%**	63,424	50.00%
Ekibastuz GRES-2 LLP	**35,695**	**50.00%**	29,646	50.00%
Forum Muider B. V.	**27,918**	**50.00%**	29,837	50.00%
Ural Group Limited BVI	**21,548**	**50.00%**	19,066	50.00%
Kazakhstan-Chinese Pipeline LLP	**21,242**	**50.00%**	12,012	50.00%
Kazakhstan Petrochemical Industries Inc. LLP	**17,312**	**51.00%**	17,444	51.00%
Asia Gas Pipeline LLP	**16,017**	**50.00%**	1,025	50.00%
Valsera Holdings B.V.	**15,769**	**50.00%**	18,511	50.00%
KazakhTurkMunay LLP	**13,067**	**51.00%**	11,278	51.00%
Uranium Enrichment Center CJSC	**12,798**	**50.00%**	682	50.00%
JV Akbastau JSC	**12,604**	**50.00%**	9,047	50.00%
Locomotive Kurastyru Zauyty JSC	**9,992**	**50.00%**	-	-
Tulpar-Talgo LLP	**9,027**	**99.99%**	9,013	99.99%
Karatau LLP	**6,480**	**50.00%**	9,998	50.00%
Other	**33,360**		34,578	
Less: Accumulated impairment	**(5,093)**		(4,493)	
Total joint ventures	**1,153,221**		1,039,415	
Associates:				
Kazzink LLP (Note 4)	**257,947**	**29.82%**	-	-
PetroKazakhstan Inc.	**101,488**	**33.00%**	80,909	33.00%
Sekerbank T.A.S.	**97,019**	**33.69%**	93,094	33.88%
SP KATKO LLP	**40,817**	**49.00%**	38,262	49.00%
BTA Bank PAO (Ukraine)	**30,098**	**49.99%**	30,063	49.99%
AMT Bank OJSC (Russia)	**19,053**	**22.26%**	19,053	22.26%
Caspian Pipeline Consortium	**17,879**	**20.75%**	17,275	20.75%
Inkai JV LLP	**15,517**	**40.00%**	12,171	40.00%
Betpak-Dala JV LLP	**12,825**	**30.00%**	15,263	30.00%
Other	**58,213**		62,368	
Less: Impairment	**(127,204)**		(56,829)	
Total associates	523,652		311,629	
	1,676,873		1,351,044	

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

In millions of Tenge	For the nine months ended September 30, 2013
Balance as at January 1, 2013	**1,351,044**
Share of income in associates and joint ventures	417,467
Dividends received	(308,354)
Changes in dividends receivable	6,737
Purchases	275,282
Impairment	(71,051)
Disposals	(7,180)
Foreign currency translation	12,928
Balance as at September 30, 2013	**1,676,873**

During the nine months ended September 30, 2013, the Group recognized an impairment loss of the investment in its associate, Kazzinc LLP, in the amount of 59,599 million Tenge. The recoverable amount of this investment was determined based on the value in use by discounting the future net cash flows.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. LOANS TO CUSTOMERS

Loans to customers were presented as follows:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Loans to large entities	**1,676,855**	2,049,953
Loans to individuals	**566,257**	718,670
Loans to small and medium business	**200,073**	292,957
Net investment in finance leases	**37,600**	56,888
Other loans	**2,333**	5,235
Total loans to customers	**2,483,118**	3,123,703
Less: Allowance for impairment	**(864,610)**	(1,071,993)
Loans to customers, net	**1,618,508**	2,051,710
Less: Current portion	**(548,195)**	(665,326)
Non-current portion	**1,070,313**	1,386,384

Movements in the loan impairment allowance were as follows for nine months ended September 30, 2013:

In millions of Tenge	
Allowance at January 1, 2013	**1,071,993**
Charged, net	25,869
Foreign currency translation	30,572
Written-off	3,564
Discontinued operations	(267,388)
Allowance at September 30, 2013	**864,610**

Loans to large entities

On January 24, 2013 the Fund provided a loan to Kazakhmys Finance PLC in the amount of USD 200 million (equivalent to 30,762 million Tenge at the rate on September 30, 2013) with 12 years maturity. The annual interest rate on the loan equals to six-months LIBOR plus a 4.80% margin. This loan was provided for development of copper field Zhomart. Financing was made using the funds received under the credit line from the State Development Bank of China *(Note 14)*.

9. FINANCIAL ASSETS

Financial assets were presented as follows:

In millions of Tenge	September 30, 2013	December 31, 2012 (restated)
Note receivable from joint venture participant	**18,123**	18,222
Note receivable from associate participant	**22,079**	20,722
Available-for-sale financial assets	**171,644**	484,542
Equity securities	**95,899**	219,582
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**34,629**	68,316
Bonds of Kazakhstan financial institutions	**25,595**	135,413
Corporate bonds	**11,646**	32,177
Bonds of international financial institutions	**965**	13,001
Other debt securities	**2,918**	24,056
Less: Impairment allowance	**(8)**	(8,003)
including financial assets subject to repurchase agreements	**12,778**	9,976
Held to maturity financial assets	**-**	51,302
Bonds of Kazakhstan financial institutions	**-**	42,596
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**-**	8,182
Corporate bonds	**-**	524
Financial assets at fair value through profit or loss	**8,532**	37,256
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**8,171**	19,111
Bonds of Kazakhstan financial institutions	**190**	3,266
Corporate bonds	**136**	126
Unquoted investments in venture capital entities	**-**	12,917
Unquoted investments in equity instruments	**-**	1,799
Other equity securities	**35**	37
Trading securities	**40,824**	70,421
Bonds of Kazakhstan financial institutions	**16,173**	20,997
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**2,068**	13,444
Corporate bonds	**2,234**	9,422
Other debt securities	**1,053**	890
Other equity securities	**19,296**	25,668
Derivative financial instruments	**46,709**	50,278
Options	**44,289**	47,638
Currency swaps	**1,936**	2,113
Other	**484**	527
Total financial assets	**307,911**	732,743
Less: Current portion	**(141,186)**	(267,809)
Non-current portion	**166,725**	464,934

As at September 30, 2013 the interest rates for available-for-sale financial assets and trading securities were in the ranges from 3.3% to 13.0% and from 3.62% to 11.0%, respectively (December 31, 2012: from 2.3% to 17.4% and from 3.6% to 13%).

Equity securities (available for sale financial assets) – shares of Kazakhmys PLC

On June 6, 2013 the Fund transferred common shares of Kazakhmys PLC (58,876,793 shares) to the state ownership, by their transfer to the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan. Fair value of these financial assets as at the date of transfer amounted to 44,069 million Tenge *(Note 13)*.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Advances paid for non-current assets	**340,627**	292,387
Long-term VAT recoverable	**53,101**	47,616
Prepaid expenses	**24,341**	24,536
Assets for sale to the Government	**14,239**	14,239
Long-term inventory	**9,008**	13,201
Restricted cash	**9,634**	9,056
Other	**56,343**	40,730
Less: Impairment allowance	**(21,165)**	(20,673)
	486,128	**421,092**

11. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Trade accounts receivable comprised the following:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Trade accounts receivable	**382,130**	370,676
Less: provision for doubtful debts	**(34,065)**	(28,324)
	348,065	342,352

Other current assets comprised the following:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Advances paid and deferred expenses	**105,958**	102,443
Asset for transfer to the advantage of the Shareholder	**64,932**	76,720
Dividends receivable	**34,257**	34,635
Other taxes prepaid	**16,208**	23,690
Restricted cash	**10,137**	15,955
Due from employees	**5,924**	5,038
Other accounts receivable	**51,880**	48,427
Other	**21,507**	27,359
Less: Allowance for impairment	**(38,656)**	(36,092)
	272,147	298,175

Movement in provision for impairment of trade receivables and other current assets were as follows:

In millions of Tenge	
Reserve at January 1, 2013 (restated)	**64,416**
Foreign currency translation	864
Charged, net	4,689
Change in accounting estimate	(185)
Written off against the provision	4,547
Business combination	50
Discontinued operations	(1,660)
As at September 30, 2013	**72,721**

As at September 30, 2013 and December 31, 2012 trade accounts receivable and other current assets were not interest bearing.

As at September 30, 2013 the Group has pledged trade accounts receivable of 89,727 million Tenge as collateral to secure borrowings and payables of the Group (at December 31, 2012: 91,460 million Tenge).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised as follows:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Bank deposits – Tenge	**190,598**	240,947
Bank deposits – US dollars	**137,205**	123,752
Bank deposits – other currency	**21,368**	9,393
Current accounts with banks - Tenge	**338,457**	610,698
Current accounts with banks – US Dollars	**249,282**	383,384
Current accounts with banks – other currency	**26,204**	24,326
Cash on hand	**47,953**	61,478
Reverse repurchase agreements with other banks with initial maturity of three months or less	**4,813**	14,051
Cash in transit	**1,529**	397
	1,017,409	1,468,426

Time deposits with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. As of September 30, 2013 the weighted average interest rate for time deposits with banks and current accounts was 2.25% and 0.83%, respectively (December 31, 2012: 1.82% and 0.52%).

Total amount of Group's cash balances on bank accounts include funds allocated from the State budget and National Fund for Government programs. As at September 30, 2013 these cash balances were accumulated on the accounts with the National Bank and amounted to 89 billion tenge (December 31, 2012: 395 billion tenge), including:

- 49 billion tenge (December 31, 2012: 247 billion tenge) of National Fund's amounts, received under Stabilization Plan and other State programs;
- 2 billion tenge (December 31, 2012: 6 billion tenge) of amounts from the State budget received to provide financing of projects implemented by the Fund;
- 38 billion tenge (December 31, 2012: 142 billion tenge) – the Fund's cash balance required for its operating and investing activities.

As at September 30, 2013 the Group's cash at the amount of 1,229 million tenge represents collateral on loan agreements and is restricted in use (as at December 31, 2012: nil).

13. EQUITY

13.1 Issue of share capital

	Number of shares authorized and issued	**Nominal value per share Tenge**	**Share capital In millions of Tenge**
At December 31, 2012	**3.481.526.139**		**4.409.314**
Cash contributions	9.320	901.000; 1.000.000	9.320
Property contributions	8.353	422.451;1.000.000	8.352
State-owned stake contributions	27.073	1.000;1.000.000	26.234
As at September 30, 2013	**3.481.570.885**		**4.453.220**

As at September 30, 2013 and December 31, 2012, all shares were fully paid.

In accordance with the Resolution of the Government of the Republic of Kazakhstan No. 1538 dated December 4, 2012, on July 26, 2013 state-owned shares of National Company "Aktau International Commercial Seaport " JSC were transferred to the Fund. Since the transfer of National Company "Aktau International Commercial Seaport " JSC shares represents business combination of entities under common control, these consolidated interim condensed financial statements was prepared using accounting method of predecessor company. Accordingly, these consolidated interim condensed financial statements were presented as if the shares of National Company "Aktau International Commercial Seaport " JSC were transferred at the beginning of the earliest presented period and, as a result, relevant comparative information was restated. The carrying amount of contributed net assets in these consolidated interim condensed financial statements was recorded as adjustment of retained earnings, which subsequently, during issue of the Fund's shares, were transferred to the charter capital.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

13.2 Discount on bonds purchased by the National Bank of the Republic of Kazakhstan

In January 2013 the Fund placed coupon bonds at below market rates which were purchased by National Bank of the Republic of Kazakhstan *(Note 15)*. Discount at initial recognition of these liabilities in the amount of 249,828 million Tenge was recognized as one-off gain in the interim consolidated statement of changes in equity.

13.3 Dividends paid

Dividends attributable to non-controlling interest

During the nine months ended September 30, 2013, the Group declared dividends of 43,567 million Tenge to the holders of non-controlling interest in Exploration Production "KazMunayGas" JSC and KazTransOil JSC.

Dividends declared to other holders of non-controlling interest amounted to 3,117 million Tenge during the nine months ended September 30, 2013.

13.4 Other transactions with the Shareholder

In accordance with the trust management agreements with the right of full control over the development institutions and financial organizations, SK-Pharmacy LLP and Doszhan Temir Zholy JSC concluded in April 2013 the Fund lost control over development institutions, financial organizations, SK-Pharmacy LLP and Doszhan Temir Zholy JSC *(Note 5)*. The Fund recognized disposal of these subsidiaries and recorded the transaction as distribution to the Shareholder in the amount of 444,602 million Tenge in interim consolidated statement of changes in equity.

In connection with derecognition and disposal of Development Bank of Kazakhstan JSC, the Fund recognized financial guarantee liabilities in the amount of 27,109 million Tenge in favour of Development Bank of Kazakhstan JSC, which was recorded as distribution to the Shareholder in the interim condensed consolidated statement of changes in equity.

In July 2013, in execution of the Resolution of the Government of the Republic of Kazakhstan dated May 25, 2013 No.516 on "measures of implementation of the Decree of the President of the Republic of Kazakhstan dated May 22, 2013 No.571 "On certain measures to optimize the management system of development institutes and develop the national economy", the Fund and Committee of the State Property and Privatization of the Ministry of Finance of RK signed the exchange agreement whereby the legal title on share interest and share of participation in subsidiaries (Entrepreneurship Development Fund "Damu" JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation "KazExportGarant" JSC, Investment Fund of Kazakhstan JSC, Development Bank of Kazakhstan JSC, SK- Pharmacy LLP) were transferred to the state ownership in exchange for the state property in accordance with the list attached to the Government Resolution. In August 2013, under the stated above exchange agreement the Fund completed the transfer to the state ownership the share interest and share of interest in subsidiaries (Entrepreneurship Development Fund "Damu" JSC, Kazyna Capital Management JSC, Export-Credit Insurance Corporation "KazExportGarant" JSC, Investment Fund of Kazakhstan JSC, SK-Pharmacy LLP).

Also, in accordance with this Exchange Agreement, the title to the shareholding in National Geological Company "Kazgeology" JSC was transferred to the state ownership in exchange for the state property in accordance with the list attached to the Government Resolution. In August 2013, under the stated above exchange agreement the Fund completed the transfer to the state ownership the shareholding in National Geological Company "Kazgeology" JSC and recorded disposal of National Geological Company "Kazgeology" JSC as distribution to the Shareholder in the amount of 8,965 million Tenge in the interim consolidated statement of changes in equity.

On June 6, 2013 the Fund transferred common shares of Kazakhmys PLC (58,876,793 shares) to the state ownership, by their transfer to the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan. The Fund derecognized its investments in Kazakhmys PLC that were previously classified as available for sale financial assets in the amount of 44,069 million Tenge and reclassified accumulated revaluation reserve for available for sale financial assets in the amount of 67,856 million Tenge. The transaction was recognized as other distribution to the Shareholder in the amount of 111,925 million Tenge in the interim consolidated statement of changes in equity.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

13.5 Change in ownership interests of subsidiaries – acquisition by non-controlling interest

NAC "Kazatomprom" JSC

In 2008 NAC "Kazatomprom" JSC (hereinafter "Kazatomprom") entered into a provisional agreement with Beijing Sino-Kaz Uranium Resources Investment Company Limited (hereinafter "Sino-Kaz Company") to sell 49% of Kazatomprom's interest in Semizbai-U LLP. According to this agreement, in 2008 Kazatomprom received cash proceeds of 234,346 thousand US dollars (equivalent of 28,297 million Tenge) and Sino-Kaz Company became entitled to receive at least a minimum level of annual dividends from Semizbai-U LLP for the period from 2010 to 2033. The payment of these dividends was guaranteed by Kazatomprom. This financial obligation of Kazatomprom was measured at its fair value at its initial recognition.

In August 2012 the Amicable Agreement was signed with Sino-Kaz extinguishing distribution of minimum annual dividends of Semizbay-U LLP for the period from 2010 until 2033 guaranteed by Kazatomprom. In accordance with the Amicable Agreement, Sino-Kaz was confirmed as a holder of 49% ownership interest in Semizbay-U LLP, and Kazatomprom was obliged to make a cash payment equal to the difference between the original contractual obligation and the fair value of 49% interest in Semizbay-U LLP as determined by an independent third party.

In May 2013, all conditions of this Amicable Agreement were satisfied, including receipt of the required approval from the Government of the Republic of Kazakhstan confirming the transfer of 49% ownership interest in Semizbay-U LLP to Sino-Kaz LLP.

On June 7, 2013 Kazatomprom paid to Sino-Kaz an amount of 132,000 thousand US dollars.

The effect of this Amicable Agreement was recognized in these interim condensed consolidated financial statements as follows:

- one-off gain of 6,352 million Tenge was recorded following the extinguishment of the financial liability of Kazatomprom to Sino-Kaz. This gain represented the difference between the carrying value of the Group's financial liability of 46,676 million Tenge, the difference paid in the amount of 19,973 million Tenge and the fair value agreed between the parties of a 49% interest in Semizbai-U LLP determined by an independent appraisal as at July 1, 2012 in the amount of 20,351 million Tenge;
- following disposal of its ownership interest in Semizbay-U LLP, the Group retains a 51% ownership interest and continued to exercise control over Semizbay-U LLP. The ownership interest held by Sino-Kaz represents a non-controlling interest which amounted to 6,943 million Tenge. The difference of 13,408 million Tenge between the non-controlling interest and the fair value of 45% interest in Semixbay-U LLP determined by an independent appraiser was recognised in the Group's retained earnings.

13.6 Other distributions to the Shareholder

Construction of facilities

In 2012, the Group recognized a distribution to the Shareholder in the amount of 13,537 million Tenge related to the Group's obligations on the transfer of the North-Caspian environmental base for oil spill response to the Ministry of Emergency of the Republic of Kazakhstan.

On June 27, 2013 the Interdepartmental Commission for the development of oil, gas and energy industries decided to retain the North-Caspian environmental base for oil spill response with the Group. Based on this decision, during the nine months ended September 30, 2013 the Group reversed distribution to the Shareholder in the amount of 13,537 million Tenge recognized in 2012.

During the nine months ended September 30, 2013, the Group increased a provision with respect to future construction costs related to the History Museum by 3,810 million Tenge and recognized respective distribution to the Shareholder.

Sponsorships in favour of the ultimate Shareholder

During the nine months ended September 30, 2013, upon request of the Shareholder, the Group provided a sponsor's aid to finance social, cultural and sports events, which was recorded in the interim condensed consolidated statement of changes in equity as distributions to the Shareholder in the amount of 10,204 million Tenge.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. EQUITY (continued)

13.7 Earnings/(loss) per share

In millions of Tenge	September 30, 2013	September 30, 2012
Profit/(loss) attributable to the Shareholder from continuing operations	453,672	(48,567)
Net (loss)/gain attributable to the Shareholder from discontinued operations	(4,230)	99,639
Net profit attributable to the Shareholder for basic earnings	449,442	51,072
Weighted average number of common shares for basic and diluted earnings/(loss) per share	3,481,538,705	3,481,014,067

13.8 Book value of shares

In accordance with the decision of the Exchange Board of the Kazakhstan Stock Exchange JSC ("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.

In millions of Tenge	September 30, 2013	December 31, 2012 (restated)
Total assets	15,303,413	15,274,204
Intangible assets	(343,606)	(358,276)
Total liabilities	(7,686,029)	(7,858,745)
Net assets for common shares	7,273,778	7,057,183
Number of ordinary shares	3,481,570,885	3,481,526,139
Book value per common share, Tenge	2,089	2,027

14. BORROWINGS

Borrowings, including accrued interest, comprised the following:

In millions of Tenge	September 30, 2013	December 31, 2012 (restated)
Fixed interest rate borrowings	2,687,875	3,046,943
Weighted average interest rate	7.57%	7.14%
Floating interest rate borrowings	1,388,639	1,160,962
Weighted average interest rate	4.88%	4.53%
	4,076,514	4,207,905
Less: amounts due for settlement within 12 months	(435,213)	(680,962)
Amounts due for settlement after 12 months	3,641,301	3,526,943

In millions of Tenge	September 30, 2013	December 31, 2012 (restated)
US Dollar-denominated borrowings	3,411,980	3,663,735
Tenge-denominated borrowings	564,778	439,585
Other currency-denominated borrowings	99,757	104,585
	4,076,514	4,207,905

Credit facility of State China Development Bank

Within the credit line with State China Development Bank, during the nine months ended September 30, 2013, the Fund received a loan of 200 million US Dollars (equivalent to 30,330 million Tenge at the exchange rate ruling as at September 30, 2013). The purpose of the loan was to provide financing to Kazakhmys Finance PLC (Note 8).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. BORROWINGS (continued)

Credit facility of State China Development Bank (continued)

On July 15, 2013 and August 27, 2013 the principal in the amount of 13,5 million US Dollars (equivalent to 2,060 million tenge at the rate ruling as at September 30, 2013) was partially repaid and 80 million US Dollars (equivalent to 12,200 million tenge at the rate ruling as at September 30, 2013) accordingly. An interest in the amount of 64,5 million US Dollars was additionally repaid (equivalent to 9,900 million tenge as at the rate ruling as at September 30, 2013).

Eurobonds issue

During the nine months ended September 30, 2013 the Group represented by a subsidiary, NC KMG, issued bonds on the London Stock Exchange in the amount of 3 billion US Dollars (equivalent of 453,720 million tenge at exchange rate at the issue date) for the purposes of financing of previously raised borrowings within the current program of global medium-term notes issuance up to 10.5 billion US Dollars on the following terms:

- 2 billion US Dollars bearing interest at 5.75% maturing in 2043 and placement price at 99,293% of the nominal amount;
- 1 billion US Dollars bearing interest at 4.4% maturing in 2023 and placement price at 99,6% of the nominal amount;

The interest and coupon on bonds issued previously were paid in July 2013 in the amount of 212,310 million tenge and 33,427 million tenge respectively.

On 24 September 2013, a subsidiary of the Group, Kazakhtelecom JSC performed a partial early repurchase of bonds in the amount of 30,148,000 pieces amounting to 30,580 million tenge. The carrying value as at the repayment date amounted to 33,301 million tenge, a fee of 7.2% for an early repurchase in the amount of 2,202 million tenge of the nominal amount.

Other loans

On 26 November 2012 the Group's subsidiary, Locomotive JSC, concluded a loan agreement at the amount of 425 million US Dollars (equivalent to 64,064 million tenge at the rate ruling at the date of conclusion) with Export-Import Bank of USA for purchase of 196 locomotive units. The interest rate on the loan is Commercial Interest Reference Rate (in US Dollars). In accordance with the terms of agreement, the funds are to be transferred by nine tranches, three of which were received in January 2013 of 360 million US dollars (equivalent to 54,639 million tenge at the rate ruling at the date of receipt) with a bank commission withheld of 37 million US Dollars (equivalent to 5,675 million tenge at the rate ruling at the date of receipt).

15. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

Loans of the Government of the Republic of Kazakhstan comprised:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Loans from the Government of the Republic of Kazakhstan	**741,533**	770,641
Less: amounts due for settlement within 12 months	**(545,506)**	(559,831)
Amounts due for settlement after 12 months	**196,026**	210,810

Increase of loans from the Government for the nine months ended September 30, 2013 was mainly represented by additional loans obtained by the Fund from the National Bank of the Republic of Kazakhstan (hereinafter, "NBRK").

In January 2013 the Fund placed 255,000,000 coupon bonds, with nominal amount of 1,000 tenge per a bond for the total amount of 255,000 million tenge with maturity of 50 years and coupon interest of 0.01% per annum. All bonds are repurchased by NBRK. These bonds were initially recorded at fair value calculated using market interest rates applicable to the Fund as at the date of bonds issue and subsequently are carried at amortized cost. The difference between nominal cost of bonds and their fair value at the amount of 249,828 million tenge was recognized in the interim consolidated statement of changes in equity.

As at September 30, 2013 effective interest rates on loans range from 5.33% to 6.62% (2012: from 0.32% to 6.21% per annum).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

In millions of Tenge	**September 30, 2013**	December 31, 2012 (restated)
Other taxes payable	**140,089**	135,782
Advances received and deferred income	**126,150**	111,849
Payable for the acquisition of additional interest in North Caspian Project	**118,662**	113,183
Employee benefit liabilities	**70,911**	75,806
Other estimated liabilities	**18,328**	63,592
Dividends payable	**3,871**	3,761
Other	**57,562**	71,222
	535,573	575,195

17. REVENUE

Revenue comprised:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Sale of oil products	**1,295,336**	1,482,923
Carriage by rail	**532,118**	505,654
Sale of crude oil	**530,982**	440,684
Oil and gas transportation	**192,510**	163,661
Sale of uranium products	**165,930**	135,197
Interest income	**145,220**	135,486
Sale of gas products	**141,896**	133,283
Telecommunication	**132,905**	124,928
Air carriage	**106,865**	93,758
Electrical facility	**105,826**	75,657
Passenger transportation by rail	**56,357**	48,005
Transportation of electricity	**49,407**	40,270
Sale of medicine	**24,547**	62,007
Postal services	**18,862**	16,765
Other income	**252,597**	202,346
Less: Sales taxes and commercial discounts	**(210,150)**	(181,692)
	3,541,208	3,478,930

18. COST OF SALES

Cost of sales and services rendered comprise:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Materials and supplies	**1,319,395**	1,451,814
Personnel costs	**399,320**	371,875
Depreciation, depletion and amortization	**240,791**	203,042
Interest expenses	**105,514**	142,210
Production services rendered	**94,477**	77,617
Mineral extraction tax	**71,887**	71,624
Repair and maintenance	**56,113**	53,474
Rent	**26,316**	26,352
Other	**173,421**	108,372
	2,487,234	2,506,380

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Personnel costs	**111,721**	114,862
Taxes, other than income tax	**44,589**	33,049
Sponsorship and charity	**24,591**	19,386
Depreciation and amortization	**20,517**	20,253
Consulting services	**17,781**	23,665
Rent	**7,429**	7,144
Fines and penalties	**5,759**	750
Allowances for doubtful debt	**3,846**	3,855
Other	**46,752**	47,237
	282,985	270,201

20. TRANSPORTATION AND SELLING EXPENSES

Transportation and selling expenses comprised:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Rent tax	**122,692**	124,171
Transportation	**43,542**	90,166
Custom duties	**38,954**	31,131
Personnel costs	**13,950**	12,069
Depreciation and amortization	**8,827**	9,963
Commission fees to agents and advertising	**6,980**	7,400
Other	**12,738**	12,468
	247,682	287,368

21. IMPAIRMENT LOSS

Loss from impairment comprised:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Impairment of investments in joint ventures and associates	**71,051**	19,733
Impairment of property and equipment and intangible assets	**58,467**	1,726
Impairment of loans to customers	**25,869**	11,938
(Recovery)/Impairment of amounts due from credit institutions	**(11,499)**	4,285
Impairment of goodwill	**-**	586
(Recovery) /impairment of other financial assets	**(112)**	338
Other	**2,494**	3,969
	146,270	42,575

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. OTHER OPERATING LOSS

During the nine months ended September 30, 2012 other operating loss mainly represent loss on recognition of recoverable bonds at nominal amount of BTA Bank in the amount of 628,572 million Tenge.

As at April 23, 2012 BTA Bank announced the suspension of all payments in respect of recoverable bonds, the initial nominal amount of which totalled to 5,221,494,216 US Dollars (equivalent to 772,207 million Tenge). On April 28, 2012 BTA Bank received a notification on early redemption of recovery bonds from BNY Mellon Corporate Trustee Services Limited in the capacity of trustee of recoverable bonds' holder. As a result, for the nine months ended September 30, 2012 BTA Bank recognized expenses on recoverable bonds in the amount of 628,572 million Tenge in the interim consolidated statement of comprehensive income.

23. FINANCE COSTS

Financial costs comprised:

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
Interest on loans and debt securities issued	**149,751**	125,714
Unwinding of discount on provisions obligations and other payables	**3,337**	5,681
Interest on finance lease obligations	**3,183**	2,108
Other	**18,015**	24,192
	174,286	157,695

24. SHARE OF INCOME IN ASSOCIATES AND JOINT VENTURES

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

In millions of Tenge	**For the nine months ended September 30, 2013**	For the nine months ended September 30, 2012
TengizchevrOil LLP	**221,368**	185,580
Mangistau Investments B.V.	**47,035**	53,720
JV KazGerMunai LLP	**30,100**	34,553
PetroKazakhstan Inc.	**18,555**	36,421
Asia Gas Pipeline LLP	**14,992**	-
KazRosGas LLP	**14,893**	29,198
Ekibastuz GRES-1 LLP	**10,775**	15,719
Kazakhstan-Chinese Pipeline LLP	**9,226**	5,576
Kazakhoil-Aktobe LLP	**8,947**	9,981
JV KATKO LLP	**8,479**	2,245
Other	**33,097**	29,794
	417,467	402,787

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. CONSOLIDATION

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

	September 30, 2013	December 31, 2012
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 ("NAC 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	**97.26%**	97.28%
Alliance Bank JSC ("Alliance Bank")	**67.00%**	67.00%
Kazpost JSC	**100.00%**	100.00%
National Company "Kazakhstan Engineering" JSC ("Kazakhstan Engineering") and subsidiaries	**100.00%**	100.00%
Real Estate Fund "Samruk-Kazyna" JSC	**100.00%**	100.00%
Samruk-Kazyna Contract LLP	**100.00%**	100.00%
JSC "National Mining Company "Tau-Ken Samruk" ("Tauken Samruk") and subsidiaries	**100.00%**	100.00%
Kazakh Research Institute named after Chokin" JSC	**50%+1**	50%+1
United Chemical Company LLP ("UCC") and subsidiaries	**100.00%**	100.00%
Samruk-Kazyna Invest LLP	**100.00%**	100.00%
"KOREM" JSC	**100.00%**	100.00%
"International Airport Aktobe" JSC	**100.00%**	100.00%
"International Airport Atyrau" JSC	**100.00%**	100.00%
"Airport Pavlodar" JSC	**100.00%**	100.00%
"Karagandagiproshakht i K" LLP	**90.00%**	90.00%
Temirbank JSC	**79.88%**	79.88%
KGF SLP	**100.00%**	100.00%
KGF IM	**100.00%**	100.00%
KGF Management	**100.00%**	100.00%
Samruk Kazyna Contract LLP	**100.00%**	100.00%
NC Aktau ICSP JSC	**100.00%**	-
National Mining Company Kazgeology JSC	-	100.00%
Development Bank of Kazakhstan JSC ("DBK") and subsidiaries	-	100.00%
"Entrepreneurship development Fund "Damu" JSC ("Damu Fund")	-	100.00%
Kazyna Capital Management JSC ("KCM") and subsidiaries	-	100.00%
Doszhan Temir Zholy JSC	-	94.96%
"Investment Fund of Kazakhstan" JSC	-	100.00%
Export-Credit Insurance Corporation KazExportGarant JSC	-	100.00%
"SK-Pharmacy" LLP	-	100.00%

26. SIGNIFICANT NON-CASH TRANSACTIONS

The following significant non-cash transactions during the nine months ended September 30, 2013 have been excluded from the interim consolidated statement of cash flows:

1. Loss of control over development institutes, financial organizations, SK-Pharmacy LLP and National Geology Exploration Company "Kazgeologiya" JSC and Doszhan Temyr Zholy JSC *(Note 5, 13.4);*
2. Contribution to the charter capital of the Fund of the state owned share holding of National Company "Aktau International Commercial SeaPort" JSC (*Note 13.1);*
3. Free of charge transfer of 58,876,793 common shares of Kazakhmys PLC to the state ownership by their transfer to the State Property and Privatization Committee of the Republic of Kazakhstan *(Note 9, 13.4);*
4. Recognition of discount on coupon bonds at below market rates purchased by the NBRK, in the amount of 249,828 million Tenge *(Note 13.2);*
5. Increase of provision for future construction costs related to the History Museum in Astana and reversal of obligations on the transfer of the North-Caspian environmental base for oil spill response to the Ministry of Emergency of the Republic of Kazakhstan *(Note 13.6);*
6. Purchase of property, plant and equipment, which is not paid by the end of the reporting period in the amount of 69,483 million Tenge.
7. Purchase of property, plant and equipment by the off-set of advances paid in the amount of 32,108 million Tenge;
8. Purchase of property, plant and equipment under finance lease agreements in the total amount of 27,685 million Tenge;
9. Capitalization of interest within the cost of property, plant and equipment totalling 11,628 million Tenge;
10. Transfer of Pupil's Palace to municipal ownership of Astana city at the expense of previously made provision in the amount of 22,801 million Tenge.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions, which have been entered into with related parties during the nine months ended September 30, 2013 and 2012 and the related balances as at September 30, 2013, and December 31, 2012, respectively:

In millions of Tenge		Associates	Joint ventures in which the Group is a venturer	Other entities controlled by the Government	Other related parties
Due from related parties	**September 30, 2013**	**5,081**	**21,598**	**7,061**	**3,074**
	December 31, 2012	60,684	16,352	5,054	199
Due to related parties	**September 30, 2013**	**9,179**	**34,520**	**1,485**	**–**
	December 31, 2012	22,924	53,075	1,710	101
Sale of goods and services	**September 30, 2013**	**41,611**	**149,458**	**45,863**	**1,667**
	September 30, 2012	50,539	109,397	63,279	3,029
Purchases of goods and services	**September 30, 2013**	**33,557**	**208,327**	**8,851**	**9**
	September 30, 2012	13,657	169,999	11,834	776
Current accounts and deposits (liability)	**September 30, 2013**	**26**	**2,539**	**30,490**	**152**
	December 31, 2012	290	19	13,209	624
Current accounts and deposits (assets)	**September 30, 2013**	**6,600**	**–**	**100,477**	**–**
	December 31, 2012	4,296	–	517,482	–
Loans issued	**September 30, 2013**	**16,242**	**43,219**	**132,532**	**6,008**
	December 31, 2012	7,698	51,275	19,835	27,159
Loans received	**September 30, 2013**	**46**	**7**	**903,271**	**–**
	December 31, 2012	48	–	779,774	–
Other assets	**September 30, 2013**	**530**	**65,523**	**55,923**	**–**
	December 31, 2012	739	33,157	143,356	980
Other liabilities	**September 30, 2013**	**1,194**	**689**	**30,946**	**38**
	December 31, 2012	411	371	20,903	2
Interest received	**September 30, 2013**	**1,096**	**5,074**	**9,723**	**4,273**
	September 30, 2012	1,229	4,118	4,909	522
Interest accrued	**September 30, 2013**	**1**	**14**	**42,325**	**7**
	September 30, 2012	2	–	39,834	160

As at September 30, 2013 a number of Group loans in the amount of 51,511 million Tenge were guaranteed by the Government of the RK (at December 31, 2012: 72,865 million Tenge).

Total compensation to key management personnel included in personnel costs in the accompanying interim consolidated statement of comprehensive income was 10,982 million Tenge for nine months ended September 30, 2013 (for the nine months ended September 30, 2012: 7,570 million Tenge). Compensation to key management personnel consists primary of contractual salary and performance bonus based on operating results.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

In millions of Tenge	Level 1	Level 2	Level 3	September 30, 2013
Categories of financial instruments				
Available-for-sale financial assets	90,694	13,893	-	**104,587**
Financial assets at fair value through profit or loss	-	8,532	-	**8,532**
Trading securities	40,824	-	-	**40,824**
Derivative financial assets	484	46,225	-	**46,709**
Derivative financial liabilities	-	20	-	**20**

In millions of Tenge	Level 1	Level 2	Level 3	December 31, 2012 (restated)
Categories of financial instruments				
Available-for-sale financial assets	283,039	128,006	6,441	**417,486**
Financial assets at fair value through profit or loss	8,548	13,993	14,715	**37,256**
Trading securities	70,421	-	-	**70,421**
Derivative financial assets	527	49,719	32	**50,278**
Derivative financial liabilities	373	7,965	-	**8,338**

Reconciliation of the beginning balance and ending balance based on the Level 3 hierarchy of the fair value as at September 30, 2013 is presented as follows:

In millions of Tenge	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Trading securities	Derivative financial assets	Total financial assets
At January 1, 2013	6,441	14,715	-	32	**21,188**
Total profit/(loss) recognized in profit and loss	72	-	-	-	**72**
Total profit/(loss) recognized in the other comprehensive income	248	-	-	-	**248**
Acquisition	-	2,254	-	8	**2,262**
Sales	-	(611)	-	-	**(611)**
Repayment	(211)	-	-	-	**(211)**
Discontinued operations	(6,550)	(16,358)		(40)	**(22,948)**
As at September 30, 2013	-	-	-	-	-

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments. The table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying value		Fair value	
In millions of Tenge	September 30, 2013	December 31, 2012 (restated)	September 30, 2013	December 31, 2012 (restated)
Financial assets				
Loans to customers, net	**1,618,508**	2,051,710	**1,657,604**	2,111,794
Amounts due from credit institutions	**1,507,803**	1,346,069	**1,508,311**	1,345,273
Other financial assets	**307,911**	732,743	**307,851**	732,601
Trade accounts receivable, net	**348,065**	342,352	**348,065**	342,352
Cash and cash equivalents	**1,017,409**	1,468,426	**1,017,409**	1,468,877
Financial liabilities				
Borrowings	**4,076,514**	4,207,905	**4,168,641**	4,454,333
Loans of the Government of the Republic of Kazakhstan	**741,532**	770,641	**698,097**	718,656
Finance lease liabilities	**66,100**	43,738	**66,100**	43,866
Amounts due to customers	**663,295**	742,721	**668,563**	759,131
Trade and other payables	**399,810**	496,946	**399,810**	496,946
Other non-current and current liabilities	**443,677**	428,533	**443,677**	428,533

29. COMMITMENTS AND CONTINGENCIES

As at September 30, 2013 there were no significant changes in commitments and contingencies disclosed in the annual consolidated financial statements of the Group as at December 31, 2012, except for the following:

Legal proceedings

BTA Bank

Claims in Turkey

In accordance with decision of the Commercial Court of Istanbul dated February 7, 2012 at the request of Türkiye Vakiflar Bankasi TAO provisional arrest was imposed on 101,726,214 shares of Şekerbank TAŞ owned by Subsidiary "BTA Securities" JSC (hereinafter, "BTA Securities"), together with the prohibition to transfer these shares to third parties. The issue regarding removal of seizure of shares belonging to BTA Securities was considered during court sessions on May 13, 2013 and September 11, 2013. The court compelled the parties to provide additional explanations and evidence in the case. The next hearing will take place on February 2, 2014. As at the date of presentation of interim condensed consolidated financial statements there is no prediction of unfavourable outcome of the legal case.

Rompetrol Rafinare S.A. (subsidiary of NC KMG)

On February 15, 2013, Rompetrol Rafinare S.A. and the Office of State Ownership and Privatisation in Industry (OPSPI), representing the Romanian State, signed a memorandum of understanding whereby they agreed the amiable settlement of the dispute over the conversion of the convertible debt instrument, including the following key aspects:

- OPSPI will sell and the Rompetrol Rafinare S.A. will acquire shares owned by OPSPI and representing 26.6959% of Rompetrol Rafinare S.A.'s share capital for a cash consideration of 200 million US Dollars;
- Rompetrol will invest in energy project related to its core activities an amount estimated at 1 billion US Dollars over 7 years;

Ministry of Finance of Romania will drop all cases against the General Meeting of Rompetrol Rafinare S.A. shareholders decisions related to the convertible debt instruments and will cancel the decree for a precautionary seizure on all the participations held by Rompetrol Rafinare S.A.
The agreement is subject to approval by each of the parties. The parties agreed the suspension of the court proceedings, in order to allow the time to implement the memorandum, which was acknowledged by the court on February 18, 2013.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Rompetrol Rafinare S.A. (subsidiary of NC KMG) (continued)

During end of May and beginning of June, the Romanian Parliament passed the law to approve the Memorandum of Understanding signed on February 15, 2013 by OPSPI. The Constitutional Court rejected the challenge of unconstitutional matter submitted by Parliament members (the decision has been issued within the Official Gazette dated July 31, 2013). Therefore the law has been submitted to the President of Romania for promulgation. The President exercised his constitutional right and asked the Parliament to review again the law. As a result, Management of the KMG believes that the matter will be resolved on the basis as outlined in the Memorandum of Understanding.

Litigations related to Rompetrol

As at September 30, 2013 Rompetrol was engaged in litigations against the Competition Council of the European Union and SC Bioromoil SRL in the amount of 7.6 billion Tenge and 4.7 billion Tenge, respectively. On February 12, 2013 a court hearing was held, where SC Bioromoil SRL did not provide substantive evidence to support its position. On February 14, 2013, the London Court of International Arbitration (LCIA) granted a 2-week period for further evidence presentation regarding the origin of the biodiesel. On July 7, 2013 LCIA issued a partial award which held that Rompetrol is liable in principal to Bioromoil for the amount of Bioromoil's liability to the tax authorities; however, no order was made to TRG to pay to Bioromoil. In accordance with representation of Rompetrol lawyers, Management of NC KMG believes that it has a strong ground to win these litigations and assessed the risks relating to these issues as possible. Thus, no provision has been recognized in these interim condensed consolidated financial statements for this matter.

Tax liabilities

Mineral extraction tax (EP KMG)

On July 2, 2013 the Tax Committee of Yessil district of Astana city provided a notification to KMG EP of 8,785 million Tenge for discrepancies identified between data reported in KMG EP mineral extraction tax (hereinafter, "MET") returns and data provided by the Ministry of Oil and Gas of Republic of Kazakhstan for the period from 2009 to 2012. These discrepancies were caused by the fact that 2012 MET tax returns included amounts for the period when KMG EP was a party to the subsoil use contracts (when KMG EP carried out its activities on the contract area through its production branches), whereas the information provided by the Ministry of Oil and Gas of Republic of Kazakhstan included production volumes of KMG EP and its subsidiaries JSC "Ozenmunaigas" and JSC "Embamunaigas" combined. According to the tax authorities, KMG EP should have included in 2012 calculations of the MET rate the production volumes of JSC "Ozenmunaigas" and JSC "Embamunaigas" as well, even though transfer of subsoil use contracts took place during 2012. However, based on norms stipulated in the Kazakhstan tax legislation KMG EP believes that the obligation to pay MET should be calculated based upon only the period when it was a party to subsoil use contracts itself. KMG EP disagrees with the above notification and plans to appeal it with respective government authorities. As management believes that it is more likely than not that KMG EP will be successful in its appeal, no provisions in relation to this matter have been made in the interim condensed consolidated financial statements of the Group as at September 30, 2013.

Environment liabilities

Environment audit of Ozenmunaygas JSC

On January 25, 2013 JSC "Ozenmunaigas", KMG EP subsidiary, received a notification from the Environmental Protection Department of Mangystau Region to pay 59,345 million Tenge in the fines for environmental damage to the state budget. Total amount of the damage was based on the results of an inspection for the period from August 27, 2011 through November 12, 2012. JSC "Ozenmunaigas" disagreed with this notification and on February 26, 2013 filed an appeal to the Specialized Interregional Economic Court of Mangystau Region stating that the act was illegal and that calculations were not reliable. On March 7, 2013 the Environmental Protection Department of Mangystau Region filed a claim with the same Court for the forced payment of the fines.

On May 22, 2013 the Court satisfied the appeal of JSC "Ozenmunaigas" in full. The Court ruled the inspection carried out by the Environmental Protection Department of Mangystau Region to be invalid, and the act, instructions on corrective actions and calculations illegal. The Court rejected the claim of the Environmental Protection Department of Mangystau Region for the forced payment of the fines. On June 6, 2013 the Environmental Protection Department of

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Environment liabilities (continued)

Environment audit of Ozenmunaygas JSC (continued)

Mangystau Region filed an appeal to the Judicial Panel of Appeals on Civil and Administrative Cases of Mangystau Regional Court. This appeal was rejected by the Judicial Panel of Appeals on July 9, 2013. NC KMG expects that the Environmental Protection Department of Mangystau Region will file further appeals to courts of higher authority.

The management believes that Ozenmunaygas JSC has a strong position regarding this issue, as the inspection was carried out with rude violations of the laws of the RK with respect to the procedure of its performing and the Mangistau Oblast Environmental Department does not have credible evidences to support the fact of environmental damage, as required by code of civil procedure and the environmental code of the RK.

KMG EP believes that it will continue to successfully appeal the results of the audit and the request for payment for damages to the environment. Therefore, no provision has been accrued for this matter as at September 30, 2013 in the interim condensed consolidated financial statements of the Group.

Environment audit of Embamunaygas JSC

The Department of Ecology for Atyrau oblast of the Committee of Ecology Regulation and Control of the Ministry of Environment Protection of the Republic of Kazakhstan (Ecology Department) in the period from June 1 through July 4, 2013 held unscheduled inspection of Embamunaigas JSC activities as related to compliance with environmental requirements, including disposal of associated gas. According to the inspection results it was identified that at certain fields of Embamunaigas JSC gas was not disposed in accordance with approved technological schemes as provided by field development projects. Based on the inspection results, Ecology Department withdrew previous positive project evaluation reports on the section "Environmental protection" and filed a claim to the court demanding to suspend commercial production of Vostochnyi Makat, Yugo-Vostochnyi Novobogatinsk and Vostochnyi Zhanatalap of Embamunaigas JSC. On September 24, 2013 the Specialized Interregional Economic Court of Atyrau oblast decided to suspend commercial production of these three fields until violation of environmental requirements is eliminated and positive findings of government ecology expertise are obtained. On October 21, 2013 Embamunaigas JSC filed an appeal to Atyrau oblast court to cancel this resolution. Currently, three field development projects were amended accordingly and preliminary findings of government ecology expertise of the Ecology Department on Atyrau oblast were obtained. On October 28, 2013 these adjusted projects were submitted for consideration to the Committee of Ecology Regulation and Control of the Ministry of Environment Protection and Water Resources of the Republic of Kazakhstan for final state environmental due diligence.
The Company expects a judicial act with regarding to this case from the Court of Appeal in the 4th quarter of 2013.

Other contractual commitments

As at September 30, 2013 other capital commitments of the Group under the contracts on acquisition of plant, property and equipment approximated to 85,031 million Tenge (December 31, 2012:36,426 million Tenge).

Capital commitments

NC KTZh

As at September 30, 2013 NC KTZh had contractual commitments to construct railroad lines Zhezkazgan-Beineu and Arkalyk-Shubarkol, multifunctional ice palace in Astana city, primary main transport network, acquire cargo and passenger electrics, cargo and passenger cars, mainline locomotives totalling 596,400 million Tenge (December 31, 2012: 747,829 million Tenge).

Samruk-Energo

In accordance with agreements for investment commitments with the Ministry of Industry and New Technologies of the Republic of Kazakhstan, investment commitments of Samruk-Energo companies producing electric energy amount to 10,729 million Tenge as at September 30, 2013.

29. COMMITMENTS AND CONTINGENCIES (continued)

Capital commitments (continued)

KEGOC

To ensure the stable and reliable performance of the national electricity grid equipment, KEGOC developed a capital investment plan. As at September 30, 2013 the KEGOC outstanding contractual commitments within the framework of this plan was equal to 89,969 million Tenge (December 31, 2012: 31,678 million Tenge).

Real Estate Fund "Samruk-Kazyna"JSC ("Real estate Fund")

As at September 30, 2013, Real Estate Fund had contractual commitments amounting to 23,733 million Tenge under agreements with construction companies (December 31, 2012: 16,013 million Tenge).

Operating lease commitments

Operating lease commitments are mainly associated with aircraft lease with period of lease between 5 to 10 years. All operating lease contracts contain sections related to update of market prices in case Air Astana uses a possibility to renew them. If Air Astana has no possibility to acquire leased assets upon termination of the lease term.

As at September 30, 2013 and December 31, 2012 operating lease commitments comprise:

In millions of Tenge	**2013**	2012
Within one year	**21,556**	18,427
From 1 to 5 years	**55,664**	41,136
Over five years	**14,217**	15,135
Total	**91,437**	74,698

Obligatory operating lease payment include both fixed lease payments and a certain portion of payments related to maintenance, which is varied depending on the logged flight hours.

Fixed and variable lease payments are denominated and payable in US dollars. This currency is daily used in international calculations during lease of aircraft.

Cost recovery audit (Kashagan)

Under the base principles of the North Caspian Production Sharing Agreement («NCPSA»), the state transferred to the Contractors exclusive rights to conduct activity involving a subsoil area, but did not transfer rights to such subsoil area into either ownership or lease. Therefore, all extracted and processed hydrocarbons (i.e. finished products) are the property of the state. The work is carried out on a compensation basis, with the state paying the Contractors not in cash, but with a portion of finished products, thus allowing the Contractors to recover their costs and earn profits. This is so-called production sharing, i.e. the sharing of the results of the work carried out by the investor.

Under the NCPSA not all the costs incurred by the Contractors may be recovered. Certain recoverable expenditures shall be approved by the Management Committee («ManCom»).

NC KMG believes that all recoverable expenditures in the statement of recoverable expenditures are appropriately classified in accordance with the NCPSA and that those identified as recoverable expenditures are eligible for recovery as at September 30, 2013.

However, certain expenditures have not been approved by the ManCom in accordance with Sections 13 and 14 of the NCPSA. These expenditures are deemed to be non-recoverable costs for Kashagan until the ManCom approves them. Negotiations continue with the Competent Authority to resolve these issues.

As a result of cost recovery audits performed for the period from 2001 to 2008 expenditures in the amount of 7,975 million US Dollars (1,225,120 million Tenge as at September 30, 2013) were disallowed from cost recovery. NC KMG share in the expenditures was 1,340 million US Dollars (205,851 million Tenge as at September 30, 2013). As a result of the work performed by the Contractors to resolve the comments, on November 28, 2011 the Competent Authority (PSA LLP) and the Contractors signed the resolution, according to which the disallowed for recovery costs were reduced to 2,959 million US Dollars (454,562 million Tenge as at September 30, 2013) with NC KMG share amounting to 497 million US Dollars (76,349 million Tenge as at September 30, 2013).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. COMMITMENT AND CONTINGENCIES (continued)

Cost recovery audit (Kashagan) (continued)

Within the framework of the Settlement Agreement signed on May 17, 2012 further negotiations were carried our and resulted in the downward revision of the costs disallowed for recovery to 230 million US Dollars (35,333 million Tenge as at September 30, 2013) with the NC KMG share amounting to 39 million US Dollars (5,991 million Tenge as at September 30, 2013).

Cost recovery audit for 2009 was completed in 2012. As a result of the audit performed costs in the amount of 875 million US Dollars (134,418 million Tenge as at September 30, 2013) were disallowed for recovery, with NC KMG share amounting to 147 million US Dollars (22,582 million Tenge as at September 30, 2013). As a result of the cost recovery audit for 2010 costs in the amount 1,336 million US Dollars were disallowed for recovery, with NC KMG share amounting to 224 million US Dollars.

Further negotiations are conducted to resolve the issue in favor of the Contractors.

Commitments on repeated usage of anti-crisis funds

In accordance with the minutes No. 17-5/И-380 dated April 5, 2012 and the minutes No. 17-5/11-10 dated January 30, 2013 of the State committee on issues related to modernization of economy in the Republic of Kazakhstan, the Fund has to finance certain investment projects for the total amount of 514,718 million Tenge during 2012-2014. Taking into account investments made in 2012 and during the nine months 2013 and also redistribution of funds between projects, the Fund's commitments for 2013-2014 as at September 30, 2013 are equal to 252,533 million Tenge (December 31, 2012: 415,324 million Tenge), including the following projects:

Financing of a housing construction program – implementation of the "Affordable 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. As at September 30, 2013, the Fund's commitments to finance the "Affordable housing-2020" program amounted to 8,100 million Tenge (December 31, 2012:36,200 million Tenge).

Other investment projects of the Fund

As at September 30, 2013, the Fund's commitments to finance other investment projects amount to 244,433 million Tenge (December 31, 2012: 379,124 million Tenge), including financing of investment project Construction of mainlines West-North-Center in the amount of 195,106 million Tenge.

In addition, with respect to the above investment project, it is planned to reimburse 122,707 million Tenge in 2014 by allocation from the Republican budget.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. SEGMENT REPORTING

The following table represents information about profit and loss, and assets and liabilities of operating segments of the Group as at September 30, 2013 and for the nine months then ended:

In millions of Tenge	Oil & gas	Mining	Transportation	Telecommunications	Energy	Financial institutions and development institutions	Corporate centre and projects	Elimination	Total
Revenue from sales to external customers	2,100,944	227,509	713,971	150,712	135,337	151,007	61,728	-	**3,541,208**
Revenue from sales to other segments	26,516	19,171	11,579	3,777	12,890	43,741	100,271	(217,945)	-
Total revenue	2,127,460	246,680	725,550	154,489	148,227	194,748	161,999	(217,945)	**3,541,208**
Gross profit for the period	**658,677**	**52,023**	**223,501**	**43,595**	**35,099**	**72,548**	**69,120**	**(81,705)**	**1,072,858**
General and administrative expenses	(109,648)	(21,904)	(62,176)	(17,391)	(12,883)	(43,783)	(21,330)	6,130	**(282,985)**
Transportation and selling expenses	(237,330)	(4,091)	(4,071)	(3,588)	(183)	-	(522)	2,103	**(247,682)**
Finance income	28,490	3,404	3,644	4,235	4,130	2,831	31,169	(21,820)	**56,083**
Finance costs	(132,274)	(7,013)	(29,731)	(9,856)	(7,632)	(738)	(837)	13,795	**(174,286)**
Share of income in joint ventures and associates	364,724	30,004	331	-	20,013	2,395	-	-	**417,467**
Foreign exchange (loss) / gain, net	(22,912)	(2,467)	(8,357)	(497)	(3,209)	(346)	924	335	**(36,529)**
Net loss for the period from discontinued operations	503	-	(2,737)	-	50	(2,179)	-	-	**(4,363)**
Income tax expenses	(132,419)	(9,356)	(27,286)	(4,344)	(4,592)	7,149	(6,498)	-	**(177,346)**
Profit (loss) for the period	**362,307**	**37,560**	**96,253**	**13,898**	**32,471**	**18,364**	**(2,850)**	**(63,374)**	**494,629**
Other segment information as at September 30, 2013									
Total assets of the segment	7,488,930	977,023	2,520,506	441,703	860,047	2,671,308	5,474,288	(5,130,392)	**15,303,413**
Total liabilities of the segment	3,544,598	270,966	1,195,684	142,149	345,181	2,220,941	1,591,097	(1,624,587)	**7,686,029**
Investments in joint ventures and associates	993,392	342,397	27,261	-	248,463	101,865	-	(36,505)	**1,676,873**

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. SEGMENT REPORTING (continued)

The following represents information about profit and loss, assets and liabilities of the Group's operating segments as at December 31, 2012 and for the nine months ended September 30, 2012:

In millions of Tenge	Oil & gas	Mining	Transportation	Telecommunications	Energy	Financial institutions and development institutions	Corporate centre and projects	Elimination	Total
Revenue from sales to external customers	2,146,150	185,056	668,665	140,784	97,041	146,370	94,864	-	**3,478,930**
Revenue from sales to other segments	22,654	16,215	10,264	3,445	9,025	54,053	353,629	(469,285)	-
Total revenue	2,168,804	201,271	678,929	144,229	106,066	200,423	448,493	(469,285)	**3,478,930**
Gross profit for the period	**654,233**	**46,341**	**211,096**	**43,776**	**19,244**	**22,609**	**320,574**	(324,576)	**993,297**
General and administrative expenses	(103,306)	(19,801)	(62,381)	(17,461)	(9,219)	(52,970)	(11,331)	6,268	**(270,201)**
Transportation and selling expenses	(276,028)	(2,904)	(4,809)	(3,449)	(234)	-	(1,617)	1,673	**(287,368)**
Finance income	25,748	3,959	2,608	3,354	2,591	2,644	62,373	(47,724)	**55,553**
Finance costs	(125,642)	(9,671)	(23,601)	(7,972)	(4,995)	(464)	(6,883)	21,533	**(157,695)**
Share of income in joint ventures and associates	358,658	15,599	(155)	4	22,572	6,109	-	-	**402,787**
Expenses on recoverable bonds	-	-	-	-	-	(628,572)	-	-	**(628,572)**
Foreign exchange (loss) / gain, net	(11,147)	(1,706)	(2,721)	(782)	(716)	(11,189)	1,155	339	**(26,767)**
Net income for the period from discontinued operations	199	-	(987)	201,996	-	6,657	-	-	**207,865**
Income tax expenses	(141,610)	(5,523)	(27,796)	(3,845)	(3,282)	(1,225)	(6,658)	-	**(189,939)**
Profit (loss) for the period	**394,634**	**23,798**	**96,004**	**216,749**	**27,496**	**(673,107)**	**341,265**	**(330,509)**	**96,330**
Other segment information as at December 31, 2012									
Total assets of the segment	6,881,891	765,076	2,232,048	465,384	827,000	4,024,405	5,289,150	(5,210,750)	**15,274,204**
Total liabilities of the segment	3,265,867	310,479	1,120,819	179,357	339,583	3,147,174	1,627,110	(2,131,644)	**7,858,745**
Investments in joint ventures and associates	894,097	132,421	15,479	-	232,908	112,644	-	(36,505)	**1,351,044**

31. SUBSEQUENT EVENTS

Changes in the structure of the Group and Capital (subsidiaries)

Fund

Transfer of development institutions, financial organizations and other changes in investments in subsidiaries

In accordance with Decree of the Government of the Republic of Kazakhstan on "measures of implementation of the Decree of the President of the Republic of Kazakhstan dated May 22, 2013 No.571 "On certain measures to optimize the management system of development institutes, financial organizations and develop the national economy" dated May 25, 2013 No.516, Agreement of Exchange between the Fund and SE "Committee of the State Property and Privatization of the Ministry of Finance of RK" dated July 31, 2013 No.7/316-и, 100% holding of shares of Development Bank of Kazakhstan JSC has been transferred to the republic possession.

BTA Bank

On November 6, 2013, the Ukraine Anti-monopoly Committee granted a permission to BTA Bank to buy shares of BTA Bank PJSC (Ukraine), which will enable to exceed 50% of votes in the higher management authority of BTA Bank PJSC (Ukraine).
The final decision regarding the possibility to increase BTA Bank share in BTA Bank PJSC (Ukraine) to controlling interest (99,99%) must be taken by the National Bank of Ukraine (hereinafter, "NBU"). According to the regulatory acts of Urkaine, after submission of documents for significant participation, NBU reviews documents within three months after submission of such documents. In this connection, BTA Bank expects that permission from NBU will be granted in early 2014.
Increase of the Bank's share in BTA Bank PJSC (Ukraine) is expected as part of the Bank's activities related to return and preservation of assets based on decisions of Kiev city court and Higher Court of England.

NC KMG

North Caspian Product Sharing Agreement (hereinafter, NCPSA)

According to the Second Supplementary Agreement to Joint Operating Agreement, on November 26, 2012 ConocoPhillips North Caspian Ltd. notified NCPSA contractors regarding the intention to sell its participation share in NCPSA in the amount of 8.40% in favour of ONGC Videsh Limited. Under NCPSA the Republic of Kazakhstan represented by NC KMG used its pre-emptive right to purchase the above share with its further transfer to KMG Kashagan. In its turn, KMG Kashagan intends to sell its significant ownership share in NCPSA in the amount of 8.33% in favour of CNPC Kazakhstan B.V. On July 11, 2013 NC KMG (as buyer) and ConocoPhillips North Caspian Ltd (as seller) signed an agreement of purchase and sale of 8.40% participation interest in NCPSA. This very day NC KMG (as seller) and KMG Kashagan (as buyer) signed an agreement of purchase and sale of 8.40% interest. Later in the day KMG Kashagan (as seller) and CNPC Kazakhstan B.V (as buyer) signed an agreement of purchase and sale of 8.33% interest. On October 31, 2013 transactions were closed. The cost of transactions was determined in the following amounts: under agreement of purchase and sale of 8.40% participation interest in NCPSA between NC KMG (as buyer) and ConocoPhillips North Caspian Ltd (as seller), 5,370 million US dollars (equivalent to 821,610 million tenge); under agreement of sale and purchase of 8,40% share between NC KMG (as seller) and KMG Kashagan (as buyer) - 5,141 million tenge; under agreement of purchase and sale of 8,33% share between KMG Kashagan (as seller) and CNPC Kazakhstan B.V (as buyer) - 5,141 million US Dollars.
Besides, in accordance with supplementary agreement to NCPSA dated November 18, 1997 signed on October 31, 2013, KMG Kashagan has investments in form of undivided share of ownership in NCP in the amount of 16.88%.

Other events

Under agreement of the Group with Boeing for purchase of three Boeing-787 airplanes and three Boeing-767 airplanes, two Boeing-767 airplanes have been delivered in September and October 2013, the third one is expected in the middle of 2014; delivery of Boeing-787 is expected in 2017 and 2019.