

“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Interim condensed separate financial statements
(unaudited)

as at June 30, 2020 and for the six months then ended

CONTENTS

Report on the results of review of the interim condensed separate financial statements

Interim condensed separate financial statements (unaudited)

Interim separate statement of financial position	1
Interim separate statement of comprehensive income.....	2
Interim separate statement of cash flows.....	3
Interim separate statement of changes in equity	4
Notes to the interim condensed separate financial statements (unaudited).....	5-23



«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim condensed separate financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC, which comprise the interim separate statement of financial position as at 30 June 2020, interim separate statement of comprehensive income, interim separate statement of changes in equity and interim separate statement of cash flows for the six months then ended and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

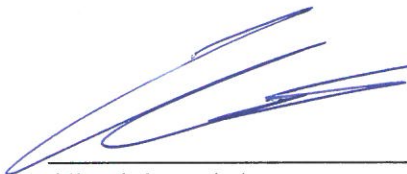
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of "Sovereign Wealth Fund "Samruk-Kazyna" JSC is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Consolidated financial statements presented separately

Without qualifying our conclusion, we draw attention to *Note 1* to the interim condensed separate financial statements which states that "Sovereign Wealth Fund "Samruk-Kazyna" JSC is the parent entity and that the interim condensed consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries, prepared in accordance with IAS 34, have been issued separately. We have reviewed the interim condensed consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC as at 30 June 2020 and for the three and six months then ended and expressed an unqualified conclusion thereon in our review report dated 25 September 2020.

Ernst & Young LLP

Paul Cohn
Audit Partner



Albert Asmatulayev
Auditor



Rustamzhan Sattarov
General Director
Ernst & Young LLP



Auditor Qualification Certificate
No. MΦ-0000461 dated 6 February 2017

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

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

25 September 2020

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>	Notes	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Assets			
Non-current assets			
Property, plant and equipment		9,711	10,641
Investment property		7,534	7,520
Intangible assets		831	943
Investments in subsidiaries	4	4,304,761	4,261,257
Investments in joint ventures	5	1,538,778	1,538,778
Loans issued and finance lease receivables	6	565,528	549,500
Amounts due from credit institutions	7	316,896	309,946
Other non-current financial assets		1,293	1,213
Other non-current assets	8	7,742	23,435
		6,753,074	6,703,233
Current assets			
Income tax prepaid		2,030	2,382
Loans issued and finance lease receivables	6	168,461	193,270
Amounts due from credit institutions	7	100,924	70,362
Other current assets	9	10,698	7,661
Cash and cash equivalents	10	559,725	312,836
		841,838	586,511
Total assets		7,594,912	7,289,744
Equity and liabilities			
Equity			
Share capital	11	5,257,843	5,229,112
Revaluation reserve of investments at fair value through other comprehensive income		(1,472)	(1,472)
Retained earnings		747,011	501,281
Total equity		6,003,382	5,728,921
Non-current liabilities			
Borrowings	12	789,889	675,019
Loans from the Government of the Republic of Kazakhstan	13	589,815	622,322
Financial guarantee liabilities		28,977	26,980
Other non-current liabilities	14	3,593	3,046
		1,412,274	1,327,367
Current liabilities			
Borrowings	12	149,697	212,377
Loans from the Government of the Republic of Kazakhstan	13	16,792	5,238
Financial guarantee liabilities		4,680	4,234
Other current liabilities	14	8,087	11,607
		179,256	233,456
Total liabilities		1,591,530	1,560,823
Total equity and liabilities		7,594,912	7,289,744

Managing Director for Economy and Finance –
member of the Management Board



Bairbit Karymsakov

Chief accountant

Almas Andrachmanova

The accounting policies and notes on pages 5 to 23 are an integral part of these interim condensed separate financial statements (unaudited).

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

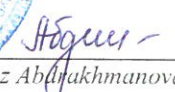
<i>In millions of tenge</i>	Notes	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Interest income	15	43,922	37,600
Interest expenses	16	(36,228)	(44,792)
Dividend income	17	203,738	182,485
Gross profit		211,432	175,293
General and administrative expenses	18	(9,123)	(12,685)
Finance income	19	13,864	26,589
Finance expenses	20	(18,154)	(11,760)
Gain on disposal of share in subsidiary	4	75,299	-
Reversal of expected credit losses, net		911	734
Foreign exchange income, net		8,750	51
Other loss, net		(1,112)	(432)
Profit before income tax		281,867	177,790
Income tax expenses	21	(1,746)	(1,319)
Net profit for the period		280,121	176,471
Other comprehensive loss for the period, net of income tax			
Net change in fair value of debt instruments measured at fair value through other comprehensive income		-	(24)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of income tax		-	(24)
Total comprehensive income for the period, net of income tax		280,121	176,447

Managing Director for Economy and Finance –
member of the Management Board



Beibit Karymsakov

Chief accountant



Almaz Abayakhmanova

The accounting policies and notes on pages 5 to 23 are an integral part of these interim condensed separate financial statements (unaudited).

INTERIM SEPARATE STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Notes	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Cash flows from operating activities			
Dividend received	17	200,672	151,300
Loans received	12	26,141	27,533
Repayment of loans issued		25,032	15,340
Refunds in credit institutions		3,679	12,817
Redemption of loans received from the Government		(440)	(9,579)
Loans given to subsidiaries	6	(5,846)	(25,816)
Acquisition of bonds issued by credit institutions		-	(5,751)
Payments to suppliers		(3,866)	(4,063)
Payroll payments		(1,081)	(920)
Sponsorship	18	(1,689)	(5,266)
Withholding tax		(1,746)	(1,319)
Other taxes and payments		(1,094)	(1,300)
Interest received		21,830	17,439
Interest paid		(23,217)	(24,538)
Income under trust management agreements		2,088	241
Other supply		818	107
Net cash flows received from operating activities		241,281	146,225
Cash flows from investing activities			
Placement of bank deposits, net		(23,500)	(11,858)
Contributions to subsidiaries	4	(30,894)	(23,147)
Proceeds from the sale of bank shares		-	30,318
Proceeds from redemption of bonds issued by subsidiaries	6	5,671	20,000
Purchase of property, plant and equipment		(40)	(224)
Purchase of intangible assets		(255)	(39)
Purchase of debt instruments, issued by subsidiaries		-	(56,223)
Net cash flows used in investing activities		(49,018)	(41,173)
Cash flows from financing activities			
Contributions to the share capital	11	26,000	15,000
Distributions to the Shareholder	14	(19,998)	(42,613)
Repayment of loans received		(723)	(723)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	4	83,944	-
Proceeds from redemption of bonds issued	12	129,200	-
Redemptions on issued bonds	12	(129,200)	-
Repayment of Government loans	13	(50,182)	(4,525)
Other income		44	3,853
Net cash flows received / (used in) from financing activities		39,085	(29,008)
Net increase in cash and cash equivalents		231,348	76,044
Effect of exchange rate changes on cash and cash equivalents		15,541	(3,079)
Cash and cash equivalents, at the beginning of the period		312,836	357,602
Cash and cash equivalents, at the end of the period		559,725	430,567

Managing Director for Economy and Finance –
member of the Management Board


Beibit Kanymysakov

Chief accountant


Almaz Abdurakhmanova

The accounting policies and notes on pages 5 to 23 are an integral part of these interim condensed separate financial statements (unaudited).

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Notes	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Retained earnings	Total
Balance as at December 31, 2018 (audited)		5,133,766	(1,423)	482,936	5,615,279
Net profit for the period		-	-	176,471	176,471
Other comprehensive loss		-	(24)	-	(24)
Total comprehensive income for the period		-	(24)	176,471	176,447
Issue of shares		15,149	-	-	15,149
Discount on loans from the Government		-	-	(1,796)	(1,796)
Other transactions with the Shareholder		-	-	(2,501)	(2,501)
Other distributions to the Shareholder		-	-	(50,563)	(50,563)
Total comprehensive income for the period		-	-	-	-
Balance as at June 30, 2019 (unaudited)		5,148,915	(1,447)	604,547	5,752,015
Balance as at December 31, 2019 (audited)		5,229,112	(1,472)	501,281	5,728,921
Net profit for the period		-	-	280,121	280,121
Total comprehensive income for the period		-	-	280,121	280,121
Issue of shares	11	28,731	-	-	28,731
Discount on loans from the Government	11	-	-	(18,743)	(18,743)
Other distribution to the Shareholder	11	-	-	(15,648)	(15,648)
Balance as at June 30, 2020 (unaudited)		5,257,843	(1,472)	747,011	6,003,382

Managing Director for Economy and Finance – member of the Management Board



Beibit Karymsukov




Almaz Abdрахmanova

Chief accountant

The accounting policies and notes on pages 5 to 23 are an integral part of these interim condensed separate financial statements (unaudited).

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

As at June 30, 2020 and for the six months then ended

1. GENERAL INFORMATION**Corporate information**

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

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

The Fund is a holding company with investments in a number of entities listed in *Notes 4* and *5*.

The registered address of the Fund: the Republic of Kazakhstan, Nur-Sultan, E-10 Street, 17/10.

These interim condensed separate financial statements were authorized for issue by the Managing Director for Economy and Finance- member of the Management Board and Chief accountant of the Fund on September 25, 2020.

These interim condensed separate financial statements were issued in addition to the interim condensed consolidated financial statements of the Fund. The interim condensed consolidated financial statements were authorized for issue by the Managing Director for Economy and Finance and Chief accountant of the Fund on September 25, 2020.

2. BASIS OF PREPARATION

Interim condensed separate financial statements for the six months ended June 30, 2020 were prepared in accordance with International Accounting Standard 34 *Interim Financial Statements* (“IAS 34”). The interim condensed separate financial statements do not include all the information and disclosures required in the annual separate financial statements and should be read in conjunction with the Fund’s annual separate financial statements for the year ended December 31, 2019.

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

Foreign currency translation*Functional and presentation currency*

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

Transactions and balances

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

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

Exchange rates

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

As at June 30, 2020 the currency exchange rate of KASE was 403.93 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as at June 30, 2020 (as at December 31, 2019: 382.59 tenge to 1 US dollar). The currency exchange rate of KASE as at September 25, 2020 was 426.32 tenge to 1 US dollar.

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

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

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Fund’s annual separate financial statements for the year ended December 31, 2019, except for the adoption of new standards and interpretations effective from January 1, 2020. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed separate financial statements of the Fund:

Amendments to IFRS 3 – Business Definition

The amendments to IFRS 3 clarify that, to be considered a business, an integrated set of activities and assets must include at least input and a substantive process that together can significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. As these amendments are applied prospectively to transactions or other events that occur at or after the date of initial application, the amendments will not have an impact on the Fund at the date of transition

Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest Rate Reform

The amendments to IFRS 7, IFRS 9, IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of exemptions that apply to all hedging relationships that are directly affected by the interest rate reform. The interest rate reform has an impact on hedging relationships if it creates uncertainties about the timing or amount of cash flows based on the benchmark interest rate for the hedged item or hedging instrument. These amendments did not have an impact on the financial statements of the Fund, as there are no hedging relationships that could be affected by the reform of the base interest rate.

Amendments to IAS 1 and IAS 8 – Determination of Materiality

The amendments provide a new definition of material, that states “information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements which provide financial information about a specific reporting entity”.

The amendments clarify that materiality will depend on the nature or quantity of the information, either individually or in combination with other information in the context of the financial statements. Misstatement is material if it can reasonably be expected to influence the decisions of the primary users of the financial statements. These amendments had no any impact on the separate financial statements of, nor is there expected to be any future impact to the Fund.

Conceptual Framework for the Presentation of Financial Statements, issued March 29, 2018

The Conceptual Framework is not a standard and none of the provisions of the Conceptual Framework take precedence over any provision or requirement of the standard. The objectives of the Conceptual Framework are to: assist the IASB in developing standards; to assist preparers of financial statements in the development of accounting policies when none of the standards regulate a specific transaction or other event; and assist all parties to understand and interpret the standards.

The revised Conceptual Framework contains several new concepts, updated definitions of assets and liabilities and criteria for their recognition and clarifies some important concepts.

The revision of this document did not have an impact on the financial statements of the Fund.

Operating environment

The economy of the Republic of Kazakhstan continues to display characteristics of an emerging market and is particularly sensitive to the price changes for oil and gas and other commodities, which constitute major parts of the country’s exports. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country, and a low level of market liquidity of debt and equity securities.

Volatility of exchange rates has caused and may continue to cause negative impacts on the economy of the Republic of Kazakhstan, including decreases in liquidity and creation of difficulties in attracting international financing.

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

2. BASIS OF PREPARATION (continued)**Operating environment (continued)**

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances. The future economic situation and regulatory environment may differ from management's current expectations.

In December 2019, news from China about the outbreak of a new virus first appeared. On March 11, 2020, the World Health Organization made an official announcement about the pandemic of the new type of coronavirus COVID-19. According to the Decree of the President of the Republic of Kazakhstan dated March 15, 2020 No. 285 *On the Introduction of a State of Emergency in the Republic of Kazakhstan*, in order to ensure security a state of emergency was introduced for the period from March 16, 2020 until April 15, 2020 and later extended until May 11, 2020. Major cities of Kazakhstan, including Almaty and Nur-Sultan fell under a quarantine regime; also, the activities of many enterprises in the two above-mentioned cities were suspended. The COVID-19 epidemic has spread globally, with a sharp negative effect on the entire global economy.

On July 5, 2020, State Commission for Ensuring State of Emergency under the President of Kazakhstan, with the consideration of the complications of the epidemiological situation and the increase in the prevalence of coronavirus infection in Kazakhstan, introduced restrictive measures for 14 days, subsequently extended until August 16, 2020.

On March 9, 2020 oil quotes dropped amid the collapse of the OPEC deal, and the price of Brent crude in March fell below 25 US dollar per barrel. The depreciation of tenge against the US dollar in March 2020 from the beginning of the year was 17%. However, during May-June 2020 due to a gradual increase in oil prices, the currency partially recovered. As of June 30, 2020, the price of Brent crude oil increased to 41.27 US dollar per barrel, and the price of WTI futures increased to 39.34 US dollar per barrel. The devaluation of the tenge against the US dollar since the beginning of the year was 6%, and as of June 30, 2020, the exchange rate was 403.93 tenge per US dollar.

Management will continue to monitor the potential effect of the above events and will take all necessary measures to prevent negative consequences for the business.

Considerations in respect of COVID-19 (coronavirus) pandemic and the current economic environment

The impact of COVID-19 and the current economic environment on the basis of preparation of these interim condensed separate financial statements has been considered. The Fund continues to consider it appropriate to adopt the going concern basis of accounting in preparing the interim condensed separate financial statements. Forecast liquidity has been assessed under a number of stressed scenarios to support this assertion.

The significant accounting judgments and estimates of the Fund were disclosed in its separate financial statements for the year ended December 31, 2019. These were subsequently reviewed at the end of the six months ended June 30, 2020 to determine if any changes were required to these judgments and estimates as a result of the current market conditions. The valuation of certain assets and liabilities is subject to a greater level of uncertainty than when reported in the annual separate financial statements, including those set out below.

Impairment of investments in subsidiaries and joint ventures

At each reporting date the Fund evaluates whether indicators of impairment of the carrying amount of investments in subsidiaries and joint ventures exist. If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount. If the carrying amount exceeds the recoverable amount, impairment is recorded. The recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (adjusted WACC) that Management of the Fund believes reflects the current market assessment of the time value of money and the risks specific to the assets. The change in the estimated recoverable amount may result in an additional impairment or a reversal of the impairment and thus an impairment reversal being recognised in future periods.

Impairment of investments in “National Company “Kazakhstan Temir Zholy” JSC (“KTZh”)

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances.

Due to existing impairment indicators, the Fund performed an impairment test as at June 30, 2020. Recoverable amount of investments in KTZh was determined using value in use method.

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

2. BASIS OF PREPARATION (continued)**Considerations in respect of COVID-19 (coronavirus) pandemic and the current economic environment (continued)***Impairment of investments in subsidiaries and joint ventures (continued)**Impairment of investments in “National Company “Kazakhstan Temir Zholy” JSC (“KTZh”) (continued)*

A number of subjective factors, both operational and financial, using the best evidence available, had been used to estimate cash flows.

The operational assumptions used in the test reflect expected volumes of transportation services, including transit volumes, based on projected demand and historical growth dynamic of transit freight transportations volumes.

Financial assumptions include significant estimates associated with tariff forecasts and growth rates, discounts, and projected tenge to Swiss Franc exchange rates. The key long-term assumptions that were used in the calculation were an annual growth rate of 3.09% and a discount rate of 11.11%.

Based on the calculation no impairment was identified. However, the value in use estimate is sensitive particularly to the following assumptions:

- Transit freight transportation volumes;
- Revenue rate, including the tariffs growth, types of freight, distance of freight transportation; and
- The discount rate (WACC).

Adverse changes in the planned growth rates of freight turnover associated with general trends in the country’s economy, insufficient indexation of tariffs to inflation, continued volatility of the tenge against foreign currencies, changes in the level of government support, as well as adverse changes in other factors in the future, may lead to incurring a significant impairment loss in the periods in which such changes occur.

Impairment of investments in “AstanaGas KMG” JSC (“AstanaGas”)

Due to existing impairment indicators, the Fund performed an impairment test as at June 30, 2020. Recoverable amount of investments in AstanaGas was determined using value in use method. The value in use was estimated as the present value of the terminal value (in the post-forecast period) of “Saryarka” gas pipeline. The terminal value calculation was formed on the basis of the assumption that “Saryarka” gas pipeline in the entire modeling period, including the post-forecast period, will be owned by AstanaGas, which allows the company to continue to lease it after 2033 on conditions that satisfy shareholders of AstanaGas, that is after the period during which the lease payments will go mainly to service loans.

Discount rate (WACC) of 11.83% was used in calculations. As a result of this analysis, as at June 30, 2020, no impairment was identified. Increase in WACC for 1% will result in the carrying amount of assets being equal to the recoverable amount.

Impairment of investments in “United Chemical Company” LLP (“UCC”)

Due to existing impairment indicators of investments in UCC, the Fund performed an impairment test as at June 30, 2020. Recoverable amount of investments in UCC was determined using value in use method. When the carrying amount of an investment exceed its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Financial assumptions include significant estimates associated with polypropylene tariff forecasts and growth rates, and projected tenge to US dollar exchange rates. The key long-term assumptions that were used in the calculation were an annual growth rate of 2.4% and a discount rate of 7.05% in the US dollar

Based on the assessment of recoverable amount of investments as of June 30, 2020 no impairment was identified. However, the value in use estimate is sensitive particularly to the following assumptions:

- Sales volumes of polypropylene;
- US dollar exchange rate;
- The discount rate (WACC).

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

2. BASIS OF PREPARATION (continued)

Considerations in respect of COVID-19 (coronavirus) pandemic and the current economic environment (continued)

Impairment of investments in subsidiaries and joint ventures (continued)

Impairment of investments in “United Chemical Company” LLP (“UCC”) (continued)

The majority of the UCC’s projects are at the early stage of the development, thus being sensitive for the external and internal factors, such as delays on the projects’ stages and the economics of the projects. Significant changes of each of the mentioned above factors in the future, or the simultaneous impact of several factors, may trigger significant impairment losses during the periods, when these changes would occur.

3. SEASONALITY OF OPERATIONS

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

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

4. INVESTMENTS IN SUBSIDIARIES

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

	Activity	Country	Carrying amount		Ownership	
			June 30, 2020 (unaudited)	December 31, 2019 (audited)	June 30, 2020 (unaudited)	December 31, 2019 (audited)
<i>In millions of tenge</i>						
"National Company "Kazakhstan Temir Zholy" JSC	Cargo and passengers railway transportation	Kazakhstan	1,490,915	1,490,915	100.00%	100.00%
"National Company "KazMunayGas" JSC	Oil and gas industry	Kazakhstan	1,187,621	1,187,621	90.42%	90.42%
"Samruk-Energy" JSC	Production and transportation of heat and electricity	Kazakhstan	456,033	453,302	100.00%	100.00%
"United Chemical Company" LLP	Development of chemical industry of RK	Kazakhstan	396,058	360,962	100.00%	100.00%
"National Mining Company "Tau-Ken Samruk" JSC	Development of mining industry of RK	Kazakhstan	293,135	293,135	100.00%	100.00%
"Kazakhstan Electricity Grid Operating Company" JSC ("KEGOC JSC")	Electricity transmission	Kazakhstan	120,648	120,648	90.00% + 1	90.00% + 1
"National Atomic Company "KazAtomProm" JSC	Uranium production and realization	Kazakhstan	110,608	119,879	75.00%	81.28%
"Kazakhtelecom" JSC	Fixed, mobile line telecommunication, IT	Kazakhstan	93,212	93,212	51.00%	51.00%
"Samruk-Kazyna Invest" LLP	Professional services on investment projects	Kazakhstan	58,679	44,282	100.00%	100.00%
"Kazpost" JSC	Postal and financial services	Kazakhstan	38,183	38,183	100.00%	100.00%
"Samruk-Kazyna Construction" JSC (former "Real Estate Fund "Samruk-Kazyna" JSC)	Stabilization of real estate market in RK	Kazakhstan	31,849	31,849	100.00%	100.00%
"Samruk-Kazyna Contract" LLP	Procurement Project Management	Kazakhstan	8,585	8,585	100.00%	100.00%
"Qazaq Air" JSC	Passengers air transportation	Kazakhstan	8,162	8,162	100.00%	100.00%
"Air Astana" JSC	Passengers air transportation	Kazakhstan	7,276	7,276	51.00%	51.00%
"Samruk-Kazyna Business Service" LLP	Implementation of transformation, IT	Kazakhstan	2,606	2,055	100.00%	100.00%
"Kazakhstan atomic electricity stations" JSC	Realization the construction projects of nuclear power plants	Kazakhstan	1,030	1,030	100.00%	100.00%
"KOREM" JSC	Operator of electricity market	Kazakhstan	161	161	100.00%	100.00%
			4,304,761	4,261,257		

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

4. INVESTMENTS IN SUBSIDIARIES (continued)

Changes in investments in subsidiaries

During the six months ended June 30, 2020 the following changes in investments in subsidiaries took place:

- On June 23, 2020 the Fund made contribution to the share capital of “National Company “Samruk-Energy” JSC in the amount of 2,731 million tenge in the form of property contribution (*Note 11*).
- The Fund made a contribution to the charter capital of UCC in the total amount of 35,096 million tenge. The contributions were made in the form of cash in the amount of 30,343 million tenge, including 26,000 million tenge from the Republican budget and 4,343 million tenge from own funds. The Fund also provided UCC additional tranches for a loan totaling 1,953 million tenge at below market interest rate, a discount of which is 158 million tenge, calculated as the difference between the fair value at the date of this loan cost was recognized as an increase in investment (*Note 6*). During the period, the Fund recognized additional liabilities under the issued financial guarantee in the amount of 4,595 million tenge due to the receipt of additional tranches by UCC on a loan from the China Development Bank.
- As part of the Comprehensive Privatization Plan for 2016-2020, the Fund sold 6.28% of Kazatomprom shares on the Astana International Financial Center Exchange through an IPO, as well as on the London Stock Exchange. The total amount of proceeds was 85,165 million tenge. As a result of the transaction, the Fund recognized the disposal of an investment in a subsidiary in the amount of 9,271 million tenge, gain on disposal of an interest in a subsidiary, net of commission expenses, in the amount of 75,299 million tenge in the interim separate statement of comprehensive income. The total amount of funds received was 83,944 million tenge.
- On June 15, 2020, the Fund transferred 224,353,416.49 shares of Sekerbank TAS to Samruk-Kazyna Invest LLP at a market value of 14,397 million tenge.
- On March 5, 2020, the Fund made a contribution to the share capital of Samruk-Kazyna Business Service LLP in the amount of 551 million tenge in the form of a cash contribution.

5. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures were presented as follows:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Joint ventures		
“KMG Kashagan B.V.” PLLC	1,494,941	1,494,941
“AstanaGas KMG” JSC	43,695	43,695
“Stantsiya Ekibastuzskaya GRES-2” JSC	9,616	9,616
Less: allowance on impairment	(9,474)	(9,474)
	1,538,778	1,538,778

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

Company	Activity	Country	Ownership	
			June 30, 2020 (unaudited)	December 31, 2019 (audited)
Joint venture				
“KMG Kashagan B.V.” PLLC	Oil and gas industry	Netherlands	50.00%	50.00%
“AstanaGasKMG” JSC	Transportation of gas	Kazakhstan	50.00%	50.00%
“Stantsiya Ekibastuzskaya GRES-2” JSC	Production, transmission and distribution of electrical energy	Kazakhstan	50.00%	50.00%

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

6. LOANS ISSUED AND FINANCE LEASE RECEIVABLES

Loans issued and finance lease receivables comprised the following:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Loans issued to subsidiaries	377,725	389,574
- “Samruk-Kazyna Construction” JSC (former “Real Estate Fund “Samruk-Kazyna” JSC)	89,391	106,953
- “Samruk-Energy” JSC	87,170	87,287
- “National Company “Kazakhstan Temir Zholy” JSC	82,066	81,960
- “Qazaq Air” JSC	61,267	58,552
- “United Chemical Company” LLP	49,223	46,214
- Other	8,608	8,608
Loans issued to other parties	16,029	16,102
- “Doszhan Temir Zholy” JSC	7,269	7,468
- “National Company “Kazakhstan Engineering” JSC	5,098	4,977
- Other	3,662	3,657
Bonds issued by subsidiary companies	248,387	245,498
- “Kazakhtelecom” JSC	100,000	100,000
- “Atyrau Refinery” LLP	48,471	51,649
- “National Company “Kazakhstan Temir Zholy” JSC	44,777	43,844
- Other	55,139	50,005
Bonds issued by other parties	104,731	102,194
- “NMH “Baiterek” JSC	60,893	58,486
- “Baiterek Venture Fund” JSC	40,150	40,150
- Other	3,688	3,558
Interest receivable	19,160	18,826
Less: allowance for expected credit losses	(41,122)	(40,038)
Total loans issued	724,910	732,156
Finance lease receivables	9,079	10,614
Total loans issued and finance lease receivables	733,989	742,770
Less: current portion	(168,461)	(193,270)
Non-current portion	565,528	549,500

Loans issued to subsidiaries

“Samruk-Kazyna Construction” JSC (former “Real Estate Fund” Samruk-Kazyna” JSC) (“SKC”)

In 2012 the Fund entered into a revolving credit line agreement (with a limit of 99,053 million tenge) with SKC, in accordance with it the Fund provided two additional tranches in the amount of 594 million tenge during the first half of 2020. Maturity date is September 5, 2032, interest rate of 2%, loan was provided for the purpose of financing of rental housing with purchase within the framework of “Nurly Zher” housing construction program, approved by the Resolution of the Government of the Republic of Kazakhstan on June 22, 2018 No. 372 (former “Affordable Housing – 2020” program).

In accordance with the credit line agreement terms, the Fund has a right to demand an early repayment of the loans from SKC at any time, and SKC is obliged to make an early repayment on demand of the Fund. Due to these terms, the Fund classifies all loans provided under this credit line agreement to the SKC as current.

On January 6, 2020, the Fund and SKC entered into a loan agreement, according to which in the first half of 2020 the Fund provided a loan for the total amount of 2,130 million tenge, with a loan maturity until December 31, 2020 and an interest rate of 10%. The purpose of the loan is to implement the project Construction of a multifunctional residential complex “VOSTOCHKA.KZ”.

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

6. LOANS ISSUED AND FINANCE LEASE RECEIVABLES (continued)

Loans issued to subsidiaries (continued)

“Samruk-Kazyna Construction” JSC (former “Real Estate Fund” Samruk-Kazyna” JSC) (“SKC”) (continued)

During the six months ended June 30, 2020, SKC made partial repayment of loans in the amount of 20,286 million tenge (during the six months ended June 30, 2019: 8,131 million tenge).

As at June 30, 2020, the total carrying amount of principal and consideration receivable on all loans issued by SKC was 89,472 million tenge (as at December 31, 2019: 108,657 million tenge).

“UCC”

On December 15, 2017 the Fund entered into a loan agreement with UCC for the total amount limited to 9,100 million tenge, according to which during the six months, ended June 30, 2020 the Fund provided two additional tranches in the total amount of 1,953 million tenge for the purpose of further issue of a loan to “Polymer Production” LLP with a maturity date of each tranche by December 31, 2023 – December 31, 2032 and a fixed interest rate of 0.1% during the grace period until December 30, 2023 – January 1, 2026.

At initial recognition the loan was recognized at fair value of 1,795 million tenge using appropriate market interest rates. The difference between the nominal value and the fair value of the loan at the date of recognition of 158 million tenge was recognized as an increase in investments in a subsidiary (*Note 4*).

As at June 30, 2020 the total book value of the principal and interest receivable on all loans issued to UCC amounted to 49,232 million tenge (as at December 31, 2019: 46,274 million tenge).

“Qazaq Air” JSC

On March 29, 2017 the Fund and “Qazaq Air” JSC signed a loan agreement, under which during the first half of 2020 the Fund provided additional tranches in the total amount of 1,169 million tenge with maturity on December 31, 2030 and an interest rate of 0.01%. Loan was provided for the purpose of financing working capital, including covering costs of operating leases, maintenance of aircraft engineering and technical support, aviation insurance and the hiring of flight personnel.

As at June 30, 2020 the total book value of the principal and interest receivable of all loans issued to “Qazaq Air” JSC amounted 61,275 million tenge (as at December 31, 2019: 58,559 million tenge).

Bonds issued by subsidiaries

“Atyrau Refinery” LLP (“AR”)

On January 16, 2020, AR partially repaid the loan in the amount of 5,671 million tenge in accordance with the schedule for repayment of the principal debt.

As at June 30, 2020, the total book value of principal and interest receivable is 49,518 million tenge (as at 31 December 2019: 52,843 million tenge).

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS

Amounts due from credit institutions comprised the following:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
10 largest local banks	371,580	340,646
Other local credit institutions	46,853	46,481
Interest receivable	6,739	2,428
Less: allowance for expected credit losses	(7,352)	(9,247)
Total amount due from credit institutions	417,820	380,308
Less: current portion	(100,924)	(70,362)
Non-current portion	316,896	309,946

**NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(unaudited) (continued)**
7. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Rating from BBB-(Baa3) to BB-(Ba3)	106,242	108,100
Rating from B+(B1) to B-(B3)	318,930	281,455
Less: allowance for expected credit losses	(7,352)	(9,247)
	417,820	380,308

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

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Amounts due from credit institutions, in tenge	378,575	344,938
Amounts due from credit institutions, in US dollars	39,245	35,370
	417,820	380,308

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

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Bonds placed with second-tier banks	210,528	197,698
Funds for financing activities within the framework approved by the Government	124,604	127,393
Bank deposits placed under the policy of temporary available cash	90,040	64,464
Less: allowance for expected credit losses	(7,352)	(9,247)
Total amounts due from credit institutions	417,820	380,308
Less: current portion	(100,924)	(70,362)
Non-current portion	316,896	309,946

Funds placed with banks and other financial organization for financing purpose approved by the Government (targeted loans)

As at June 30, 2020 amounts placed with banks and other financial organizations for financing purposes approved by the Government were mainly represented by loans and bank deposits denominated in tenge, issued to the following banks and other financial entities:

- “Entrepreneurship Development Fund “Damu” JSC in the amount of 19,416 million tenge to finance small and medium businesses (as at December 31, 2019: 19,416 million tenge). Interest on these loans was charged at rates 5.5% per annum;
- “Development Bank of Kazakhstan” JSC for decreasing funding costs of leasing, stimulating export of Kazakhstan’s locomotives and reducing lending rate for investment projects in priority segments of economy of 20,622 million tenge, 4,351 million tenge and 2,362 million tenge, respectively (as at December 31, 2019: 20,061 million tenge, 4,257 million tenge and 2,446 million tenge, respectively). Interest on these loans was charged at rates from 0.2% to 0.6% per annum;
- Second-tier banks for refinancing mortgages and financing of student loans, construction of housing in Nur-Sultan and Almaty and provision of intermediary housing loans of 61,664 million tenge, 1,771 million tenge and 14,588 million tenge, respectively (as at December 31, 2019: 65,117 million tenge, 1,771 million tenge and 14,325 million tenge, respectively). Interest on these loans was charged at rates from 1% to 7.28% per annum.

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

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

Bank deposits placed under the policy of temporary available cash

In accordance with the policy on management of temporary available cash, the Fund places deposits with Kazakhstani commercial second-tier banks. As of June 30, 2020, the weighted average interest rate on short-term bank deposits in tenge was 10.30% per annum (as of December 31, 2019: 10.5%), for short-term deposits in US dollars was 2% per annum (December 31, 2019: 2%).

As at June 30, 2020 and December 31, 2019 the Fund had no long-term bank deposits.

8. OTHER NON-CURRENT ASSETS

Other non-current assets comprised the following:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
SAP licenses	12,851	12,851
Land	4,728	4,728
Shares of Shekerbank TAS	-	15,671
Other	242	267
Less: allowance for expected credit losses	-	(3)
Less: allowance for impairment	(10,079)	(10,079)
	7,742	23,435

On June 15, 2020, in accordance with the Fund’s corporate decision, the Fund transferred 224,353,416.49 shares of Sekerbank TAS to Samruk-Kazyna Invest LLP at a market value of 14,397 million tenge, during the transfer a loss of 1,274 million tenge was recognized.

9. OTHER CURRENT ASSETS

Other current assets comprised the following:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Restricted cash	18,526	18,551
Dividends receivable:		
Samruk-Energo JSC	3,066	-
Other receivables	10,807	11,199
Other	6,843	6,480
Less: allowance for expected credit losses	(28,544)	(28,569)
	10,698	7,661

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Current accounts with banks in US dollars	318,448	262,086
Current accounts with banks in tenge	70,559	42,899
Term bank deposits with banks in tenge and US dollars	65,633	7,908
Current accounts with banks in other foreign currency	92	21
Treasury securities, in tenge	105,000	-
Less: allowance for expected credit losses	(7)	(78)
	559,725	312,836

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

10. CASH AND CASH EQUIVALENTS (continued)

On June 10, 2020, the Fund for the first time decided to place free liquidity in the amount of 100 billion tenge in money market instruments, namely, auto REPO with government securities and short-term notes of the National Bank of the Republic of Kazakhstan in the amount of 5 billion tenge with a maturity of up to 3 months.

As of June 30, 2020, the interest rate on current accounts was 0.2% per annum (as at 31 December 2019: 1.5%), the weighted average interest rate on time deposits with second-tier banks was 9.08% per annum (as at 31 December 2019: 8.12%).

11. EQUITY

Share capital

Payment for shares	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
As at December 31, 2019 (audited)	3,481,957,769		5,229,112
Cash contributions	763	34,075,462	26,000
Property contributions	125	21,848,312	2,731
As at June 30, 2020 (unaudited)	3,481,958,657		5,257,843

As at June 30, 2020 3,481,958,657 shares were fully paid (as at December 31, 2019: 3,481,957,769 shares).

Cash contributions

On April 23, 2020, the Shareholder made a contribution to the share capital of the Fund in cash in the amount of 26,000 million tenge. These funds are intended to finance projects carried out by a subsidiary of the UCC (Note 4).

Property contributions

On June 23, 2020 the State property and privatization committee contributed property of 2,731 million tenge to the Fund's share capital. This property was transferred to the charter capital of subsidiary “Samruk-Energy” JSC (Note 4).

Other distributions to the Shareholder

For the six months ended June 30, 2020, based on the order of the Shareholder in accordance with the legislation of the Republic of Kazakhstan, the Fund recognized financing for various social projects in the total amount of 15,648 million tenge (for the six months ended June 30, 2019: 50,563 million tenge) (Note 14). This financing has been recognized as Other Distributions to the Shareholder in the interim separate statement of changes in equity.

Discount on loans from the Government

In the first half of 2020, the Fund made partial early repayment of bond obligations to the National Bank in the amount of 50,182 million tenge, and therefore recognized the amortization of the discount on loans from the Government in the amount of 18,743 million tenge in the interim separate statement of changes in equity (Note 13).

Book value of shares

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

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Total assets	7,594,912	7,289,744
Less: intangible assets	(831)	(943)
Less: total liabilities	(1,591,530)	(1,560,823)
Net assets for common shares	6,002,551	5,727,978
Number of common shares	3,481,958,657	3,481,957,769
Book value per common share (tenge)	1,724	1,645

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

11. EQUITY (continued)

Earnings per share

<i>In tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited) (restated)
Weighted average number of common shares for basic and diluted earnings per share	3,481,958,039	3,481,940,567
Basic and diluted share in net profit for the period per share	80.45	50.68

12. BORROWINGS

Borrowings comprised the following:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Loans received	602,663	557,318
Bonds issued and purchased by other companies	293,296	287,317
Bonds issued and purchased by subsidiaries:	43,627	42,761
- “Kazakhstan Electricity Grid Operating Company” JSC (“KEGOC”)	26,845	26,468
- “National Company “KazMunayGas” JSC	16,782	16,293
Total borrowings	939,586	887,396
Less: amounts due for settlement within 12 months	(149,697)	(212,377)
Amounts due for settlement after 12 months	789,889	675,019

Borrowings comprised the following currencies:

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Borrowings, denominated in tenge	757,806	657,821
Borrowings, denominated in US dollars	181,780	229,575
	939,586	887,396

Loans received

Interest-free loan from National Company KazMunayGas JSC

In the first half of 2020 the Fund received additional tranches from “National Company KazMunayGas” JSC of 26,141 million tenge, which were used to repay the Fund’s obligations under coupon bonds. The difference between the nominal value and the fair value of the loan at the date of issue of tranches of 6,246 million tenge was recognized as finance income in the interim separate statement of comprehensive income (Note 19).

As at June 30, 2020 the total book value of the principal equaled 341,932 million tenge (as at December 31, 2019: 308,650 million tenge).

Bonds issued and purchased by other companies and subsidiaries

In the first half of 2020, the Fund refinanced bonds issued in the amount of 129,200 million tenge by placing bonds on the organized market with maturity in April 2021.

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

13. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

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

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Bonds repurchased by the National Bank of the Republic of Kazakhstan using the funds of the National Fund	556,078	578,002
Other loans from the Government	50,529	49,558
Total amounts due to the Government of the Republic of Kazakhstan	606,607	627,560
Less: current portion	(16,792)	(5,238)
Non-current portion	589,815	622,322

Bonds purchased by the National Bank of the Republic of Kazakhstan

In accordance with the Rules for proceeds from the transfer of assets into a competitive environment national managing holdings, national holdings, national companies and their subsidiaries, dependent and other legal entities affiliated with them, to the National Fund of the Republic of Kazakhstan, approved by the Government of the Republic of Kazakhstan dated June 4, 2018 No. 323, the funds received from the sale of state assets can be sent to repay the Fund’s obligations to the National Fund.

In the first half of 2020, in accordance with the adopted corporate decisions of the Fund, partial early redemption of bonds at par value in the amount of 50,182 million tenge was carried out as part of the eleventh issue of the Fund’s bonds, redeemed by the National Bank of the Republic of Kazakhstan. As a result, the Fund recognized the amortization of the discount on loans from the Government in the amount of 18,743 million tenge in the interim separate statement of changes in equity (*Note 11*).

14. OTHER LIABILITIES

<i>In millions of tenge</i>	June 30, 2020 (unaudited)	December 31, 2019 (audited)
Liabilities on financing of other social projects:	7,682	11,646
Nazarbayev University	7,632	6,872
Construction of Athletics complex in Astana	-	4,724
Other social projects	50	50
Other liabilities	3,998	3,007
Total amount of other liabilities	11,680	14,653
Less: current portion	(8,087)	(11,607)
Non-current portion	3,593	3,046

Liabilities to finance other social projects

For the six months ended June 30, 2020 on the basis of the Shareholder’s resolutions the Fund recognized liabilities to finance various social projects for total amount of 15,648 million tenge (for the six months ended June 30, 2019: 50,563 million tenge) (*Note 11*).

For the six months ended June 30, 2020 actual amount of financing totaled 19,998 million tenge (for the six months ended June 30, 2019: 42,613 million tenge).

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

15. INTEREST INCOME

Interest income comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Unwinding of discount on loans issued	21,898	17,240
Interest on acquired bonds	15,388	13,708
Interest on loans issued	6,636	6,652
	43,922	37,600

16. INTEREST EXPENSES

Interest expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Interest on bonds issued	23,599	22,168
Unwinding of discount on financial liabilities	12,550	17,148
Interest on borrowings	79	5,476
	36,228	44,792

17. DIVIDEND INCOME

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
“National Atomic Company “Kazatomprom” JSC	80,466	68,065
“National Company “KazMunayGas” JSC	73,911	33,455
“National Mining Company “Tau-Ken Samruk” JSC	30,254	60,000
“Kazakhstan Electricity Grid Operating Company” JSC	11,433	12,760
“Kazakhtelecom” JSC	4,335	4,351
“Samruk-Energy” JSC	3,066	2,041
Other subsidiaries	273	1,813
	203,738	182,485

During the six months ended 30 June 2020, the Fund received dividends in the amount of 200,672 million tenge (for the six months ended June 30, 2019: 151,300 million tenge).

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Sponsorship and charity	1,689	5,266
Personnel costs	1,061	1,283
Other	6,373	6,136
	9,123	12,685

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

18. GENERAL AND ADMINISTRATIVE EXPENSES (continued)

Sponsorship and charity

The Fund on an annual basis makes target donations in accordance with its Charity program. The target charity transfers were provided for financing the number of projects implemented through a single Operator – Corporate Fund “Samruk-Kazyna Trust”.

Other

Other expenses include other administrative expenses, including the compensation to the members of the management body – the Board of Directors of 136 million tenge (for the six months ended June 30, 2019: 227 million tenge), transfers to subordinate organizations to sustain the operating activities of 393 million tenge (for the six months ended June 30, 2019: 626 million tenge) and other administrative expenses for maintaining operating activities of the Fund.

19. FINANCE INCOME

Finance income comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Discount on loans received	6,246	7,350
Bank deposit remuneration	3,912	2,393
Income from financial guarantees	2,186	11,583
Remuneration for current bank accounts	1,180	2,792
Amortization of discount on financial assets	260	935
Other	80	1,536
	13,864	26,589

20. FINANCE EXPENSES

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

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Unwinding of discount on loan from NC KMG	13,386	10,510
Other	4,768	1,250
	18,154	11,760

21. INCOME TAX EXPENSES

Income tax expenses comprised the following:

<i>In millions of tenge</i>	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Withholding tax expenses	1,746	1,319
	1,746	1,319

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

22. RELATED PARTY TRANSACTIONS

The following tables provide the total amount of transactions that have been entered into with related parties during the six months ended June 30, 2020 and June 30, 2019 and balances as at June 30, 2020 and December 31, 2019:

<i>In millions of tenge</i>		Due from related parties	Due to related parties	Cash and deposits placed with related parties
Subsidiaries	June 30, 2020 (unaudited)	616,926	386,229	–
	December 31, 2019 (audited)	623,436	352,465	–
Associates and joint ventures of subsidiaries	June 30, 2020 (unaudited)	5,948	–	–
	December 31, 2019 (audited)	6,109	–	–
Other entities controlled by the Government	June 30, 2020 (unaudited)	170,963	770,507	70,339
	December 31, 2019 (audited)	167,521	730,239	42,821

As at June 30, 2020 amount due to related parties includes the Fund’s liabilities on guarantees issued to financial institutions for financing activities and significant contracts of its subsidiaries and related parties.

<i>In millions of tenge</i>		Dividend income	Purchases from related parties	Revenue from sales to related parties	Other income incurred to related parties
Subsidiaries	June 30, 2020 (unaudited)	203,738	1,668	185	–
	June 30, 2019 (unaudited)	182,485	1,673	279	3,853

<i>In millions of tenge</i>		Interest accrued to related parties	Interest incurred to related parties	Finance income accrued to related parties	Finance expenses incurred to related parties
Subsidiaries	June 30, 2020 (unaudited)	24,491	2,065	7,348	13,386
	June 30, 2019 (unaudited)	27,802	12,571	7,377	10,510
Associates and joint ventures of subsidiaries	June 30, 2020 (unaudited)	267	–	–	–
	June 30, 2019 (unaudited)	281	–	–	–
Other entities controlled by the Government	June 30, 2020 (unaudited)	4,361	26,602	712	–
	June 30, 2019 (unaudited)	4,325	29,403	534	–

Total compensation to key management personnel included in general and administrative expenses in the accompanying interim separate statement of comprehensive income was equal to 197 million tenge for the six months ended June 30, 2020 (for the six months ended June 30, 2019: 235 million tenge). The indicated amount includes the compensation to the members of the Management Board, in the total amount of 136 million tenge for the six months ended June 30, 2020 (for the six months ended June 30, 2019: 227 million tenge).

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

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value of financial instruments

The carrying (current) amount of the financial instruments of the Fund as at June 30, 2020 and December 31, 2019 is a reasonable estimate of their fair value except for the financial instruments presented below:

<i>In millions of tenge</i>	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Amounts due from credit institutions (Note 7)	417,820	387,085	380,308	354,748
Loans with fixed interest rate (Note 6)	733,989	661,635	742,770	708,999
Financial liabilities				
Borrowings with fixed interest rate / bonds issued (Note 12)	939,586	910,121	887,396	865,343
Loans from the Government of the Republic of Kazakhstan (Note 13)	606,607	383,289	627,560	548,717
Financial guarantee liabilities	33,657	35,597	31,214	19,986
Other liabilities	7,682	7,028	11,990	10,134

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

24. SEGMENT REPORTING

The Fund’s business operations are located in the Republic of Kazakhstan and are focused on increasing the long-term value of organizations that are part of the Fund’s group, and effective management of assets included in the Fund’s group. The Fund believes that it has only one reportable segment in accordance with IFRS 8. Segment valuation is measured on the basis of profit or loss and measured in accordance with profit or loss in the financial statements prepared in accordance with IFRS.

25. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

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

The Funds’s commitments and contingencies are disclosed in the annual financial statements for the year ended December 31, 2019; there were no new material contractual commitments during the six months ended June 30 2020.

Legal proceedings

The proceedings initiated against Mr. Stati and his related parties on the suit of the Fund due to the arrest of shares KMG Kashagan B.V. belonging to the Fund

On September 14, 2017, based on the decision of the Amsterdam court on the rights of the Fund in relation to the 50% stake in KMG Kashagan B.V. owned by it, worth 5.2 billion US dollars, a restriction was imposed on the disposal of these shares (hereinafter – the “restriction”).

This limitation is imposed in the framework of securing a claim for recognition and enforcement in the Netherlands of an arbitration award in the case of Anatoly Stati, Gabriel Stati, Ascom Group SA and Terra Raf Trans Trading Ltd. against the Republic of Kazakhstan, rendered in 2013 by the Arbitration Tribunal at the Arbitration Institute of the Stockholm Chamber of Commerce.

On July 14, 2020, the Amsterdam Appeal Court has decided to recognize the arbitrary award rendered in 2013 against the Republic of Kazakhstan on the territory of the Netherlands, though the court has rejected claim of Mr. Stati to enforce the arbitrary award in relation to the Fund.

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

25. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Legal proceedings (continued)

The proceedings initiated against Mr. Stati and his related parties on the suit of the Fund due to the arrest of shares KMG Kashagan B.V. belonging to the Fund (continued)

Currently, the Fund is taking all necessary measures to protect its interests in the prescribed manner and will continue to defend its rights.

26. SUBSEQUENT EVENTS

Dividends

On August 26, 2020 the Fund paid dividends to the Shareholder of 120 billion tenge based on results of 2019 according to the Resolution of the Government of the Republic of Kazakhstan dated August 21, 2020.